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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-3

FOR APPLICATION FOR QUALIFICATION OF INDENTURES
UNDER THE TRUST INDENTURE ACT OF 1939

NRG ENERGY, INC.

(Name of applicant)

901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55402

(Address of principal executive offices)

Securities to be Issued Under the Indenture to be Qualified

Title of Class	Amount
10.0% Senior Notes due 2010	$500,000,000

Approximate date of proposed public offering: Upon the Effective Date under the Plan, presently anticipated to be on or about December 15, 2003, or as soon as possible thereafter.

Name and address of agent for service:

Scott J. Davido
NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55402
(612) 373-5300

with copies to:

Margaret A. Gibson, P.C.
Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

Gerald T. Nowak
Kirkland & Ellis LLP
200 E. Randolph Drive
Chicago, Illinois 60601
(312) 861-2000

The applicant hereby amends this application for qualification on such date or dates as may be necessary to delay its effectiveness until: (i) the 20th day after the filing of a further amendment which specifically states that it shall supersede this application for qualification, or (ii) such date as the Securities and Exchange Commission, acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), may determine upon the written request of the applicant.

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GENERAL

1. General information.

(a) The applicant, NRG Energy, Inc. (the "Applicant"), is a corporation.

(b) The Applicant is organized under the General Corporation Law of the State of Delaware.

2. Securities Act exemption application.

On May 14, 2003 (the "Petition Date"), the Applicant and several of its subsidiaries filed a petition for reorganization under Chapter 11 of Title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York. Also on the Petition Date, the Applicant filed a Plan of Reorganization (as subsequently amended and modified, the "Plan") setting forth its plan for emerging from bankruptcy.

Between 1996 and 2001, the Applicant issued the following series of senior notes: (i) $125 million of 7.625% senior notes due February 1, 2006 (the "NRG 06 Senior Notes"); (ii) $250 million of 7.5% senior notes due June 15, 2007 (the "NRG 07 Senior Notes"); (iii) $300 million of 7.5% senior notes due June 1, 2009 (the "NRG 09 Senior Notes"); (iv) $350 million of 8.25% senior notes due September 15, 2010 (the "NRG 10 Senior Notes"); (v) $350 million of 7.75% senior notes due April 1, 2011 (the "NRG 11 Senior Notes"); (vi) $500 million of 8.625% senior notes due April 1, 2031 (the "NRG 31 Senior Notes"); (vii) $340 million of 6.75% senior notes due July 15, 2006 (the "NRG 06 3d Supplemental Indenture Senior Notes"); and (viii) £160 million of 7.97% senior reset notes due March 15, 2020 (the "NRG 20 Senior Reset Notes") (the foregoing series of senior notes are referred to collectively as the "NRG Senior Notes"). The entire principal amount issued for each NRG Senior Note was outstanding as of June 30, 2003 and December 31, 2002, respectively. The contractual interest requirements for the NRG Senior Notes was $21.9 million for the period from the Petition Date to June 30, 2003. Since June 30, 2003, the Applicant failed to make an $11.5 million interest payment on the NRG 06 3d Supplemental Indenture Senior Notes.

The Applicant proposes to issue, as part of the Plan, $500 million of 10.0% senior notes due 2010 (the "New NRG Senior Notes"). The New NRG Senior Notes will be issued as a series of senior debt securities under an indenture to be entered into between the Applicant and Wilmington Trust Company, as trustee, a form of which is attached as Exhibit T3C (the "Indenture"). Capitalized terms used in this Application but not otherwise defined shall have the meaning set forth in the Plan, a copy of which is attached as Exhibit T3E-2.

The New NRG Senior Notes will mature on the seventh anniversary of the Effective Date and will accrue interest commencing on the Effective Date payable semiannually in cash at a rate of 10% per annum.

Pursuant to the Plan, the Applicant will issue the New NRG Senior Notes to holders of Allowed Claims against the Applicant and NRG Power Marketing, Inc., a Delaware corporation and wholly owned subsidiary of the Applicant, as part of the implementation of the Plan.

The Applicant believes that the offer and sale of the New NRG Senior Notes is exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 1145(a)(1) of the Bankruptcy Code. Generally, Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities from the registration requirements of the Securities Act and equivalent state securities and "blue sky" laws if the following conditions are satisfied: (i) the securities are issued by a debtor, an affiliate participating in a joint plan of reorganization with the debtor, or a successor of the debtor under a plan of reorganization, (ii) the recipients of the securities hold a claim against, an interest in, or a claim for an administrative expense against, the debtor, and (iii) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor, or are issued "principally" in such exchange and "partly" for cash or property. The Applicant believes that the issuance of securities contemplated by the Plan will satisfy the aforementioned requirements.

AFFILIATIONS

3. Affiliates.

(a) A list of subsidiaries of the Applicant is attached hereto as Exhibit T3G and is incorporated in its entirety herein by reference. Each subsidiary shown in Exhibit T3G is owned by the Applicant or its subsidiaries unless otherwise noted.

(b) See Item 4 for directors and executive officers of the Applicant, some of whom may be deemed to be affiliates of the Applicant by virtue of their position.

(c) Immediately following the Effective Date, the Applicant anticipates that investment funds affiliated with Matlin Patterson LLC will own 10% or more of the Applicant's voting securities, based on their present holdings of debt securities of the Applicant and projected distributions under the Plan.

MANAGEMENT AND CONTROL

4. Directors and executive officers.

(a) Current directors and executive officers. The following table sets forth the names of and offices held by all current executive officers (as defined in Sections 303(5) and 303(6) of the Trust Indenture Act) of the Applicant.

Name	Position
John R. Boken	Interim President and Chief Operating Officer
Leonard J. LoBiondo	Chief Restructuring Officer
Ershel C. Redd, Jr.	Senior Vice President, Commercial Operations
Scott J. Davido	Senior Vice President, General Counsel and Corporate Secretary
George P. Schaefer	Vice President and Treasurer
John P. Brewster	Vice President, Worldwide Operations
William T. Pieper	Vice President and Controller

The following are the current directors of the Applicant: Leonard J. LoBiondo, Ershel C. Redd, Jr. and Scott J. Davido.

The mailing address for each director and executive officer is c/o NRG Energy, Inc., 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota 55402.

(b) Directors and executive officers as of the Effective Date. Pursuant to the Plan, upon the Effective Date, the board of directors for the reorganized Applicant shall consist of the post-reorganization CEO and ten (10) individuals, of which, six (6) directors shall be designated by the members of the Noteholder Group serving on the Official Unsecured Creditors Committee and four (4) directors shall be designated by the members of the Bank Group, comprised of the Applicant's existing unsecured bank lenders. Pursuant to the Bankruptcy Court process, the members will be identified prior to a confirmation hearing, which is currently scheduled to be held on November 21, 2003.

5. Principal owners of voting securities.

The Applicant is currently an indirect wholly owned subsidiary of Xcel Energy Inc. ("Xcel"). Immediately following the Effective Date, Xcel will no longer maintain an equity interest in the Applicant.

Immediately following the Effective Date, the Applicant anticipates that investment funds affiliated with Matlin Patterson LLC will own 10% or more of the Applicant's voting securities, based on their present holdings of debt securities of the Applicant and projected distributions under the Plan.

6. Underwriters.

(a) Within the three years prior to the date of the filing of this Application, the persons listed below have acted as an underwriter of the securities of the Applicant which are outstanding on the date of filing of this Application:

Issue Date	Principal Amount ($ mil)	Description	Underwriters	
April 2, 2001	350	7.75% Senior Notes due 2011	Banc of America Securities LLC Bank of America Corporate Center 100 North Tryon Street Charlotte, North Carolina 28255	Salomon Smith Barney 388 Greenwich St., 38th Fl. New York, NY 10013
			ABN-AMRO Holding NV Gustav Mahlerlaan 10 1082 PP Amsterdam, The Netherlands	Deutsche Banc Alex Brown 1 South St. Baltimore, MD 21202
			BNP Paribas SA 16, boulevard des Italiens 75009 Paris, France	CIBC World Markets, Inc. BCE Place, 161 Bay St. Toronto, Ontario M5J 2S8, Canada
			Scotia Capital Markets 40 King Street West Scotia Plaza, P.O. Box 4085, Station "A" Toronto, Ontario M5W 2X6, Canada	Westdeutsche Landesbank Herzogstrasse 15 40217 Düsseldorf, Germany
			Girozentrale (WestLB) Herzogstrasse 15 40217 Düsseldorf, Germany	
April 2, 2001	340	8.625% Senior Notes due 2031	Banc of America Securities LLC Bank of America Corporate Center 100 North Tryon Street Charlotte, North Carolina 28255	Salomon Smith Barney 388 Greenwich St., 38th Fl. New York, NY 10013
			ABN-AMRO Holding NV Gustav Mahlerlaan 10 1082 PP Amsterdam, The Netherlands	Deutsche Banc Alex Brown 1 South St. Baltimore, MD 21202

			BNP Paribas SA 16, boulevard des Italiens 75009 Paris, France	CIBC World Markets, Inc. BCE Place, 161 Bay St. Toronto, Ontario M5J 2S8, Canada
			Scotia Capital Markets 40 King Street West Scotia Plaza, P.O. Box 4085, Station “A” Toronto, Ontario M5W 2X6, Canada	Westdeutsche Landesbank Herzogstrasse 15 40217 Düsseldorf, Germany
			Girozentrale (WestLB) Herzogstrasse 15 40217 Düsseldorf, Germany	
July 11, 2001	340	6.75% Senior Notes due 2006	Banc of America Securities LLC Bank of America Corporate Center 100 North Tryon Street Charlotte, North Carolina 28255	Deutsche Banc Alex Brown 1 South St. Baltimore, MD 21202
			Tokyo-Mitsubishi International PLC 6 Broadgate	Williams Capital Group LP 650 Fifth Avenue, 10th Floor

Issue Date	{Principal Amount ($ mil)	Description	Underwriters	
			London EC2M 2AA United Kingdom	New York, NY 10019
			ABN AMRO Incorporated Gustav Mahlerlaan 10 1082 PP Amsterdam, The Netherlands	Barclays Capital 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
			TD Securities Inc. Toronto-Dominion Centre, King St. West and Bay St. Toronto, Ontario M5K 1A2, Canada	
July 11, 2001	160	8.625% Senior Notes due 2031	Banc of America Securities LLC Bank of America Corporate Center 100 North Tryon Street Charlotte, North Carolina 28255	Deutsche Banc Alex Brown 1 South St. Baltimore, MD 21202
			Tokyo-Mitsubishi International PLC 6 Broadgate London EC2M 2AA United Kingdom	Williams Capital Group LP 650 Fifth Avenue, 10th Floor New York, NY 10019
			ABN AMRO Incorporated Gustav Mahlerlaan 10 1082 PP Amsterdam, The Netherlands	Barclays Capital 5 The North Colonnade Canary Wharf London E14 4BB United Kingdom
			TD Securities Inc. Toronto-Dominion Centre, King St. West and Bay St. Toronto, Ontario M5K 1A2, Canada	

(b) No person is acting, or proposed to be acting, as principal underwriter of the securities proposed to be offered pursuant to the Indenture.

CAPITAL SECURITIES

7. Capitalization.

(a) As of June 30, 2003, the Applicant has the following securities issued and outstanding:

Title of Class	Amount Authorized	Amount Outstanding
Common Stock	200	4
Common stock	100	1
Class A common stock	100	3

Preferred Stock	100	0
7.625% Senior Notes due 2006	$125,000,000	$ 125,000,000
7.5% Senior Notes due 2007	$250,000,000	$ 250,000,000
7.5% Senior Notes due 2009	$300,000,000	$ 300,000,000
8.25% Senior Notes due 2010	$350,000,000	$ 350,000,000
7.75% Senior Notes due 2011	$350,000,000	$ 350,000,000
8.625% Senior Notes due 2031	$ 500,000,000	$ 500,000,000
6.75% Senior Notes due 2006	$340,000,000	$ 340,000,000
7.97% Senior Notes due 2020	$160,000,000	$ 160,000,000
8.0% Remarketable or Redeemable Securities due 2013	$240,000,000	$ 240,000,000
8.7% Remarketable or Redeemable Securities due 2005	$250,000,000	$ 250,000,000
Equity Units (NRZ)	11,500,000	11,500,000

Immediately following the Effective Date, the Applicant currently expects to have the following securities authorized and outstanding:

Title of Class	Amount Authorized	Amount Outstanding
Senior Notes due 2010	$ 500,000,000	$ 500,000,000
Xcel Note	$ 10,000,000	$ 10,000,000
Common Stock, par value $0.01 per share	500,000,000	100,000,000
Preferred Stock, par value $0.01 per share	10,000,000	0

(b) Common Stock. Holders of Common Stock will be entitled to one vote per share on all matters submitted to a vote of holders of Common Stock.

(c) Preferred Stock. Holders of Preferred Stock will be entitled to one vote per share on all matters submitted to a vote of holders of Preferred Stock.

INDENTURE SECURITIES

8. Analysis of Indenture Provisions.

The following is a general description of certain provisions of the Indenture. The description is qualified in its entirety by reference to the form of the Indenture filed as Exhibit T3C hereto. Capitalized terms used below and not defined herein have the meanings given to such terms in the Indenture.

(a) Events of Default; Withholding of Notice

The following events are defined in the Indenture as "Events of Default": (i) the Company fails to pay interest on any Note when the same becomes due and payable and the default continues for a period of 30 days; (ii) the Company fails to pay the principal on any Note when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase Notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer) and the default continues for a period of five days; (iii) the Company defaults in the observance or performance of any other covenant or agreement contained in the Indenture and which default continues for a period of 60 days after the Company receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes; (iv) the Company fails to pay at final stated maturity (giving effect to any applicable grace period and any extensions thereof) the principal amount of any Indebtedness of the Company or any Restricted Subsidiary (other than a Securitization Entity) other than Indebtedness owed to the Company or any Restricted Subsidiary, whether such Indebtedness now exists or is created after the date of the Indenture, and such failure continues for a period of 20 days or more, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration) if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final stated maturity or which has been accelerated, in each case with respect to which the 20-day period described above has passed, aggregates $100 million or more at any time; (v) one or more judgments in an aggregate amount in excess of $25 million (net of any amounts for which a reputable and creditworthy insurance company has acknowledged liability in writing) shall have been rendered against the Company or any of its Significant Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable; (vi) the Company or any Significant Subsidiary (A) commences a voluntary case or proceeding under any Bankruptcy Law with respect to itself, (B) consents to the entry of a judgment, decree or order for relief against it in an involuntary case or proceeding under any Bankruptcy Law, (C) consents to the appointment of a Custodian of it or for substantially all of its property, (D) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it, (E) makes a general assignment

for the benefit of its creditors, or (F) takes any corporate action to authorize or effect any of the foregoing; provided, that if a Significant Subsidiary is in Reorganization Proceedings as of the Effective Date, then the foregoing shall constitute an Event of Default with respect to such Significant Subsidiary only if the foregoing occurs following the exit by such Significant Subsidiary from Reorganization Proceedings; or (vii) a court of competent jurisdiction enters a judgment, decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under any Bankruptcy Law, which shall (A) approve as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Company or such Significant Subsidiary, (B) appoint a Custodian of the Company or any Significant Subsidiary or for substantially all of its property or (C) order the winding-up or liquidation of its affairs; and such judgment, decree or order shall remain unstayed and in effect for a period of 60 consecutive days; provided, that if a Significant Subsidiary is in Reorganization Proceedings as of the Effective Date, then the foregoing shall constitute an Event of Default with respect to such Significant Subsidiary only if the foregoing occurs following the exit by such Significant Subsidiary from Reorganization Proceedings.

If any Default or Event of Default has occurred and is continuing or if any Holder seeks to exercise any remedy hereunder with respect to a claimed Default or Event of Default under the Indenture or the Notes, the Company shall deliver to the Trustee, at its address set forth in Section 13.02 of the Indenture, by registered or certified mail or by facsimile transmission followed by hard copy by registered or certified mail an Officers' Certificate specifying such event, notice or other action within five Business Days of its becoming aware of such occurrence.

The Indenture provides that if a Default or an Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Noteholder notice of the uncured Default or Event of Default within 90 days after such Default or Event of Default occurs. Except in the case of a Default or an Event of Default in payment of principal of, or interest on, any Note, including an accelerated payment and the failure to make payment on the Change of Control Payment Date pursuant to a Change of Control Offer or on the Proceeds Purchase Date pursuant to a Net Proceeds Offer and, except in the case of a failure to comply with Article Five of the Indenture, the Trustee may withhold the notice if and so long as its Board of Directors, the executive committee of its Board of Directors or a committee of its directors and/or Trust Officers in good faith determines that withholding the notice is in the interest of the Noteholders.

Subject to Section 2.09 of the Indenture, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it, including any remedies provided for in Section 6.03 of the Indenture. Subject to Section 7.01 of the Indenture, however, the Trustee may refuse to follow any direction that the Trustee reasonably believes conflicts with any law or the Indenture, that the Trustee determines may be unduly prejudicial to the rights of another Noteholder, or that may involve the Trustee in personal liability; provided, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and provided, further, that this provision shall not affect the rights of the Trustee set forth in Section 7.01(d) of the Indenture.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Noteholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

(b) Authentication and Delivery of New NRG Senior Notes; Absence of Proceeds

Two Officers, or an Officer and an Assistant Secretary, shall sign, or one Officer shall sign and one Officer or an Assistant Secretary (each of whom shall, in each case, have been duly authorized by all requisite corporate actions) shall attest to, the Notes for the Company by manual or facsimile signature. If an Officer or Assistant Secretary whose signature is on a Note was an Officer or Assistant Secretary at the time of such execution but no longer holds that office or position at the time the Trustee authenticates the Note, the Note shall nevertheless be

valid. A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under the Indenture. The Trustee shall authenticate Notes for original issue in the aggregate principal amount not to exceed $500 million upon written orders of the Company in the form of an Officers' Certificate. The Officers' Certificate shall specify the amount of Notes to be authenticated, the date on which the Notes are to be authenticated and the aggregate principal amount of Notes outstanding on the date of authentication, and shall further specify the amount of such Notes to be issued as the Global Note or Physical Notes. The aggregate principal amount of Notes outstanding at any time may not exceed $500 million, except as provided in Section 2.07 of the Indenture.

The Trustee shall not be required to authenticate Notes if the issuance of such Notes pursuant to the Indenture will affect the Trustee's own rights, duties or immunities under the Notes and the Indenture in a manner which is not reasonably acceptable to the Trustee. The Trustee may appoint an authenticating agent (the "Authenticating Agent") reasonably acceptable to the Company to authenticate Notes. Unless otherwise provided in the appointment, an Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in the Indenture to authentication by the Trustee includes authentication by such Authenticating Agent. An Authenticating Agent has the same rights as an Agent to deal with the Company and Affiliates of the Company.

The Notes shall be issuable in fully registered form only, without coupons, and in denominations of whole dollar integrals.

There will be no proceeds (and therefore no application of such proceeds) from the issuance of the New NRG Senior Notes because the New NRG Senior Notes will be issued to certain holders of unsecured claims against the Company and NRG Power Marketing, Inc., as part of the implementation of the Plan.

(c) Discharge of the Indenture

The Company may terminate its obligations under the Notes and the Indenture, except those obligations referred to in the penultimate paragraph of Section 8.01 of the Indenture, if all Notes previously authenticated and delivered (other than destroyed, lost or stolen Notes which have been replaced or paid or Notes for whose payment U.S. Legal Tender has theretofore been deposited with the Trustee or the Paying Agent in trust or segregated and held in trust by the Company and thereafter repaid to the Company, as provided in Section 8.05 of the Indenture) have been delivered to the Trustee for cancellation and the Company has paid all sums payable by it hereunder, or if: (a) either (i) pursuant to Article Three of the Indenture, the Company shall have given notice to the Trustee and mailed a notice of redemption to each Holder of the redemption of all of the Notes under arrangements satisfactory to the Trustee for the giving of such notice or (ii) all Notes have otherwise become due and payable under the Indenture; (b) the Company shall have irrevocably deposited or caused to be deposited with the Trustee or a trustee satisfactory to the Trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust solely for the benefit of the Holders for that purpose, U.S. Legal Tender in such amount as is sufficient without consideration of reinvestment of such interest, to pay principal and interest on the outstanding Notes to maturity or redemption; provided, that the Trustee shall have been irrevocably instructed to apply such U.S. Legal Tender to the payment of said principal, premium, if any, and interest with respect to the Notes; (c) no Default or Event of Default with respect to the Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument or agreement to which the Company or any of its Subsidiaries is a party or by which it is bound; (d) the Company shall have paid all other sums payable by it under the Indenture; and (e) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent providing for the termination of the Company's obligations under the Notes and the Indenture have been complied with.

(d) Evidence Required to be Furnished by the Company to the Trustee as to Compliance with the Covenants Contained in the Indenture

The Company shall deliver to the Trustee, within 120 days after the end of the Company's fiscal year, an Officers' Certificate, one of the signers of which shall be the principal executive officer, principal financial officer or principal accounting officer of the Company, stating that a review of its activities and the activities of its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a

view to determining whether the Company has kept, observed, performed and fulfilled its obligations under the Indenture and further stating, as to each such Officer signing such certificate, that to the best of such Officer's knowledge the Company during such preceding fiscal year has kept, observed, performed and fulfilled each and every such covenant and no Default or Event of Default occurred during such year and at the date of such certificate there is no Default or Event of Default that has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe the Default or Event of Default and its status with particularity. The Officers' Certificate shall also notify the Trustee should the Company elect to change the manner in which it fixes its fiscal year end.

9. Other obligors.

The Applicant is the sole obligor of the New NRG Senior Notes.

Contents of application for qualification. This application for qualification comprises (a) pages numbered 1 to 10, consecutively, (b) the statement of eligibility of the trustee under the indenture to be qualified, and (c) the following exhibits in addition to those filed as part of the statement of eligibility and qualification of the trustee:

T3A	Certificate of Incorporation of the Applicant.
T3B	Bylaws of the Applicant.
T3C	Form of Indenture, to be dated as of the Effective Date, by and between the Applicant and Wilmington Trust Company, as Trustee.
T3D	Not applicable.
T3E-1	Third Amended Disclosure Statement For Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3E-2	Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3G	List of subsidiaries of the Applicant.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the applicant, NRG Energy, Inc., a corporation organized and existing under the laws of the State of Delaware, has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the city of Minneapolis and State of Minnesota, on the 14th day of October, 2003.

		By	//Scott J. Davido//
			Senior Vice President and General Counsel
Attest:	//Timothy W. O'Brien//	By	//George P. Schaefer//
	Deputy General Counsel		Vice President and Treasurer

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EXHIBIT INDEX

Exhibit Number	Description
T3A	Certificate of Incorporation of the Applicant.
T3B	Bylaws of the Applicant.
T3C	Form of Indenture, to be dated as of the Effective Date, by and between the Applicant and Wilmington Trust Company, as Trustee.
T3D	Not applicable.
T3E-1	Third Amended Disclosure Statement For Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3E-2	Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code.
T3F	A cross-reference sheet showing the location in the Indenture of the provisions therein pursuant to Section 310 through 313(a), inclusive, of the Trust Indenture Act (to be included in Exhibit T3C)
T3G	List of subsidiaries of the Applicant.
25.1	Statement of Eligibility of Trustee on Form T-1.

Exhibit 25.1

Registration No.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

WILMINGTON TRUST COMPANY

(Exact name of trustee as specified in its charter)

Delaware	51-0055023
(State of incorporation)	(I.R.S. employer identification no.)

Rodney Square North
1100 North Market Street
Wilmington, Delaware 19890

(Address of principal executive offices)

Cynthia L. Corliss
Vice President and Trust Counsel
Wilmington Trust Company
Rodney Square North
Wilmington, Delaware 19890
(302) 651-8516

(Name, address and telephone number of agent for service)

NRG ENERGY, INC.

(Exact name of obligor as specified in its charter)

Delaware	41-1724239
(State of incorporation)	(I.R.S. employer identification no.)
901 Marquette Avenue, Suite 2300 Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

10.0% Senior Notes Due 2010

(Title of the indenture securities)

ITEM 1. GENERAL INFORMATION.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Deposit Insurance Co. Five Penn Center Suite #2901 Philadelphia, PA	State Bank Commissioner Dover, Delaware

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

ITEM 2. AFFILIATIONS WITH THE OBLIGOR.

If the obligor is an affiliate of the trustee, describe each affiliation:

Based upon an examination of the books and records of the trustee and upon information furnished by the obligor, the obligor is not an affiliate of the trustee.

ITEM 16. LIST OF EXHIBITS.

List below all exhibits filed as part of this Statement of Eligibility and Qualification.

A. Copy of the Charter of Wilmington Trust Company, which includes the certificate of authority of Wilmington Trust Company to commence business and the authorization of Wilmington Trust Company to exercise corporate trust powers.

B. Copy of By-Laws of Wilmington Trust Company.

C. Consent of Wilmington Trust Company required by Section 321(b) of Trust Indenture Act.

D. Copy of most recent Report of Condition of Wilmington Trust Company.

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Wilmington Trust Company, a corporation organized and existing under the laws of Delaware, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Wilmington and State of Delaware on the 8th day of October, 2003.

WILMINGTON TRUST COMPANY

[SEAL]

Attest: /s/ Janel R. Havrilla
Assistant Secretary

By: /s/ Steven M. Cimalore
Name: Steven M. Cimalore
Title: Vice President

EXHIBIT A

AMENDED CHARTER

Wilmington Trust Company

Wilmington, Delaware

As existing on May 9, 1987

Amended Charter
or
Act of Incorporation
of
Wilmington Trust Company

Wilmington Trust Company, originally incorporated by an Act of the General Assembly of the State of Delaware, entitled "An Act to Incorporate the Delaware Guarantee and Trust Company", approved March 2, A.D. 1901, and the name of which company was changed to "**Wilmington Trust Company**" by an amendment filed in the Office of the Secretary of State on March 18, A.D. 1903, and the Charter or Act of Incorporation of which company has been from time to time amended and changed by merger agreements pursuant to the corporation law for state banks and trust companies of the State of Delaware, does hereby alter and amend its Charter or Act of Incorporation so that the same as so altered and amended shall in its entirety read as follows:

First: - The name of this corporation is **Wilmington Trust Company**.

Second: - The location of its principal office in the State of Delaware is at Rodney Square North, in the City of Wilmington, County of New Castle; the name of its resident agent is **Wilmington Trust Company** whose address is Rodney Square North, in said City. In addition to such principal office, the said corporation maintains and operates branch offices in the City of Newark, New Castle County, Delaware, the Town of Newport, New Castle County, Delaware, at Claymont, New Castle County, Delaware, at Greenville, New Castle County Delaware, and at Milford Cross Roads, New Castle County, Delaware, and shall be empowered to open, maintain and operate branch offices at Ninth and Shipley Streets, 418 Delaware Avenue, 2120 Market Street, and 3605 Market Street, all in the City of Wilmington, New Castle County, Delaware, and such other branch offices or places of business as may be authorized from time to time by the agency or agencies of the government of the State of Delaware empowered to confer such authority.

Third: - (a) The nature of the business and the objects and purposes proposed to be transacted, promoted or carried on by this Corporation are to do any or all of the things herein mentioned as fully and to the same extent as natural persons might or could do and in any part of the world, viz.:

(1) To sue and be sued, complain and defend in any Court of law or equity and to make and use a common seal, and alter the seal at pleasure, to hold, purchase, convey, mortgage or otherwise deal in real and personal estate and property, and to appoint such officers and agents as the business of the Corporation shall require, to make by-laws not inconsistent with the Constitution or laws of the United States or of this State, to discount bills, notes or other evidences of debt, to receive deposits of money, or securities for money, to buy gold and silver bullion and foreign coins, to buy and sell bills of exchange, and generally to use,

exercise and enjoy all the powers, rights, privileges and franchises incident to a corporation which are proper or necessary for the transaction of the business of the Corporation hereby created.

(2) To insure titles to real and personal property, or any estate or interests therein, and to guarantee the holder of such property, real or personal, against any claim or claims, adverse to his interest therein, and to prepare and give certificates of title for any lands or premises in the State of Delaware, or elsewhere.

(3) To act as factor, agent, broker or attorney in the receipt, collection, custody, investment and management of funds, and the purchase, sale, management and disposal of property of all descriptions, and to prepare and execute all papers which may be necessary or proper in such business.

(4) To prepare and draw agreements, contracts, deeds, leases, conveyances, mortgages, bonds and legal papers of every description, and to carry on the business of conveyancing in all its branches.

(5) To receive upon deposit for safekeeping money, jewelry, plate, deeds, bonds and any and all other personal property of every sort and kind, from executors, administrators, guardians, public officers, courts, receivers, assignees, trustees, and from all fiduciaries, and from all other persons and individuals, and from all corporations whether state, municipal, corporate or private, and to rent boxes, safes, vaults and other receptacles for such property.

(6) To act as agent or otherwise for the purpose of registering, issuing, certificating, countersigning, transferring or underwriting the stock, bonds or other obligations of any corporation, association, state or municipality, and may receive and manage any sinking fund therefor on such terms as may be agreed upon between the two parties, and in like manner may act as Treasurer of any corporation or municipality.

(7) To act as Trustee under any deed of trust, mortgage, bond or other instrument issued by any state, municipality, body politic, corporation, association or person, either alone or in conjunction with any other person or persons, corporation or corporations.

(8) To guarantee the validity, performance or effect of any contract or agreement, and the fidelity of persons holding places of responsibility or trust; to become surety for any person, or persons, for the faithful performance of any trust, office, duty, contract or agreement, either by itself or in conjunction with any other person, or persons, corporation, or corporations, or in like manner become surety upon any bond, recognizance, obligation, judgment, suit, order, or

decree to be entered in any court of record within the State of Delaware or elsewhere, or which may now or hereafter be required by any law, judge, officer or court in the State of Delaware or elsewhere.

(9) To act by any and every method of appointment as trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity in the receiving, holding, managing, and disposing of any and all estates and property, real, personal or mixed, and to be appointed as such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian or bailee by any persons, corporations, court, officer, or authority, in the State of Delaware or elsewhere; and whenever this Corporation is so appointed by any person, corporation, court, officer or authority such trustee, trustee in bankruptcy, receiver, assignee, assignee in bankruptcy, executor, administrator, guardian, bailee, or in any other trust capacity, it shall not be required to give bond with surety, but its capital stock shall be taken and held as security for the performance of the duties devolving upon it by such appointment.

(10) And for its care, management and trouble, and the exercise of any of its powers hereby given, or for the performance of any of the duties which it may undertake or be called upon to perform, or for the assumption of any responsibility the said Corporation may be entitled to receive a proper compensation.

(11) To purchase, receive, hold and own bonds, mortgages, debentures, shares of capital stock, and other securities, obligations, contracts and evidences of indebtedness, of any private, public or municipal corporation within and without the State of Delaware, or of the Government of the United States, or of any state, territory, colony, or possession thereof, or of any foreign government or country; to receive, collect, receipt for, and dispose of interest, dividends and income upon and from any of the bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property held and owned by it, and to exercise in respect of all such bonds, mortgages, debentures, notes, shares of capital stock, securities, obligations, contracts, evidences of indebtedness and other property, any and all the rights, powers and privileges of individual owners thereof, including the right to vote thereon; to invest and deal in and with any of the moneys of the Corporation upon such securities and in such manner as it may think fit and proper, and from time to time to vary or realize such investments; to issue bonds and secure the same by pledges or deeds of trust or mortgages of or upon the whole or any part of the property held or owned by the Corporation, and to sell and pledge such bonds, as and when the Board of Directors shall determine, and in the promotion of its said corporate business of investment and to the extent authorized by law, to lease, purchase, hold, sell, assign, transfer, pledge, mortgage and convey real

and personal property of any name and nature and any estate or interest therein.

(b) In furtherance of, and not in limitation, of the powers conferred by the laws of the State of Delaware, it is hereby expressly provided that the said Corporation shall also have the following powers:

(1) To do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world.

(2) To acquire the good will, rights, property and franchises and to undertake the whole or any part of the assets and liabilities of any person, firm, association or corporation, and to pay for the same in cash, stock of this Corporation, bonds or otherwise; to hold or in any manner to dispose of the whole or any part of the property so purchased; to conduct in any lawful manner the whole or any part of any business so acquired, and to exercise all the powers necessary or convenient in and about the conduct and management of such business.

(3) To take, hold, own, deal in, mortgage or otherwise lien, and to lease, sell, exchange, transfer, or in any manner whatever dispose of property, real, personal or mixed, wherever situated.

(4) To enter into, make, perform and carry out contracts of every kind with any person, firm, association or corporation, and, without limit as to amount, to draw, make, accept, endorse, discount, execute and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures, and other negotiable or transferable instruments.

(5) To have one or more offices, to carry on all or any of its operations and businesses, without restriction to the same extent as natural persons might or could do, to purchase or otherwise acquire, to hold, own, to mortgage, sell, convey or otherwise dispose of, real and personal property, of every class and description, in any State, District, Territory or Colony of the United States, and in any foreign country or place.

(6) It is the intention that the objects, purposes and powers specified and clauses contained in this paragraph shall (except where otherwise expressed in said paragraph) be nowise limited or restricted by reference to or inference from the terms of any other clause of this or any other paragraph in this charter, but that the objects, purposes and powers specified in each of the clauses of this paragraph shall be regarded as independent objects, purposes and powers.

Fourth: - (a) The total number of shares of all classes of stock which the Corporation shall have authority to issue is forty-one million (41,000,000) shares, consisting of:

(1) One million (1,000,000) shares of Preferred stock, par value $10.00 per share (hereinafter referred to as “Preferred Stock”); and

(2) Forty million (40,000,000) shares of Common Stock, par value $1.00 per share (hereinafter referred to as “Common Stock”).

(b) Shares of Preferred Stock may be issued from time to time in one or more series as may from time to time be determined by the Board of Directors each of said series to be distinctly designated. All shares of any one series of Preferred Stock shall be alike in every particular, except that there may be different dates from which dividends, if any, thereon shall be cumulative, if made cumulative. The voting powers and the preferences and relative, participating, optional and other special rights of each such series, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding; and, subject to the provisions of subparagraph 1 of Paragraph (c) of this Article **Fourth**, the Board of Directors of the Corporation is hereby expressly granted authority to fix by resolution or resolutions adopted prior to the issuance of any shares of a particular series of Preferred Stock, the voting powers and the designations, preferences and relative, optional and other special rights, and the qualifications, limitations and restrictions of such series, including, but without limiting the generality of the foregoing, the following:

(1) The distinctive designation of, and the number of shares of Preferred Stock which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(2) The rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other class of stock and whether such dividends shall be cumulative or non-cumulative;

(3) The right, if any, of the holders of Preferred Stock of such series to convert the same into or exchange the same for, shares of any other class or classes or of any series of the same or any other class or classes of stock of the Corporation and the terms and conditions of such conversion or exchange;

(4) Whether or not Preferred Stock of such series shall be subject to redemption, and the redemption price or prices and the time or times at which, and the terms and conditions on which, Preferred Stock of such series may be redeemed.

(5) The rights, if any, of the holders of Preferred Stock of such series upon the voluntary or involuntary liquidation, merger, consolidation, distribution or sale

of assets, dissolution or winding-up, of the Corporation.

(6) The terms of the sinking fund or redemption or purchase account, if any, to be provided for the Preferred Stock of such series; and

(7) The voting powers, if any, of the holders of such series of Preferred Stock which may, without limiting the generality of the foregoing include the right, voting as a series or by itself or together with other series of Preferred Stock or all series of Preferred Stock as a class, to elect one or more directors of the Corporation if there shall have been a default in the payment of dividends on any one or more series of Preferred Stock or under such circumstances and on such conditions as the Board of Directors may determine.

(c) (1) After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of section (b) of this Article **Fourth**), if any, shall have been met and after the Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of section (b) of this Article **Fourth**), and subject further to any conditions which may be fixed in accordance with the provisions of section (b) of this Article **Fourth**, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed in accordance with the provisions of section (b) of this Article **Fourth**), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the Corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the Corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

(3) Except as may otherwise be required by law or by the provisions of such resolution or resolutions as may be adopted by the Board of Directors pursuant to section (b) of this Article **Fourth**, each holder of Common Stock shall have one vote in respect of each share of Common Stock held on all matters voted upon by the stockholders.

(d) No holder of any of the shares of any class or series of stock or of options, warrants or other rights to purchase shares of any class or series of stock or of other securities of the Corporation shall have any preemptive right to purchase or subscribe for any unissued stock of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the Corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities

convertible into or exchangeable for stock of the Corporation of any class or series, or carrying any right to purchase stock of any class or series, but any such unissued stock, additional authorized issue of shares of any class or series of stock or securities convertible into or exchangeable for stock, or carrying any right to purchase stock, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, whether such holders or others, and upon such terms as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(e) The relative powers, preferences and rights of each series of Preferred Stock in relation to the relative powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in section (b) of this Article **Fourth** and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the Board of Directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to section (b) of this Article **Fourth** that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(f) Subject to the provisions of section (e), shares of any series of Preferred Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(g) Shares of Common Stock may be issued from time to time as the Board of Directors of the Corporation shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(h) The authorized amount of shares of Common Stock and of Preferred Stock may, without a class or series vote, be increased or decreased from time to time by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote thereon.

Fifth: - (a) The business and affairs of the Corporation shall be conducted and managed by a Board of Directors. The number of directors constituting the entire Board shall be not less than five nor more than twenty-five as fixed from time to time by vote of a majority of the whole Board, provided, however, that the number of directors shall not be reduced so as to shorten the term of any director at the time in

office, and provided further, that the number of directors constituting the whole Board shall be twenty-four until otherwise fixed by a majority of the whole Board.

(b) The Board of Directors shall be divided into three classes, as nearly equal in number as the then total number of directors constituting the whole Board permits, with the term of office of one class expiring each year. At the annual meeting of stockholders in 1982, directors of the first class shall be elected to hold office for a term expiring at the next succeeding annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting and directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. Any vacancies in the Board of Directors for any reason, and any newly created directorships resulting from any increase in the directors, may be filled by the Board of Directors, acting by a majority of the directors then in office, although less than a quorum, and any directors so chosen shall hold office until the next annual election of directors. At such election, the stockholders shall elect a successor to such director to hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(c) Notwithstanding any other provisions of this Charter or Act of Incorporation or the By-Laws of the Corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Charter or Act of Incorporation or the By-Laws of the Corporation), any director or the entire Board of Directors of the Corporation may be removed at any time without cause, but only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) cast at a meeting of the stockholders called for that purpose.

(d) Nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Such nominations shall be made by notice in writing, delivered or mailed by first class United States mail, postage prepaid, to the Secretary of the Corporation not less than 14 days nor more than 50 days prior to any meeting of the stockholders called for the election of directors; provided, however, that if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, to the Secretary of the Corporation not later than the close of the seventh day following the day on which notice of the meeting was mailed to stockholders. Notice of nominations which are proposed by the Board of Directors shall be given by the Chairman on behalf of the Board.

(e) Each notice under subsection (d) shall set forth (i) the name, age, business address and, if known, residence address of each nominee proposed in such notice, (ii) the principal occupation or employment of such nominee and (iii) the number of shares of

stock of the Corporation which are beneficially owned by each such nominee.

(f) The Chairman of the meeting may, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded.

(g) No action required to be taken or which may be taken at any annual or special meeting of stockholders of the Corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

Sixth: - The Directors shall choose such officers, agents and servants as may be provided in the By-Laws as they may from time to time find necessary or proper.

Seventh: - The Corporation hereby created is hereby given the same powers, rights and privileges as may be conferred upon corporations organized under the Act entitled “An Act Providing a General Corporation Law”, approved March 10, 1899, as from time to time amended.

Eighth: - This Act shall be deemed and taken to be a private Act.

Ninth: - This Corporation is to have perpetual existence.

Tenth: - The Board of Directors, by resolution passed by a majority of the whole Board, may designate any of their number to constitute an Executive Committee, which Committee, to the extent provided in said resolution, or in the By-Laws of the Company, shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Corporation, and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it.

Eleventh: - The private property of the stockholders shall not be liable for the payment of corporate debts to any extent whatever.

Twelfth: - The Corporation may transact business in any part of the world.

Thirteenth: - The Board of Directors of the Corporation is expressly authorized to make, alter or repeal the By-Laws of the Corporation by a vote of the majority of the entire Board. The stockholders may make, alter or repeal any By-Law whether or not adopted by them, provided however, that any such additional By-Laws, alterations or repeal may be adopted only by the affirmative vote of the holders of two-thirds or more of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class).

Fourteenth: - Meetings of the Directors may be held outside of the State of Delaware at such places as may be from time to time designated by the Board, and the Directors may keep the books of the Company outside of the State of Delaware at such places as may be from time to time designated by them.

Fifteenth: - (a) (1) In addition to any affirmative vote required by law, and except as otherwise expressly provided in sections (b) and (c) of this Article **Fifteenth:**

(A) any merger or consolidation of the Corporation or any Subsidiary (as hereinafter defined) with or into (i) any Interested Stockholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Stockholder), which, after such merger or consolidation, would be an Affiliate (as hereinafter defined) of an Interested Stockholder, or

(B) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of related transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the Corporation or any Subsidiary having an aggregate fair market value of $1,000,000 or more, or

(C) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of related transactions) of any securities of the Corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate fair market value of $1,000,000 or more, or

(D) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation, or

(E) any reclassification of securities (including any reverse stock split), or recapitalization of the Corporation, or any merger or consolidation of the Corporation with any of its Subsidiaries or any similar transaction (whether or not with or into or otherwise involving an Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder, or any Affiliate of any Interested Stockholder,

shall require the affirmative vote of the holders of at least two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, considered for the purpose of this Article **Fifteenth** as one class ("Voting Shares"). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The term “business combination” as used in this Article **Fifteenth** shall mean any transaction which is referred to in any one or more of clauses (A) through (E) of paragraph 1 of the section (a).

(b) The provisions of section (a) of this Article **Fifteenth** shall not be applicable to any particular business combination and such business combination shall require only such affirmative vote as is required by law and any other provisions of the Charter or Act of Incorporation or By-Laws if such business combination has been approved by a majority of the whole Board.

(c) For the purposes of this Article **Fifteenth**:

(1) A “person” shall mean any individual, firm, corporation or other entity.

(2) “Interested Stockholder” shall mean, in respect of any business combination, any person (other than the Corporation or any Subsidiary) who or which as of the record date for the determination of stockholders entitled to notice of and to vote on such business combination, or immediately prior to the consummation of any such transaction:

(A) is the beneficial owner, directly or indirectly, of more than 10% of the Voting Shares, or

(B) is an Affiliate of the Corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, of not less than 10% of the then outstanding voting Shares, or

(C) is an assignee of or has otherwise succeeded in any share of capital stock of the Corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder, and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be the “beneficial owner” of any Voting Shares:

(A) which such person or any of its Affiliates and Associates (as hereafter defined) beneficially own, directly or indirectly, or

(B) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise,

or (ii) the right to vote pursuant to any agreement, arrangement or understanding, or

(C) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of the Corporation.

(4) The outstanding Voting Shares shall include shares deemed owned through application of paragraph (3) above but shall not include any other Voting Shares which may be issuable pursuant to any agreement, or upon exercise of conversion rights, warrants or options or otherwise.

(5) "Affiliate" and "Associate" shall have the respective meanings given those terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981.

(6) "Subsidiary" shall mean any corporation of which a majority of any class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on December 31, 1981) is owned, directly or indirectly, by the Corporation; provided, however, that for the purposes of the definition of Investment Stockholder set forth in paragraph (2) of this section (c), the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the Corporation.

(d) majority of the directors shall have the power and duty to determine for the purposes of this Article **Fifteenth** on the basis of information known to them, (1) the number of Voting Shares beneficially owned by any person (2) whether a person is an Affiliate or Associate of another, (3) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in paragraph (3) of section (c), or (4) whether the assets subject to any business combination or the consideration received for the issuance or transfer of securities by the Corporation, or any Subsidiary has an aggregate fair market value of $1,000,000 or more.

(e) Nothing contained in this Article **Fifteenth** shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

Sixteenth: Notwithstanding any other provision of this Charter or Act of Incorporation or the By-Laws of the Corporation (and in addition to any other vote that may be required by law, this Charter or Act of Incorporation by the By-Laws), the affirmative vote of the holders of at least two-thirds of the outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors (considered for this purpose as one class) shall be required to amend, alter or repeal any

provision of Articles **Fifth, Thirteenth, Fifteenth** or **Sixteenth** of this Charter or Act of Incorporation.

Seventeenth: (a) a Director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the Delaware General Corporation Laws as the same exists or may hereafter be amended.

(b) Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a Director of the Corporation existing hereunder with respect to any act or omission occurring prior to the time of such repeal or modification."

EXHIBIT B

BY-LAWS

WILMINGTON TRUST COMPANY

WILMINGTON, DELAWARE

As existing on January 16, 2003

BY-LAWS OF WILMINGTON TRUST COMPANY

ARTICLE I
Stockholders' Meetings

Section 1. Annual Meeting. The annual meeting of stockholders shall be held on the third Thursday in April each year at the principal office at the Company or at such other date, time or place as may be designated by resolution by the Board of Directors.

Section 2. Special Meetings. Special meetings of stockholders may be called at any time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President.

Section 3. Notice. Notice of all meetings of the stockholders shall be given by mailing to each stockholder at least ten (10) days before said meeting, at his last known address, a written or printed notice fixing the time and place of such meeting.

Section 4. Quorum. A majority in the amount of the capital stock of the Company issued and outstanding on the record date, as herein determined, shall constitute a quorum at all meetings of stockholders for the transaction of any business, but the holders of a smaller number of shares may adjourn from time to time, without further notice, until a quorum is secured. At each annual or special meeting of stockholders, each stockholder shall be entitled to one vote, either in person or by proxy, for each share of stock registered in the stockholder's name on the books of the Company on the record date for any such meeting as determined herein.

ARTICLE 2
Directors

Section 1. Management. The affairs and business of the Company shall be managed by or under the direction of the Board of Directors.

Section 2. Number. The authorized number of directors that shall constitute the Board of Directors shall be fixed from time to time by or pursuant to a resolution passed by a majority of the Board of Directors within the parameters set by the Charter of the Company. No more than two directors may also be employees of the Company or any affiliate thereof.

Section 3. Qualification. In addition to any other provisions of these Bylaws, to be qualified for nomination for election or appointment to the Board of Directors, a person must have not attained the age of sixty-nine years at the time of such election or appointment, provided however, the Nominating and Corporate Governance Committee may waive such qualification as to a particular candidate otherwise qualified to serve as a director upon a good faith determination by such committee that such a waiver is in the best interests of the Company and its stockholders. The

Chairman of the Board and the Chief Executive Officer shall not be qualified to continue to serve as directors upon the termination of their service in those offices for any reason.

Section 4. Meetings. The Board of Directors shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Board of Directors, the Chief Executive Officer or the President.

Section 5. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the Chief Executive Officer or the President, and shall be called upon the written request of a majority of the directors.

Section 6. Quorum. A majority of the directors elected and qualified shall be necessary to constitute a quorum for the transaction of business at any meeting of the Board of Directors.

Section 7. Notice. Written notice shall be sent by mail to each director of any special meeting of the Board of Directors, and of any change in the time or place of any regular meeting, stating the time and place of such meeting, which shall be mailed not less than two days before the time of holding such meeting.

Section 8. Vacancies. In the event of the death, resignation, removal, inability to act or disqualification of any director, the Board of Directors, although less than a quorum, shall have the right to elect the successor who shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, and until such director's successor shall have been duly elected and qualified.

Section 9. Organization Meeting. The Board of Directors at its first meeting after its election by the stockholders shall appoint an Executive Committee, an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, and shall elect from its own members a Chairman of the Board, a Chief Executive Officer and a President, who may be the same person. The Board of Directors shall also elect at such meeting a Secretary and a Chief Financial Officer, who may be the same person, and may appoint at any time such committees as it may deem advisable. The Board of Directors may also elect at such meeting one or more Associate Directors. The Board of Directors, the Executive Committee or another committee designated by the Board of Directors may elect or appoint such other officers as they may deem advisable.

Section 10. Removal. The Board of Directors may at any time remove, with or without cause, any member of any committee appointed by it or any associate director or officer elected by it and may appoint or elect his successor.

Section 11. Responsibility of Officers. The Board of Directors may designate an officer to be in charge of such departments or divisions of the Company as it may deem advisable.

Section 12. Participation in Meetings. The Board of Directors or any committee of the Board of Directors may participate in a meeting of the Board of Directors or such committee, as the case may be, by conference telephone, video facilities or other communications equipment. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all of the members of the Board of Directors or the committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the Board of Directors or such committee.

ARTICLE 3
Committees of the Board of Directors

Section 1. Executive Committee.

(A) The Executive Committee shall be composed of not more than nine (9) members, who shall be selected by the Board of Directors from its own members, and who shall hold office at the pleasure of the Board of Directors.

(B) The Executive Committee shall have and may exercise, to the fullest extent permitted by law, all of the powers of the Board of Directors when it is not in session to transact all business for and on behalf of the Company that may be brought before it.

(C) The Executive Committee shall meet at the principal office of the Company or elsewhere in its discretion at such times to be determined by a majority of its members, or at the call of the Chairman of the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President. The majority of its members shall be necessary to constitute a quorum for the transaction of business. Special meetings of the Executive Committee may be held at any time when a quorum is present.

(D) Minutes of each meeting of the Executive Committee shall be kept and submitted to the Board of Directors at its next meeting.

(E) In the event of an emergency of sufficient severity to prevent the conduct and management of the affairs and business of the Company by its directors and officers as contemplated by these Bylaws, any two available members of the Executive Committee as constituted immediately prior to such emergency shall constitute a quorum of that Committee for the full conduct and management of the affairs and business of the Company in accordance with the provisions of Article 3 of these Bylaws. In the event of the unavailability, at such time, of a minimum of two members of the Executive Committee, any three available directors shall constitute the Executive Committee for the full conduct and management of the affairs and business of the Company in accordance with the foregoing provisions of this Section. This Bylaw shall be subject to implementation by resolutions of the Board of Directors presently existing or hereafter passed from time to time for that purpose, and any provisions of these Bylaws (other than this Section) and any resolutions which are contrary

to the provisions of this Section or to the provisions of any such implementing resolutions shall be suspended during such a disaster period until it shall be determined by any interim Executive Committee acting under this Section that it shall be to the advantage of the Company to resume the conduct and management of its affairs and business under all of the other provisions of these Bylaws.

Section 2. Audit Committee.

(A) The Audit Committee shall be composed of not more than five (5) members, who shall be selected by the Board of Directors from its own members, none of whom shall be an officer or employee of the Company, and shall hold office at the pleasure of the Board.

(B) The Audit Committee shall have general supervision over the Audit Services Division in all matters however subject to the approval of the Board of Directors; it shall consider all matters brought to its attention by the officer in charge of the Audit Services Division, review all reports of examination of the Company made by any governmental agency or such independent auditor employed for that purpose, and make such recommendations to the Board of Directors with respect thereto or with respect to any other matters pertaining to auditing the Company as it shall deem desirable.

(C) The Audit Committee shall meet whenever and wherever its Chairperson, the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Committee's members shall deem it to be proper for the transaction of its business. A majority of the Committee's members shall constitute a quorum for the transaction of business. The acts of the majority at a meeting at which a quorum is present shall constitute action by the Committee.

Section 3. Compensation Committee.

(A) The Compensation Committee shall be composed of not more than five (5) members, who shall be selected by the Board of Directors from its own members, none of whom shall be an officer or employee of the Company, and shall hold office at the pleasure of the Board of Directors.

(B) The Compensation Committee shall in general advise upon all matters of policy concerning compensation, including salaries and employee benefits.

(C) The Compensation Committee shall meet whenever and wherever its Chairperson, the Chairman of the Board, the Chief Executive Officer, the President or a majority of the Committee's members shall deem it to be proper for the transaction of its business. A majority of the Committee's members shall constitute a quorum for the transaction of business. The acts of the majority at a meeting at which a quorum is present shall constitute action by the Committee.

Section 4. Nominating and Corporate Governance Committee.

(A) The Nominating and Corporate Governance Committee shall be composed of not more than five members, who shall be selected by the Board of Directors from its own members, none of whom shall be an officer or employee of the Company, and shall hold office at the pleasure of the Board of Directors.

(B) The Nominating and Corporate Governance Committee shall provide counsel and make recommendations to the Chairman of the Board and the full Board with respect to the performance of the Chairman of the Board and the Chief Executive Officer, candidates for membership on the Board of Directors and its committees, matters of corporate governance, succession planning for the Company's executive management and significant shareholder relations issues.

(C) The Nominating and Corporate Governance Committee shall meet whenever and wherever its Chairperson, the Chairman of the Board, the Chief Executive Officer, the President, or a majority of the Committee's members shall deem it to be proper for the transaction of its business. A majority of the Committee's members shall constitute a quorum for the transaction of business. The acts of the majority at a meeting at which a quorum is present shall constitute action by the Committee.

Section 5. Other Committees. The Company may have such other committees with such powers as the Board may designate from time to time by resolution or by an amendment to these Bylaws.

Section 6. Associate Directors.

(A) Any person who has served as a director may be elected by the Board of Directors as an associate director, to serve at the pleasure of the Board of Directors.

(B) Associate directors shall be entitled to attend all meetings of directors and participate in the discussion of all matters brought to the Board of Directors, but will not have a right to vote.

Section 7. Absence or Disqualification of Any Member of a Committee. In the absence or disqualification of any member of any committee created under Article III of these Bylaws, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE 4
Officers

Section 1. Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and shall have such further authority and powers and shall perform such duties the Board of Directors may assign to him from time to time.

Section 2. Chief Executive Officer. The Chief Executive Officer shall have the powers and duties pertaining to the office of Chief Executive Officer conferred or imposed upon him by statute, incident to his office or as the Board of Directors may assign to him from time to time. In the absence of the Chairman of the Board, the Chief Executive Officer shall have the powers and duties of the Chairman of the Board.

Section 3. President. The President shall have the powers and duties pertaining to the office of the President conferred or imposed upon him by statute, incident to his office or as the Board of Directors may assign to him from time to time. In the absence of the Chairman of the Board and the Chief Executive Officer, the President shall have the powers and duties of the Chairman of the Board.

Section 4. Duties. The Chairman of the Board, the Chief Executive Officer or the President, as designated by the Board of Directors, shall carry into effect all legal directions of the Executive Committee and of the Board of Directors and shall at all times exercise general supervision over the interest, affairs and operations of the Company and perform all duties incident to his office.

Section 5. Vice Presidents. There may be one or more Vice Presidents, however denominated by the Board of Directors, who may at any time perform all of the duties of the Chairman of the Board, the Chief Executive Officer and/or the President and such other powers and duties incident to their respective offices or as the Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President or the officer in charge of the department or division to which they are assigned may assign to them from time to time.

Section 6. Secretary. The Secretary shall attend to the giving of notice of meetings of the stockholders and the Board of Directors, as well as the committees thereof, to the keeping of accurate minutes of all such meetings, recording the same in the minute books of the Company and in general notifying the Board of Directors of material matters affecting the Company on a timely basis. In addition to the other notice requirements of these Bylaws and as may be practicable under the circumstances, all such notices shall be in writing and mailed well in advance of the scheduled date of any such meeting. He shall have custody of the corporate seal, affix the same to any documents requiring such corporate seal, attest the same and perform other duties incident to his office.

Section 7. Chief Financial Officer. The Chief Financial Officer shall have general supervision over all assets and liabilities of the Company. He shall be custodian of and responsible for all monies, funds and valuables of the Company and for the keeping of proper records of the evidence of property or indebtedness and of all transactions of the Company. He shall have general supervision of the expenditures of the Company and periodically shall report to the Board of Directors the condition of the Company, and perform such other duties incident to his office or as the

Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President may assign to him from time to time.

Section 8. Controller. There may be a Controller who shall exercise general supervision over the internal operations of the Company, including accounting, and shall render to the Board of Directors or the Audit Committee at appropriate times a report relating to the general condition and internal operations of the Company and perform other duties incident to his office.

There may be one or more subordinate accounting or controller officers however denominated, who may perform the duties of the Controller and such duties as may be prescribed by the Controller.

Section 9. Audit Officers. The officer designated by the Board of Directors to be in charge of the Audit Services Division of the Company, with such title as the Board of Directors shall prescribe, shall report to and be directly responsible to the Audit Committee and the Board of Directors.

There shall be an Auditor and there may be one or more Audit Officers, however denominated, who may perform all the duties of the Auditor and such duties as may be prescribed by the officer in charge of the Audit Services Division.

Section 10. Other Officers. There may be one or more officers, subordinate in rank to all Vice Presidents with such functional titles as shall be determined from time to time by the Board of Directors, who shall ex officio hold the office of Assistant Secretary of the Company and who may perform such duties as may be prescribed by the officer in charge of the department or division to which they are assigned.

Section 11. Powers and Duties of Other Officers. The powers and duties of all other officers of the Company shall be those usually pertaining to their respective offices, subject to the direction of the Board of Directors, the Executive Committee, the Chairman of the Board, the Chief Executive Officer or the President and the officer in charge of the department or division to which they are assigned.

Section 12. Number of Offices. Any one or more offices of the Company may be held by the same person, except that (A) no individual may hold more than one of the offices of Chief Financial Officer, Controller or Audit Officer and (B) none of the Chairman of the Board, the Chief Executive Officer or the President may hold any office mentioned in Section 12(A).

ARTICLE 5
Stock and Stock Certificates

Section 1. Transfer. Shares of stock shall be transferable on the books of the Company and a transfer book shall be kept in which all transfers of stock shall be recorded.

Section 2. Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the Company by the Chairman of the Board, the Chief Executive Officer or the President or a Vice President, and by the Secretary or an Assistant Secretary, of the Company, certifying the number of shares owned by him in the Company. The corporate seal affixed thereto, and any of or all the signatures on the certificate, may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if he were such officer, transfer agent or registrar at the date of issue. Duplicate certificates of stock shall be issued only upon giving such security as may be satisfactory to the Board of Directors or the Executive Committee.

Section 3. Record Date. The Board of Directors is authorized to fix in advance a record date for the determination of the stockholders entitled to notice of, and to vote at, any meeting of stockholders and any adjournment thereof, or entitled to receive payment of any dividend, or to any allotment of rights, or to exercise any rights in respect of any change, conversion or exchange of capital stock, or in connection with obtaining the consent of stockholders for any purpose, which record date shall not be more than 60 nor less than 10 days preceding the date of any meeting of stockholders or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or a date in connection with obtaining such consent.

ARTICLE 6
Seal

The corporate seal of the Company shall be in the following form:

Between two concentric circles the words “Wilmington Trust Company” within the inner circle the words “Wilmington, Delaware.”

ARTICLE 7
Fiscal Year

The fiscal year of the Company shall be the calendar year.

ARTICLE 8
Execution of Instruments of the Company

The Chairman of the Board, the Chief Executive Officer, the President or any Vice President, however denominated by the Board of Directors, shall have full power and authority to enter into, make, sign, execute, acknowledge and/or deliver and the Secretary or any Assistant Secretary shall have full power and authority to attest and affix the corporate seal of the Company to any and all deeds, conveyances, assignments, releases, contracts, agreements, bonds, notes, mortgages and all other instruments incident to the business of this Company or in acting as executor, administrator, guardian, trustee, agent or in any other fiduciary or representative capacity by any and every method of appointment or by whatever person, corporation, court officer or authority in the State of Delaware, or elsewhere, without any specific authority, ratification, approval or confirmation by the Board of Directors or the Executive Committee, and any and all such instruments shall have the same force and validity as though expressly authorized by the Board of Directors and/or the Executive Committee.

ARTICLE 9
Compensation of Directors and Members of Committees

Directors and associate directors of the Company, other than salaried officers of the Company, shall be paid such reasonable honoraria or fees for attending meetings of the Board of Directors as the Board of Directors may from time to time determine. Directors and associate directors who serve as members of committees, other than salaried employees of the Company, shall be paid such reasonable honoraria or fees for services as members of committees as the Board of Directors shall from time to time determine and directors and associate directors may be authorized by the Company to perform such special services as the Board of Directors may from time to time determine in accordance with any guidelines the Board of Directors may adopt for such services, and shall be paid for such special services so performed reasonable compensation as may be determined by the Board of Directors.

ARTICLE 10
Indemnification

Section 1. Persons Covered. The Company shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a “proceeding”) by reason of the fact that he, or a person for whom he is the legal representative, is or was a director of the Company or is or was serving at the request of the Company as a director, officer, employee, fiduciary or agent of another corporation, partnership, limited liability company, joint venture, trust, enterprise or non-profit entity that is not a subsidiary or affiliate of the Company, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person. The Company shall be required to indemnify such a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors.

The Company may indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or threatened to be made a party or is otherwise involved in any proceeding by reason of the fact that he, or a person for whom he is the legal representative, is or was an officer, employee or agent of the Company or a director, officer, employee or agent of a subsidiary or affiliate of the Company, against all liability and loss suffered and expenses reasonably incurred by such person. The Company may indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. Advance of Expenses. The Company shall pay the expenses incurred in defending any proceeding involving a person who is or may be indemnified pursuant to Section 1 in advance of its final disposition, provided, however, that the payment of expenses incurred by such a person in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by that person to repay all amounts advanced if it should be ultimately determined that the person is not entitled to be indemnified under this Article 10 or otherwise.

Section 3. Certain Rights. If a claim under this Article 10 for (A) payment of expenses or (B) indemnification by a director or person who is or was serving at the request of the Company as a director, officer, employee, fiduciary or agent of another corporation, partnership, limited liability company, joint venture, trust, enterprise or nonprofit entity that is not a subsidiary or affiliate of the Company, including service with respect to employee benefit plans, is not paid in full within sixty days after a written claim therefor has been received by the Company, the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action, the Company shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

Section 4. Non-Exclusive. The rights conferred on any person by this Article 10 shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Charter or Act of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. Reduction of Amount. The Company’s obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or nonprofit entity.

Section 6. Effect of Modification. Any amendment, repeal or modification of the foregoing provisions of this Article 10 shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such amendment, repeal or modification.

ARTICLE 11
Amendments to the Bylaws

These Bylaws may be altered, amended or repealed, in whole or in part, and any new Bylaw or Bylaws adopted at any regular or special meeting of the Board of Directors by a vote of a majority of all the members of the Board of Directors then in office.

ARTICLE 12
Miscellaneous

Whenever used in these Bylaws, the singular shall include the plural, the plural shall include the singular unless the context requires otherwise and the use of either gender shall include both genders.

EXHIBIT C

Section 321(b) Consent

Pursuant to Section 321(b) of the Trust Indenture Act of 1939, as amended, Wilmington Trust Company hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon requests therefor.

WILMINGTON TRUST COMPANY

Dated: October 8, 2003

By: /s/ Steven M. Cimalore

Name: Steven M. Cimalore
Title: Vice President

EXHIBIT D

NOTICE

This form is intended to assist state nonmember banks and savings banks with state publication requirements. It has not been approved by any state banking authorities. Refer to your appropriate state banking authorities for your state publication requirements.

REPORT OF CONDITION

Consolidating domestic subsidiaries of the

WILMINGTON TRUST COMPANY of WILMINGTON

Name of Bank City

in the State of DELAWARE , at the close of business on June 30, 2003.

ASSETS

		Thousands of dollars
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coins		221,573
Interest-bearing balances		0
Held-to-maturity securities		3,777
Available-for-sale securities		1,684,467
Federal funds sold in domestic offices		465,275
Securities purchased under agreements to resell		18,800
Loans and lease financing receivables:		
Loans and leases held for sale	0	
Loans and leases, net of unearned income	5,598,733	
LESS: Allowance for loan and lease losses	77,873	
Loans and leases, net of unearned income, allowance, and reserve		5,520,860
Assets held in trading accounts		0
Premises and fixed assets (including capitalized leases)		142,672
Other real estate owned		2,986
Investments in unconsolidated subsidiaries and associated companies		2,496
Customers' liability to this bank on acceptances outstanding		0
Intangible assets:		
a. Goodwill		157
b. Other intangible assets		11,897
Other assets		171,667
Total assets		8,246,627

CONTINUED ON NEXT PAGE

LIABILITIES

Deposits:		
In domestic offices		6,415,199
Noninterest-bearing	1,011,850	
Interest-bearing	5,403,349	
Federal funds purchased in domestic offices		286,799
Securities sold under agreements to repurchase		207,308
Trading liabilities (from Schedule RC-D)		0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases:		597,518
Bank's liability on acceptances executed and outstanding		0
Subordinated notes and debentures		0
Other liabilities (from Schedule RC-G)		98,337
Total liabilities		7,605,161

EQUITY CAPITAL

Perpetual preferred stock and related surplus	0
Common Stock	500
Surplus (exclude all surplus related to preferred stock)	112,358
a. Retained earnings	526,582
b. Accumulated other comprehensive income	2,026
Total equity capital	641,466
Total liabilities, limited-life preferred stock, and equity capital	8,246,627

EXHIBIT 3.1 - AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

RESTATED CERTIFICATE OF INCORPORATION

OF

NRG ENERGY, INC.

ARTICLE FIRST

The name of the corporation (the "Corporation") is NRG Energy, Inc.

ARTICLE SECOND

The registered office and registered agent of the Corporation is The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801.

ARTICLE THIRD

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOURTH

A. The Corporation is authorized to issue three classes of stock to be designated, respectively, "Common Stock," "Class A Common Stock" and "Preferred Stock." The total number of shares of stock that the Corporation has authority to issue is 300, of which:

1. 100 shares shall be shares of Common Stock, par value $0.01 per share (the "Common Stock");

2. 100 shares shall be shares of Class A Common Stock, par value $0.01 per share (the "Class A Common Stock"); and

3. 100 shares shall be shares of Preferred Stock, par value $0.01 per share (the "Preferred Stock").

The Common Stock and the Class A Common Stock are referred to collectively as the "Common Shares."

B. The powers, preferences and rights of the holders of Common Stock and Class A Common Stock, and the qualifications, limitations or restrictions thereof, shall be in all respects identical on the basis of the number of shares held, whether as to dividends or upon liquidation, dissolution or winding up of the affairs of the Corporation, or otherwise, except as otherwise required by law or expressly provided in this Certificate of Incorporation, as it may be amended, and subject to the powers, preferences and rights of the holders of Preferred Stock, as provided in

or as otherwise determined by the Board of Directors pursuant to Section C of this Article FOURTH.

1. Dividends.

(a) Dividends may be declared and paid to the holders of Common Stock and Class A Common Stock in cash, property, or other securities of the Corporation out of any funds legally available therefor. If and when

dividends on the Common Stock and the Class A Common Stock are declared payable from time to time by the Board of Directors, whether payable in cash, in property or in securities of the Corporation, the holders of the Common Stock and the Class A Common Stock shall be entitled to share equally on a per share basis in such dividends. If dividends are declared that are payable in shares of Common Stock, such dividends shall be payable at the same rate on both Common Stock and Class A Common Stock; provided that such dividends shall be payable in shares of Common Stock both to holders of Common Stock and to holders of Class A Common Stock.

(b) Subject to provisions of law and rights, powers and preferences of any series of Preferred Stock and of any other stock ranking prior to the Common Stock or the Class A Common Stock as to dividends, the holders of the Common Stock and the Class A Common Stock shall be entitled to receive dividends at such time and in such amounts as may be determined by the Board of Directors and declared out of any funds legally available therefor, and shares of Preferred Stock of any series shall not be entitled to share therein except as otherwise expressly provided in the resolution or resolutions of the Board of Directors providing for the issue of such series.

2. Distributions on Liquidation, Dissolution or Winding Up. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary (sometimes hereinafter referred to as "liquidation"), after payment or provision for payment of the debts and other liabilities of the Corporation and the preferential amounts to which the holders of any stock ranking prior to the Common Stock and the Class A Common Stock in the distribution of assets shall be entitled upon liquidation, the holders of the Common Stock and the Class A Common Stock and the holders of any other stock ranking on a parity with the Common Stock and the Class A Common Stock in the distribution of assets upon liquidation shall be entitled to share pro rata in the remaining assets of the Corporation according to their respective interests.

3. Voting.

(a) At each annual or special meeting of the stockholders, or, if the stockholders have the power to act by written consent, in any action taken by written consent in lieu thereof, each holder of Common Stock shall be entitled to one (1) vote in person or by proxy for each Common Stock share standing in such stockholder's name on the stock transfer records of the Corporation in connection with the election of directors and all other actions submitted to a vote of stockholders.

(b) At each annual or special meeting of the stockholders, or, if the stockholders have the power to act by written consent, in any action taken by written consent in

lieu thereof, each holder of Class A Common Stock shall be entitled to ten (10) votes in person or by proxy for each Class A Common Stock share standing in such stockholder's name on the stock transfer records of the Corporation in connection with the election of directors and all other actions submitted to a vote of stockholders.

(c) Except as may be otherwise required by law or this Certificate of Incorporation, the holders of Common Stock and Class A Common Stock shall vote together as a single class.

4. Conversion of Class A Common Stock.

(a) Optional Conversion.

(i) Each share of Class A Common Stock may at any time be converted into one (1) fully paid and non-assessable share of Common Stock. Such right shall be exercised by the surrender of the certificate

representing such share of Class A Common Stock to be converted to the Corporation at any time during normal business hours at the principal executive offices of the Corporation, or if an agent for the registration of transfer of shares of Class A Common Stock is then duly appointed and acting (said agent being hereinafter called the "Transfer Agent") then at the office of the Transfer Agent, accompanied by a written notice of the election by the holder thereof to convert and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation and to the Transfer Agent, duly executed by such holder or his duly authorized attorney, and transfer tax stamps or funds therefor, if required pursuant to Section 4(a)(v) below.

(ii) As promptly as practicable after the surrender for conversion of a certificate representing shares of Class A Common Stock in the manner provided in Section 4(a)(i) above and the payment in cash of any amount required by the provisions of Sections 4(a)(i) and 4(a)(v), the Corporation will deliver or cause to be delivered at the office of the Transfer Agent to or upon the written order of the holder of such certificate, a certificate or certificates representing the number of full shares of Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate representing shares of Class A Common Stock, and all rights of the holder of such shares as such holder shall cease at such time and the person or persons in whose name or names the certificate or certificates representing the shares of Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Common Stock at such time; provided, however, that any such surrender and payment on any date when the stock transfer books of the Corporation shall be closed shall constitute the person or persons in whose name or names the certificate or certificates representing shares of Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business on the next succeeding day on which such stock transfer books are open.

(iii) No adjustments in respect of dividends shall be made upon the conversion of any share of Class A Common Stock; provided, however, that if a share shall be converted subsequent to the record date for the payment of a dividend or other distribution on

shares of Class A Common Stock but prior to such payment, the registered holder of such share at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such share on such date notwithstanding the conversion thereof or the Corporation's default in payment of the dividend due on such date.

(iv) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the outstanding shares of Class A Common Stock, such number of shares of Common Stock as shall be issuable upon the conversion of all such outstanding shares, provided, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class A Common Stock by delivery of purchased shares of Common Stock which are held in the treasury of the Corporation. The Corporation covenants that if any shares of Common Stock, required to be reserved for purposes of conversion hereunder, require registration with or approval of any governmental authority under any federal or state law before such shares of Common Stock may be issued upon conversion, the Corporation will cause such shares to be duly registered or approved, as the case may be. The Corporation will endeavor to list the shares of Common Stock required to be delivered upon conversion prior to such delivery upon each national securities exchange upon which the outstanding Common Stock is listed at the time of such delivery. The Corporation covenants that all shares of Common Stock which shall be issued upon conversion of the shares of Class A

Common Stock, will, upon issuance, be fully paid and non-assessable and not subject to any preemptive rights.

(v) The issuance of certificates representing shares of Common Stock upon conversion of shares of Class A Common Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class A Common Stock converted, the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

(b) Automatic Conversion.

(i) All outstanding Class A Common Stock shall be automatically converted into Common Stock on a share-for-share basis if at any time Xcel Energy Inc. or its successors by way of merger or consolidation, together with their respective affiliates ceases to own, directly or indirectly, at least 30% of the total number of outstanding Common Shares, as reflected on the stock transfer records of the Corporation. For purposes of the immediately preceding sentence, any Common Shares repurchased and held as treasury shares or canceled by the Corporation shall no longer be deemed "outstanding" from and after the date of repurchase or cancellation.

(ii) Each share of Class A Common Stock shall be automatically converted on a share-for-share basis into Common Stock upon the transfer of such share of Class A Common Stock. For purposes of the immediately preceding sentence, "transfer" means any sale, gift, assignment or other transfer of any ownership or voting interest in any share of Class A Common Stock, including (a) by way of any merger, consolidation, combination or reorganization of the Corporation with or into another entity (whether or not the

Corporation is the surviving entity), (b) any offer, sale, contract to sell, sale of any option or contract to purchase, purchase of any option or contract to sell, grant of any option, right or warrant to purchase or other direct or indirect transfer or disposal of any shares of Class A Common Stock or any securities convertible into or exercisable or exchangeable for Class A Common Stock or (c) entry into any swap or other arrangement (including by way of insurance) that transfers to another, in whole or in part, any of the economic consequences of ownership of any shares of Class A Common Stock, but shall not include (y) any pledge of such stock as collateral, or (z) any "transfer" to any person or entity that (A) is an "Affiliate" (as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended) of a holder of such Class A Common Stock prior to such transfer and without giving effect to any agreements executed in connection with such transfer or (B) becomes an Affiliate by virtue of transactions for which an agreement was existing as of April 30, 2000.

(iii) In the event of any conversion of the Class A Common Stock pursuant to Section 4(b)(i) or (ii), certificates which formerly represented outstanding shares of Class A Common Stock will thereafter be deemed to represent a like number of shares of Common Stock and all authorized Common Shares shall consist of only Common Stock.

5. Splits, Subdivisions, etc. If the Corporation shall in any manner split, reclassify, subdivide or combine the outstanding Common Stock or Class A Common Stock, the outstanding shares of the other such class of Common Shares shall be proportionately subdivided or combined in the same manner and on the same basis as the outstanding shares of the class of Common Shares that have been split, reclassified, subdivided or combined.

6. No Preemptive Rights. No holder of Common Stock or Class A

Common Stock shall, by reason of such holding, have any preemptive right to subscribe to any additional issue of stock of any class or series of the Corporation or to any security of the Corporation convertible into such stock.

7. Reissuance of Class A Common Stock. Following the initial issuance of shares of Class A Common Stock, the Corporation shall not issue additional shares of Class A Common Stock, and all shares of Class A Common Stock surrendered for conversion or redeemed or repurchased by the Corporation shall be retired and shall not be reissued by the Corporation.

8. Priority of Preferred Stock. The Common Stock and the Class A Common Stock are subject to all powers, rights, privileges, preferences and priorities of the Preferred Stock as may be stated herein and as shall be stated and expressed in any resolution or resolutions adopted by the Board of Directors, pursuant to authority expressly granted and vested in it by Section C of this Article FOURTH.

C. The Board of Directors shall have the authority to issue shares of Preferred Stock from time to time on such terms as it may determine, and to divide the Preferred Stock into one or more series. In connection with the creation of any such series, the Board of Directors shall have the authority to fix by the resolution or resolutions providing for the issue of shares thereof the designations, voting powers, preferences and relative participating, option or other special

rights of such series, and the qualifications, limitations or restrictions thereof, to the full extent now or hereafter permitted by law.

ARTICLE FIFTH

The Board of Directors of the Corporation, acting by majority vote, may alter, amend or repeal the Bylaws of the Corporation.

ARTICLE SIXTH

The names of the persons who are to serve as the initial directors of the Corporation until the first annual meeting of stockholders or until their successors are elected and qualify are as follows:

Wayne H. Brunetti
Gary R. Johnson
Richard C. Kelly
Edward J. McIntyre

The mailing address for each of the foregoing directors shall be c/o Xcel Energy Inc., 800 Nicollet Mall, Minneapolis, MN 55402.

ARTICLE SEVENTH

Except as otherwise provided by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of this Article SEVENTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

EXHIBIT 3.2 - Bylaws.

BYLAWS

OF

NRG ENERGY, INC.

ARTICLE I

STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of the stockholders of NRG Energy, Inc. (the "Corporation") shall be held either within or without the State of Delaware, at such place and on such date and time as the Board of Directors may designate from time to time in the call of the meeting or in a waiver of notice thereof and fix by resolution in each year for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Special meetings of the stockholders may be called by the Board of Directors, and shall be called by the President or by the Secretary upon the written request of the holders of record of at least a majority of the shares of stock of the Corporation issued and outstanding and entitled to vote, at such times and at such place either within or without the State of Delaware as may be stated in the call or in a waiver of notice thereof.

Section 3. Notice of Meetings. Notice of the time, place and purpose of every meeting of stockholders shall be delivered personally or mailed not less than ten days nor more than sixty days before the date of the meeting to each stockholder of record entitled to vote, at such stockholder's address appearing upon the records of the Corporation or at such other address as shall be furnished in writing by him or her to the Corporation for such purpose. Such further notice shall be given as may be required by law or by these Bylaws. Any meeting may be held without notice if all stockholders entitled to vote are present in person or by proxy, or if notice is waived in writing, either before or after the meeting, by those not present.

Section 4. Quorum. The holders of record of at least a majority of the shares of the stock of the Corporation, issued and outstanding and entitled to vote, present in person or by proxy, shall, except as otherwise provided by law or by these Bylaws, constitute a quorum at all meetings of the stockholders; if there be no such quorum, the holders of a majority of such shares so present or represented may adjourn the meeting from time to time until a quorum shall have been obtained.

Section 5. Organization of Meetings. Meetings of the stockholders shall be presided over by the Chairman of the Board, if there be one, or if the Chairman of the Board is not present by the President, or if the President is not present, by a chairman to be chosen at the meeting. The Secretary of the Corporation, or in the Secretary of the Corporation's absence, an Assistant Secretary, shall act as secretary of the meeting, if present.

Section 6. Voting. At each meeting of stockholders, except as otherwise provided by statute or the Certificate of Incorporation, every holder of record of stock entitled to vote shall be entitled to one vote in person or by proxy for each share of such stock standing in his or her name on the records of the Corporation. Elections of directors shall be determined by a plurality of the votes cast and, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, all other action shall be determined by a majority of the votes cast at such meeting. Each proxy to vote shall be in writing and signed by the stockholder or by such stockholder's duly authorized attorney.

At all elections of directors, the voting shall be by ballot or in such other manner as may be determined by the stockholders present in person or by proxy entitled to vote at such election. With respect to any other matter presented to the stockholders for their consideration at a meeting, any stockholder entitled to vote may, on any question, demand a vote by ballot.

A complete list of the stockholders entitled to vote at each such meeting, arranged in alphabetical order, with the address of each, and the number of shares registered in the name of each stockholder, shall be prepared by the Secretary and shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 7. Action by Consent. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if, prior to such action, a written consent or consents thereto, setting forth such action, is signed by the holders of record of shares of the stock of the Corporation, issued and outstanding and entitled to vote thereon, having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

ARTICLE II

DIRECTORS

Section 1. Number, Quorum, Term, Vacancies, Removal. The Board of Directors of the Corporation shall consist of at least one member and shall initially consist of four members. The number of directors may be changed by a resolution passed by a majority of the whole Board or by a vote of the holders of record of at least a majority of the shares of stock of the Corporation, issued and outstanding and entitled to vote, subject to the terms of the Certificate of Incorporation of the Corporation.

A majority of the members of the Board of Directors then holding office (but not less than one-third of the total number of directors) shall constitute a quorum for the transaction of business, but if at any meeting of the Board there shall be less than a quorum present, a majority

of those present may adjourn the meeting from time to time until a quorum shall have been obtained.

Directors shall hold office until the next annual election and until their successors shall have been elected and shall have qualified, unless sooner removed.

Whenever any vacancy shall have occurred in the Board of Directors, by reason of death, resignation, or otherwise, other than removal of a director with or without cause by a vote of the stockholders, it shall be filled by a majority of the remaining directors, though less than a quorum (except as otherwise provided by law), or by the stockholders, and the person so chosen shall hold office until a successor is duly elected and has qualified.

Any one or more of the directors of the Corporation may be removed either with or without cause at any time by a vote of the holders of record of at least a majority of the shares of stock of the Corporation, issued and outstanding and entitled to vote, and thereupon the term of the director or

directors who shall have been so removed shall forthwith terminate and there shall be a vacancy or vacancies in the Board of Directors, to be filled by a vote of the stockholders as provided in these Bylaws.

Section 2. Meetings, Notice. Meetings of the Board of Directors shall be held at such place either within or without the State of Delaware, as may from time to time be fixed by resolution of the Board, or as may be specified in the call or in a waiver of notice thereof. Regular meetings of the Board of Directors shall be held at such times as may from time to time be fixed by resolution of the Board, and special meetings may be held at any time upon the call of two directors, the Chairman of the Board, if one be elected, or the President, by oral, facsimile or written notice, duly served on or sent or mailed to each director not less than one day before such meeting. A meeting of the Board may be held without notice immediately after the annual meeting of stockholders at the same place at which such stockholders meeting was held. Notice need not be given of regular meetings of the Board. Any meeting may be held without notice, if all directors are present, or if notice is waived in writing, either before or after the meeting, by those not present.

Section 3. Committees. The Board of Directors may, in its discretion, by resolution passed by a majority of the whole Board, designate from among its members one or more committees which shall consist of two or more directors. The Board may designate one or more directors as alternate members of any such committee, who may replace any absent or disqualified member at any meeting of the committee. Such committees shall have and may exercise such powers as shall be conferred or authorized by the resolution appointing them. A majority of any such committee may determine its action and fix the time and place of its meetings, unless the Board of Directors shall otherwise provide. The Board shall have power at any time to change the membership of any such committee, to fill vacancies in it, or to dissolve it.

Section 4. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board, or of such

committee as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

Section 5. Compensation. The Board of Directors may determine, from time to time, the amount of compensation which shall be paid to its members. The Board of Directors shall also have power, in its discretion, to allow a fixed sum and expenses for attendance at each regular or special meeting of the Board, or of any committee of the Board. In addition, the Board of Directors shall also have power, in its discretion, to provide for and pay to directors rendering services to the Corporation not ordinarily rendered by directors, as such, special compensation appropriate to the value of such services, as determined by the Board from time to time.

Section 6. Conference Telephone Meetings. One or more directors may participate in a meeting of the Board of Directors, or of a committee of the Board of Directors, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

ARTICLE III

OFFICERS

Section 1. Titles and Election. The officers of the Corporation, who shall be chosen by the Board of Directors, shall be a President, a Treasurer and a Secretary, and, if the Board of Directors from time to time determines to so

elect, a Chairman of the Board, and one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers and agents as it shall deem necessary, and may define their powers and duties. Any number of offices may be held by the same person.

Section 2. Terms of Office. Officers shall hold office until their successors are chosen and qualify.

Section 3. Removal. Any officer may be removed, either with or without cause, at any time, by the affirmative vote of a majority of the Board of Directors.

Section 4. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors or to the Secretary. Such resignation shall take effect at the time specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. If the office of any officer or agent becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the directors may choose a successor, who shall hold office for the unexpired term in respect of which such vacancy occurred.

Section 6. Chairman of the Board. The Chairman of the Board of Directors, if one be elected, shall preside at all meetings of the Board of Directors and of the stockholders, and the Chairman shall have and perform such other duties as from time to time may be assigned to the Chairman by the Board of Directors.

Section 7. Powers and Duties of Executive Officers. The officers of the Corporation shall have such powers and duties in the management of the Corporation as may be prescribed by the Board of Directors and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his or her duties.

Section 8. Duties of Officers May be Delegated. In case of the absence or disability of any officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, the powers or duties, or any of them, of such officer to any other officer, or to any director.

ARTICLE IV

INDEMNIFICATION

Section 1. Actions by Others. The Corporation (1) shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director or an officer of the Corporation and (2) except as otherwise required by Section 3 of this Article, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent of or participant in another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts actually and reasonably incurred by such person in connection with such action, suit or proceeding if he or she acted in good faith

and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, agent of or participant in another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any

claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Delaware Court of Chancery or such other court shall deem proper.

Section 3. Successful Defense. To the extent that a person who is or was a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or Section 2 of this Article, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

Section 4. Specific Authorization. Any indemnification under Section 1 or Section 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or 2, as applicable. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

Section 5. Advance of Expenses. Expenses incurred by any person who may have a right of indemnification under this Article in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Corporation pursuant to this Article.

Section 6. Right of Indemnity not Exclusive. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of or participant in another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to

indemnify him or her against such liability under the provisions of this Article, Section 145 of the General Corporation Law of the State of Delaware or otherwise.

Section 8. Invalidity of any Provisions of this Article. The invalidity or unenforceability of any provision of this Article shall not affect the validity or enforceability of the remaining provisions of this Article.

ARTICLE V

CAPITAL STOCK

Section 1. Certificates. The interest of each stockholder of the Corporation shall be evidenced by certificates for shares of stock in such form as the Board of Directors may from time to time prescribe. The certificates of stock shall be signed by the President or a Vice President and by the Secretary, or the Treasurer, or an Assistant Secretary, or an Assistant Treasurer, sealed with the seal of the Corporation, if any, or a facsimile thereof, and countersigned and registered in such manner, if any, as the Board of Directors may by resolution prescribe. Where any such certificate is countersigned by a transfer agent other than the Corporation or its employee, or registered by a registrar other than the Corporation or its employee, the signature of any such officer may be a facsimile signature. In case any officer or officers who shall have signed, or whose facsimile signature or signatures shall have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates shall have been delivered by the Corporation, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures shall have been used thereon had not ceased to be such officer or officers of the Corporation.

Section 2. Transfer. The shares of stock of the Corporation shall be transferred only upon the books of the Corporation by the holder thereof in person or by his or her attorney, upon surrender for cancellation of certificates for the same number of shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require.

Section 3. Record Dates. The Board of Directors may fix in advance a date, not less than ten nor more than sixty days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the date for the distribution or allotment of any rights, or the date when any

change, conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividend, or to receive any distribution or allotment of such rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting, or to receive payment of such dividend, or to receive such distribution or allotment or rights or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Section 4. Lost Certificates. In the event that any certificate of stock is lost, stolen, destroyed or mutilated, the Secretary may authorize the issuance of a new certificate of the same tenor and for the same number of shares in lieu thereof. The Secretary may in his or her discretion, before the issuance of such new certificate, require the owner of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the owner to make an affidavit or affirmation setting forth such facts as to the loss, destruction or mutilation as it deems necessary, and to give the Corporation a bond in such reasonable sum as he or she directs to indemnify the Corporation.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 1. Offices. The registered office of the Corporation shall be located at the Corporation Trust Centerm 1209 Orange Street, Wilmington, New Castle County, the State of Delaware and The Corporation Trust Company shall be the registered agent of this Corporation in charge thereof. The Corporation may have other offices either within or without the State of Delaware at such places as shall be determined from time to time by the Board of Directors or the business of the Corporation may require.

Section 2. Fiscal Year. The fiscal year of the Corporation shall begin the first day of January in each year.

Section 3. Books. There shall be kept at such office of the Corporation as the Board of Directors shall determine, within or without the State of Delaware, correct books and records of account of all its business and transactions, minutes of the proceedings of its stockholders, Board of Directors and committees, and the stock book, containing the names and addresses of the stockholders, the number of shares held by them, respectively, and the dates when they respectively became the owners of record thereof, and in which the transfer of stock shall be registered, and such other books and records as the Board of Directors may from time to time determine.

Section 4. Voting of Stock. Unless otherwise specifically authorized by the Board of Directors, all stock owned by the Corporation, other than stock of the Corporation, shall be voted, in person or by proxy, by the President or any Vice President of the Corporation on behalf of the Corporation.

ARTICLE VII

AMENDMENTS

Section 1. Amendments. The vote of the holders of at least a majority of the shares of stock of the Corporation, issued and outstanding and entitled to vote, shall be necessary at any meeting of stockholders to amend or repeal these Bylaws or to adopt new Bylaws. These Bylaws may also be amended or repealed, or new Bylaws adopted, at any meeting of the Board of Directors by the vote of at least a majority of the entire Board; provided that any Bylaws

adopted by the Board may be amended or repealed by the stockholders in the manner set forth above.

Any proposal to amend or repeal these Bylaws or to adopt new Bylaws shall be stated in the notice of the meeting of the Board of Directors or the stockholders, or in the waiver of notice thereof, as the case may be, unless all of the directors or the holders of record of all of the shares of stock of the Corporation, issued and outstanding and entitled to vote, are present at such meeting.

NRG ENERGY, INC., as Issuer

and

[_____], as Trustee

INDENTURE

Dated as of **[_____]**, 2003

Up to $500,000,000

10.0% Senior Notes due 2010

CROSS-REFERENCE TABLE

TIA Section		Indenture Section
310(a)(1)		7.10
(a)(2)		7.10
(a)(3)		N.A.
(a)(4)		N.A.
(a)(5)		7.08; 7.10
(b)		7.08; 7.10; 13.02
(c)		N.A.
311(a)		7.11
(b)		7.11
(c)		N.A
312(a)		2.05
(b)		13.03
(c)		13.03
313(a)		7.06
(b)	(1)	N.A.
(b)	(2)	7.06
(c)		7.06; 13.02
(d)		7.06
314(a)		4.07; 4.08; 13.02
(b)		N.A.
(c)	(1)	13.04
(c)	(2)	13.04
(c)	(3)	N.A.
(d)		N.A.
(e)		13.05
(f)		N.A.
315(a)		7.01(b)
(b)		7.05; 13.02
(c)		7.01(a)
(d)		7.01(c)
(e)		6.11
316(a)	(last sentence)	2.09
(a)	(1)(A)	6.05
(a)	(1)(B)	6.04
(a)	(2)	N.A.
(b)		6.07
(c)		9.05
317(a)	(1)	6.08

TIA Section		Indenture Section
(a)	(2)	6.09
(b)		2.04
318(a)		13.01
(c)		13.01

N.A. means Not Applicable

NOTE: This Cross-Reference Table shall not, for any purpose, be deemed to be a part of the Indenture.

TABLE OF CONTENTS

Note: This Table of Contents shall not, for any purpose, be deemed to be part of the Indenture.

THIS INDENTURE (this **"Indenture"**), dated as of **[ ],** 2003, is made by and between NRG Energy, Inc., a Delaware corporation (the **"Company"**), and **[ ],** a**[n] [ ]** trust company, as Trustee (the **"Trustee"**).

RECITALS

WHEREAS, on May 14, 2003, the Company and certain of its directly and indirectly wholly owned Subsidiaries filed voluntary petitions under Chapter 11 of the United States Code, as amended (the **"Bankruptcy Code"**) with the United States Bankruptcy Court for the Southern District of New York (the **"Bankruptcy Court"**);

WHEREAS, the Company and certain of its directly and indirectly wholly owned Subsidiaries filed a Joint Plan of Reorganization (the **"Plan"**) which was approved by the Bankruptcy Court on **[ ];**

WHEREAS, pursuant to the Plan, the Company is required to issue the Notes (as defined herein), to certain holders of unsecured claims against the Company and NRG Power Marketing, Inc., a Delaware corporation and Wholly Owned subsidiary of the Company;

WHEREAS, the Company has duly authorized the creation of an issue of 10.0% Senior Notes due 2010 (the **"Notes"**) and, to provide therefor, the Company has duly authorized the execution and delivery of this Indenture; and

WHEREAS, all things necessary to make the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company, the valid obligations of the Company, and to make this Indenture a valid and binding agreement of the Company, in accordance with their and its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the acquisition of the Notes by the Holders thereof, it is mutually agreed, for the equal and ratable benefit of all Holders of the Notes, as follows:

ARTICLE ONE

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"Acceleration Notice" has the meaning provided in Section 6.02(a).

"Acquired Indebtedness" means Indebtedness of a Person or any of its Subsidiaries (i) existing at the time such Person becomes a Restricted Subsidiary or (ii) assumed by the Company or any Restricted Subsidiary in connection with the acquisition of assets from such Person and not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Restricted Subsidiary or such acquisition.

"Affiliate" means a Person who directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise; provided, that beneficial ownership of more than 50% of the voting securities of any Person shall be deemed to be control. Notwithstanding the foregoing, (a) no Person (other than the Company or any Subsidiary of the Company) in whom a Securitization Entity makes an Investment in connection with a Qualified Securitization Transaction shall be deemed to be an Affiliate of the Company, or any of its Subsidiaries solely by reason of such Investment and (b) no Person shall be considered to be an Affiliate of the Company or any of its Subsidiaries solely because such Person had or exercised the right to nominate one or more members of the Board of Directors of the Company pursuant to the Plan.

"Affiliate Transaction" has the meaning provided in Section 4.11.

"Agent" means any Registrar, Paying Agent, co-Registrar or agent for service of demands and notices in connection with the Notes.

"Agent Members" has the meaning provided in Section 2.16.

"Asset Acquisition" means (a) an Investment by the Company or any Restricted Subsidiary in any other Person if, as a result of such Investment, such Person shall (i) become a Restricted Subsidiary or (ii) be merged with or into the Company or any Restricted Subsidiary, or (b) the acquisition by the Company or any Restricted Subsidiary of the assets of any Person which constitute all or substantially all of the assets of such Person, any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any direct or indirect sale, issuance, conveyance, transfer, lease (other than operating leases entered into in the ordinary course of business), assignment or other transfer for value by the Company or any Restricted Subsidiary to any Person other than the Company or a Restricted Subsidiary of (a) any Capital Stock of any Restricted Subsidiary or (b) any other property or assets of the Company or any Restricted Subsidiary other than in the ordinary course of business; provided, however, that Asset Sales shall not include (i) a transaction or series of related transactions for which the Company or the Restricted Subsidiaries receive aggregate cash consideration of less than $10.0 million, (ii) the sale, lease, conveyance, disposition or other transfer of all or substantially all of the assets of the Company as permitted under Section 5.01 or any disposition that constitutes a Change of Control, (iii) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof, (iv) the factoring of accounts receivable arising in the ordinary course of business pursuant to arrangements on customary terms and conditions, (v) the licensing of intellectual property, (vi) disposals or replacements of obsolete or worn-out equipment or equipment that is no longer useful in the conduct of the business of the Company and the Restricted Subsidiaries, in each case, in the ordinary course of business, (vii) the sale, lease, conveyance, disposition or other assignment or transfer for value by the Company or any Restricted Subsidiary of assets or property to the Company or one or more Wholly Owned Restricted Subsidiaries in connection with Investments

permitted under Section 4.10, (viii) sales of accounts receivable, equipment and related assets (including contract rights) of the type specified in the definition of "Qualified Securitization Transaction" to a Securitization Entity for the fair market value thereof, including cash in an amount at least equal to 75% of the fair market value thereof as determined in accordance with GAAP, (ix) transfers of accounts receivable, equipment and related assets (including contract rights) of the type specified in the definition of "Qualified Securitization Transaction" (or a fractional undivided interest therein) by a Securitization Entity in a Qualified Securitization Transaction, (x) the exchange of assets held by the Company or a Restricted Subsidiary for assets held by any Person or entity, provided, that (a) the assets received by the Company or such Restricted Subsidiary in any such exchange will immediately constitute, be part of, or be used as permitted under Section 4.21; and (b) any such assets received are of a comparable fair market value to the assets exchanged as determined in good faith by the Company, (xi) the sale, lease, conveyance, disposition or other assignment or transfer for value of fuel or emission credits in the ordinary course of the business of the Company or such Restricted Subsidiary; (xii) the sale, lease, conveyance, disposition or other assignment or transfer for value of any property or assets of, or any Capital Stock of, any Foreign Subsidiary; (xiii) the sale, lease, conveyance, disposition or other assignment or transfer for value of any property or asset listed on Exhibit B attached hereto and (xiv) any sale, lease, conveyance, disposition or other assignment or transfer for value of any property or asset not otherwise excluded from the definition of "Asset Sale" pursuant to clauses (i) through (xiii) above to the extent the aggregate cash consideration received from all such sales, conveyances, dispositions or other transfers does not exceed $250.0 million. For the purposes of clause (viii) above, Purchase Money Notes shall be deemed to be cash.

"Authenticating Agent" has the meaning provided in Section 2.02.

"Bankruptcy Law" means Title 11, U.S. Code or any similar Federal, state or foreign law for the relief of debtors.

"Board of Directors" means, as to any Person, the board of directors of such Person or any duly authorized committee thereof.

"Board Resolution" means, with respect to any Person, a duly adopted resolution of the Board of Directors or other equivalent governing body of such Person.

"Business Day" means a day that is not a Legal Holiday.

"Capital Stock" means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated) of corporate stock, including each class of common stock and preferred stock of such Person, (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person and (iii) excluding, in each case, debt securities convertible or exchangeable for securities of the type described in the foregoing clauses (i) and (ii).

"Capitalized Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at

any date shall be the capitalized amount of such obligations at such date, determined in accordance with GAAP.

"Cash Equivalents" means: (i) marketable direct obligations issued by, or unconditionally guaranteed by, the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (ii) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's or carrying an equivalent rating by a nationally recognized rating agency, if both of the above named rating agencies cease publishing ratings of investments; (iii) commercial paper maturing no more than one year from the date of creation thereof and, at the time of acquisition, having a rating of at least A-2 or the equivalent thereof from S&P or at least P-2 or the equivalent thereof from Moody's or carrying an equivalent rating by a nationally recognized rating agency, if both of the above named rating agencies cease publishing ratings of investments; (iv) certificates of deposit or bankers' acceptances maturing within one year from the date of acquisition thereof issued by any bank organized under the laws of the United States of America or any state thereof or the District of Columbia having at the date of acquisition thereof combined capital and surplus of not less than $500.0 million (or, with respect to foreign banks meeting equivalent capital and surplus requirements, similar instruments, including eurodollar time deposits); (v) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (iv) above; and (vi) investments in any investment company or money market fund which invests substantially all its assets in securities of the types described in clauses (i) through (v) above.

"Change of Control" means the occurrence of one or more of the following events: (i) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company to any Person or group of related Persons for purposes of Section 13(d) of the Exchange Act (a **"Group"**), together with any Affiliates thereof (whether or not otherwise in compliance with the provisions of this Indenture); (ii) the approval by the holders of Capital Stock of the Company of any plan or proposal for the liquidation or dissolution of the Company (whether or not otherwise in compliance with the provisions of this Indenture); (iii) any Person or Group (other than Matlin Patterson) shall become the owner, directly or indirectly, beneficially or of record, of shares of the Company's Capital Stock representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding voting stock of the Company; (iv) Matlin Patterson shall become the owner, directly or indirectly, beneficially or of record, of shares of the Company's Capital Stock representing more than **[ ]**% of the aggregate ordinary voting power represented by the issued and outstanding stock of the Company; or (v) during any twelve-month period, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by the Board of Directors or whose nomination for election by the stockholders was approved by a vote of 66-2/3% of the directors then in office who were either directors at the beginning of such period or whose nomination was previously approved) cease for any reason to constitute a majority of the Board of Directors then in office.

"Change of Control Date" has the meaning provided in Section 4.15.

"Change of Control Offer" has the meaning provided in Section 4.15.

"Change of Control Payment Date" has the meaning provided in Section 4.15.

"Commission" means the United States Securities and Exchange Commission.

"Company" means the party named as such in this Indenture until a successor replaces it pursuant to this Indenture and thereafter means such successor.

"Comparable Treasury Issue" means a particular United States treasury security selected by the Company as having a maturity comparable to the earliest optional redemption of the Notes that would be utilized in accordance with customary financial practice, in pricing new issues of corporate debt securities. **[ST&B to provide language]**

"Comparable Treasury Yield" means, with respect to any Redemption Date for a Makewhole Redemption: (a) the yield for the Comparable Treasury Issue (expressed as a yield to maturity) on the third Business Day preceding such Redemption Date, as set forth under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" (or any successor release) published by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities" or (b) if that release (or any successor release) is not published or does not contain the applicable prices on the applicable Business Day, the yield to maturity for the Comparable Treasury Issue for that redemption date quoted to the Company by an independent investment banking firm of national standing selected by the Company. **[ST&B to provide language]**

"Consolidated EBITDA" means, with respect to the Company, for any period, the sum (without duplication) of (i) Consolidated Net Income and (ii) to the extent Consolidated Net Income has been reduced thereby, (A) all income taxes and foreign withholding taxes of the Company and the Restricted Subsidiaries paid or accrued in accordance with GAAP for such period, (B) Consolidated Interest Expense and (C) Consolidated Non-cash Charges.

"Consolidated Fixed Charge Coverage Ratio" means, with respect to the Company for any Consolidated Fixed Charges Measurement Period, the ratio of (i) Consolidated EBITDA of the Company during the applicable Consolidated Fixed Charges Measurement Period to (ii) Consolidated Fixed Charges (excluding interest capitalized in accordance with GAAP) of the Company for such Consolidated Fixed Charges Measurement Period. In addition to and without limitation of the foregoing, for purposes of this definition, "Consolidated EBITDA" and "Consolidated Fixed Charges" shall each be calculated after giving effect on a pro forma basis for the applicable Consolidated Fixed Charges Measurement Period to (i) the incurrence of any Indebtedness giving rise to the need to make such calculation and any incurrence or repayment of other Indebtedness occurring during such Consolidated Fixed Charges Measurement Period as if such incurrence or repayment, as the case may be (and the application of the proceeds thereof), occurred on the first day of such Consolidated Fixed Charges Measurement Period, and (ii) any Asset Sales or Asset Acquisitions (including any

Asset Acquisition giving rise to the need to make such calculation as a result of the Company or one of the Restricted Subsidiaries (including any Person who becomes a Restricted Subsidiary as a result of the Asset Acquisition) incurring, assuming or otherwise being liable for Acquired Indebtedness and also including any Consolidated EBITDA (including any pro forma expense and cost reductions calculated on a basis consistent with Regulation S-X under the Securities Act as in effect and applied as of **[ ],** 2003) attributable to the assets which are the subject of the Asset Acquisition or Asset Sale) occurring during such Consolidated Fixed Charges Measurement Period, as if such Asset Sale or Asset Acquisition (including the incurrence, assumption or liability for any such Indebtedness or Acquired Indebtedness) occurred on the first day of such Consolidated Fixed Charges Measurement Period. If the Company or any of the Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the preceding sentence shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or Restricted Subsidiary had directly incurred or otherwise assumed such guaranteed Indebtedness. Furthermore, in calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (1) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date, (2) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Consolidated Fixed Charges Measurement Period, and (3) notwithstanding clauses (1) and (2) above, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by an Interest Rate Agreement, shall be deemed to accrue at the rate per annum resulting after giving effect to the operation of such Interest Rate Agreements.

"Consolidated Fixed Charges" means, with respect to the Company for any period, the sum, without duplication, of (i) Consolidated Interest Expense (before amortization or write-off of debt issuance costs) plus (ii) the amount of all cash dividend payments on any series of Preferred Stock of the Company plus (iii) the amount of all dividend payments on any series of Permitted Domestic Subsidiary Preferred Stock.

"Consolidated Fixed Charges Measurement Period" means (i) if the Transaction Date occurs on or after the first anniversary of the last day of the first fiscal quarter ending subsequent to the Effective Date, the four full fiscal quarters ending on or prior to the Transaction Date and (ii) if the Transaction Date occurs at any time prior to the first anniversary of the last day of the first fiscal quarter ending subsequent to the Effective Date, the period consisting of the number of full fiscal quarters commencing subsequent to the Effective Date and ending on or prior to the Transaction Date; provided, that, if no such full fiscal quarter has ended prior to the Transaction Date, the "Consolidated Fixed Charges Measurement Period" shall mean the period beginning on the Effective Date and ending on such Transaction Date.

"Consolidated Interest Expense" means, with respect to the Company for any period, the sum of, without duplication, (i) the aggregate of all cash interest expense with respect to all outstanding Indebtedness of the Company and the Restricted Subsidiaries, including the net costs associated with Interest Rate Obligations, for such period determined on a consolidated

basis in conformity with GAAP, and (ii) the interest component of Capitalized Lease Obligations accrued and/or scheduled to be paid or accrued by the Company and the Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" of the Company means, for any period, the aggregate net income (or loss) of the Company for such period on a consolidated basis, determined in accordance with GAAP; provided, that there shall be excluded therefrom (a) gains and losses from Asset Sales (without regard to the $10.0 million limitation set forth in the definition thereof) or abandonments or reserves relating thereto and the related tax effects according to GAAP, (b) gains and losses due solely to fluctuations in currency values and the related tax effects according to GAAP, (c) items classified as extraordinary, unusual or nonrecurring gains and losses (including non-cash fresh start accounting charges and non-cash purchase accounting charges), and the related tax effects according to GAAP, (d) the net income (or loss) of any Person acquired in a pooling of interests transaction accrued prior to the date it becomes a Restricted Subsidiary or is merged or consolidated with the Company or any Restricted Subsidiary, (e) the net income of any Restricted Subsidiary to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is restricted by contract, operation of law or otherwise, (f) the net loss of any Person, other than a Restricted Subsidiary, (g) the net income of any Person, other than a Restricted Subsidiary, except to the extent of cash dividends or distributions paid to the Company or a Restricted Subsidiary by such Person, (h) only for purposes of clause (3)(v) of Section 4.10(a), any amounts included pursuant to clause (3)(y) of Section 4.10(a), (i) one time non-cash compensation charges, including any arising from existing stock options resulting from any merger or recapitalization transaction; (j) the cumulative effect of a change in accounting principles; (k) any amortization or write-off of debt issuance or deferred financing costs and premiums and prepayment penalties, in each case, to the extent attributable to the incurrence of Refinancing Indebtedness; (l) income or loss attributable to discontinued operations (including operations disposed of during such period whether or not such operations were classified as discontinued) and (m) any non-cash charges relating to the mark-to-market of derivative instruments as required by FAS 133.

"Consolidated Non-cash Charges" means, with respect to the Company for any period, the aggregate depreciation, amortization and other non-cash expenses of the Company and the Restricted Subsidiaries reducing Consolidated Net Income of the Company and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such non-cash charge constituting an extraordinary item or loss or any such non-cash charge which requires an accrual of or a reserve for cash charges for any future period).

"Covenant Defeasance" has the meaning provided in Section 8.02.

"Currency Agreement" means any foreign exchange contract, currency swap agreement or other similar agreement or arrangement designed to protect any Person against fluctuations in currency values.

"Custodian" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

"Default" means an event or condition the occurrence of which is, or with the lapse of time or the giving of notice or both would be, an Event of Default.

"Depository" means The Depository Trust Company, its nominees and successors and any Person appointed by the Company as a successor to The Depository Trust Company in its capacity as depository pursuant to the terms and conditions hereof.

"Disqualified Capital Stock" means that portion of any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event (other than an event which would constitute a Change of Control), matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof (except, in each case, upon the occurrence of a Change of Control) on or prior to the final maturity date of the Notes.

"Domestic Subsidiary" means any Restricted Subsidiary that is organized under the laws of the United States of America or any state thereof or the District of Columbia.

"Effective Date" means the date of original issuance of the Notes.

"Equity Offering" means any public or private offering for cash of the Company's common stock after the Effective Date (other than sales made to any Restricted Subsidiary and other than sales of Disqualified Capital Stock).

"Event of Default" has the meaning provided in Section 6.01.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

"Exit Facility" means, with respect to the Company or any of its Subsidiaries, one or more debt or commercial paper facilities with banks or other institutional lenders providing for revolving credit loans, term loans, receivables or inventory financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) and/or letters of credit, in each case, as amended, restated, modified, refunded, replaced or refinanced in whole or in part from time to time.

"Exit Financing Indebtedness" means, collectively, Indebtedness incurred pursuant to the Exit Facility and Indebtedness represented by the Exit Financing Notes.

"Exit Financing Notes" means the Company's Second Priority Senior Secured Notes to be issued under and pursuant to an indenture qualified under the TIA, as amended, restated, modified, refunded, replaced or refinanced in whole or in part from time to time.

"Facility" means a power or energy generation facility.

"fair market value" means, unless otherwise specified, with respect to any asset or property, the price which could be negotiated in an arm's-length, free market transaction, for

cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction.

"FAS" means statements of Financial Accounting Standards as promulgated from time to time by the Financial Accounting Standards Board.

"Foreign Subsidiary" means any Restricted Subsidiary that is not organized under the laws of the United States of America or any state thereof or the District of Columbia.

"GAAP" means generally accepted accounting principles in the United States of America as in effect as of the date of this Indenture, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as is approved by a significant segment of the accounting profession. All ratios and computations based on GAAP contained in this Indenture shall be computed in conformity with GAAP applied on a consistent basis.

"Global Note" has the meaning provided in Section 2.01.

"Good Utility Practices" means any of those practices, methods, standards and acts (including the practices, methods and acts engaged in or approved by a significant portion of the electric power generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should have reasonably been known at the time a decision was made, could have reasonably been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts conform in all material respects to applicable law and governmental approvals. "Good Utility Practices" is not intended to be limited to optimal practices that could be used to accomplish a desired result.

"Governmental Authority" means any government or state (or any subdivision thereof), whether domestic, foreign or multinational, or any agency, authority, bureau, commission, department or similar body or instrumentality, or any governmental court or tribunal.

"guarantee" means (i) any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person and (ii) any obligation, direct or indirect, contingent or otherwise, of any Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of any other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise); or

(2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term “guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“Holder” or **“Noteholder”** means the Person in whose name a Note is registered on the Registrar’s books.

“incur” has the meaning provided in Section 4.12.

“Indebtedness” means with respect to any Person on any date of determination, without duplication, (i) the principal of obligations of such Person for borrowed money, (ii) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all Capitalized Lease Obligations of such Person, (iv) the principal component of all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations and all obligations under any title retention agreement (but excluding, in each case, trade accounts payable, warranty and service obligations, and all other obligations arising in the ordinary course of business), (v) the principal component of all obligations for the reimbursement of any obligor on any letter of credit, banker’s acceptance or similar credit transaction, (vi) guarantees in respect of Indebtedness referred to in clauses (i) through (v) above and clause (viii) below, (vii) all monetary obligations of any other Person of the type referred to in clauses (i) through (vi) which are secured by any Lien on any property or asset of such Person, the amount of such obligation being deemed to be the lesser of the fair market value of such property or asset or the amount of the obligation so secured, (viii) all Obligations under Currency Agreements and Interest Rate Agreements of such Person and (ix) all Disqualified Capital Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Capital Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price, but excluding accrued dividends, if any. For purposes hereof, (x) the “maximum fixed repurchase price” of any Disqualified Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Capital Stock as if such Disqualified Capital Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Capital Stock, such fair market value shall be determined reasonably and in good faith by the Board of Directors of the issuer of such Disqualified Capital Stock and (y) any transfer of accounts receivable, equipment or other assets (including contract rights) which constitute a sale for purposes of GAAP and any related recourse provisions under instrument sales programs entered into in the ordinary course of business shall not constitute Indebtedness hereunder.

“Indenture” means this Indenture, as amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Initial Public Offering” means the first underwritten public offering of Qualified Capital Stock (other than pursuant to the Plan) by the Company pursuant to a registration statement filed with the Commission in accordance with the Securities Act for aggregate net cash proceeds of at least $**[ ]** million.

"Interest Payment Date" means the stated maturity of an installment of interest on the Notes.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate swap agreement, interest rate option agreement, interest rate hedge agreement or other similar agreement or arrangement designed to protect against fluctuations in interest rates to or under which any Person is a party or beneficiary.

"Interest Rate Obligation" means any obligation of the Company or any Restricted Subsidiary pursuant to any Interest Rate Agreement.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit (including a guarantee) or capital contribution to (by means of any transfer of cash or other property to any other Person or any payment for property or services for the account or use of any other Person), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any Person. "Investment" shall exclude (a) issuances of any Person's common stock (including in connection with an acquisition of assets, Capital Stock or other securities by the Company or any Subsidiary) and (b) extensions of trade credit by the Company and its Subsidiaries on commercially reasonable terms in accordance with normal trade practices of the Company or such Subsidiary, as the case may be. For the purposes of Section 4.10, (i) "Investment" shall include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the book value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary and shall exclude the book value of the net assets of any Unrestricted Subsidiary at the time that such Unrestricted Subsidiary is designated a Restricted Subsidiary and (ii) the amount of any Investment shall be the original cost of such Investment plus the cost of all additional Investments by the Company or any of its Restricted Subsidiaries, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"Legal Defeasance" has the meaning provided in Section 8.02.

"Legal Holiday" has the meaning provided in Section 13.07.

"Lien" means any lien, mortgage, deed of trust, pledge, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof and any agreement to give any security interest).

"Makewhole Rate" means, for any redemption date, the annual rate equal to the yield to maturity, compounded semi-annually, of a selected Comparable Treasury Issue, assuming a yield for the selected Comparable Treasury Issue equal to the Comparable Treasury Yield for the particular redemption date.

"Matlin Patterson" means, collectively, **[Matlin Patterson Asset Management LLC]** and its Affiliates.

"Maturity Date" means **[ ],** 2010.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds in the form of cash or Cash Equivalents received by the Company or any of its Subsidiaries from such Asset Sale net of (a) out-of-pocket expenses and fees relating to such Asset Sale (including legal, accounting, title and recording tax expenses, investment banking fees and sales commissions and any relocation expenses incurred as a result thereof), (b) taxes paid or payable as a result of such Asset Sale after taking into account any reduction in consolidated tax liability due to available tax credits or deductions and any tax sharing arrangements, (c) repayment of Indebtedness that is required to be repaid in connection with such Asset Sale, (d) any portion of cash proceeds which the Company determines in good faith should be reserved for post-closing adjustments, it being understood and agreed that on the day that all such post-closing adjustments have been determined, the amount (if any) by which the reserved amount in respect of such Asset Sale exceeds the actual post-closing adjustments payable by the Company or any of its Subsidiaries shall constitute Net Cash Proceeds on such date and (e) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with GAAP, against any liabilities retained by the Company or any Restricted Subsidiary after such Asset Sale that are associated with the assets disposed of in such Asset Sale.

"Net Proceeds Offer" has the meaning provided in Section 4.16.

"Net Proceeds Offer Payment Date" has the meaning provided in Section 4.16.

"Net Proceeds Offer Trigger Date" has the meaning provided in Section 4.16.

"Non-Recourse Debt" means Indebtedness of the Company or any Restricted Subsidiary incurred by such Person to acquire, construct, improve or develop a Facility or any other asset used in the business of the Company or any Restricted Subsidiary to the extent that such Indebtedness is without recourse to the Company or any Restricted Subsidiary or to any of their respective assets other than such Facility or such other asset and the income from, and proceeds of, such Facility or such other asset.

"Notes" has the meaning set forth in the recitals hereto.

"Obligations" means, without duplication, all obligations for principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, any Vice President, the Chief Financial Officer, the Treasurer, the Controller, or the Secretary of such Person, or any other officer designated by the Board of Directors serving in a similar capacity.

"Officers' Certificate" means, with respect to any Person, a certificate signed by two Officers or by an Officer and either an Assistant Treasurer or an Assistant Secretary of such Person and otherwise complying with the requirements of Sections 13.04 and 13.05, as they relate to the making of an Officers' Certificate.

"Opinion of Counsel" means a written opinion from legal counsel, who may be in-house counsel for the Company, and who is reasonably acceptable to the Trustee complying with the requirements of Sections 13.04 and 13.05, as they relate to the giving of an Opinion of Counsel.

"Paying Agent" has the meaning provided in Section 2.03.

"Permitted Domestic Subsidiary Preferred Stock" means any series of Preferred Stock of a Domestic Subsidiary of the Company that constitutes Qualified Capital Stock and has a fixed dividend rate, the liquidation value of all series of which, when combined with the aggregate amount of Indebtedness of the Company and its Restricted Subsidiaries incurred pursuant to clause (xx) of the definition of Permitted Indebtedness, does not exceed $**[ ]** million; provided, that such amount shall increase to $**[ ]** million upon consummation of an Initial Public Offering.

"Permitted Indebtedness" means, without duplication, (i) the Notes, (ii) the Xcel Note, (iii) other Indebtedness of the Company and its Subsidiaries outstanding on the Effective Date reduced by the amount of any scheduled amortization payments or mandatory prepayments when actually paid or permanent reductions thereon, (iv) Interest Rate Obligations of the Company or any of its Subsidiaries covering Indebtedness of the Company or any of its Subsidiaries; provided, that any Indebtedness to which any such Interest Rate Obligations correspond is otherwise permitted to be incurred under this Indenture; provided, further, that the underlying Interest Rate Agreement is entered into, in the judgment of the Company, to protect the Company from fluctuation in interest rates on their respective outstanding Indebtedness, (v) Indebtedness under Currency Agreements, (vi) intercompany Indebtedness owed by the Company to any Restricted Subsidiary or by any Restricted Subsidiary to the Company or any other Restricted Subsidiary, (vii) Acquired Indebtedness to the extent the Company could have incurred such Indebtedness in accordance with Section 4.12 on the date such Indebtedness became Acquired Indebtedness (other than Permitted Indebtedness), (viii) guarantees by (A) the Company and the Restricted Subsidiaries of each other's Indebtedness; provided, that such Indebtedness is permitted to be incurred under this Indenture and (B) the Company of the obligations of PMI entered into in the ordinary course of business to the extent that such obligations are considered to be Indebtedness, (ix) Indebtedness (including Capitalized Lease Obligations) incurred by the Company or any Restricted Subsidiary to finance the purchase, lease or improvement of property (real or personal) or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) in an aggregate principal amount outstanding not to exceed $50.0 million, (x) Indebtedness incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business, including letters of credit in respect of (A) power marketing and trading activity, (B) workers' compensation claims or (C) self-insurance, or other Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims, (xi) Indebtedness arising from agreements of the Company or any Restricted Subsidiary providing for indemnification, adjustment of purchase price, earn out or other similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; provided, that the maximum assumable liability in

respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company and its Restricted Subsidiaries in connection with such disposition, (xii) obligations in respect of performance and surety bonds and completion guarantees provided by the Company or any Restricted Subsidiary in the ordinary course of business, (xiii) any refinancing, modification, replacement, renewal, restatement, refunding, deferral, extension, substitution, supplement, reissuance or resale of existing or future Indebtedness, including any additional Indebtedness incurred to pay interest or premiums required by the instruments governing such existing or future Indebtedness as in effect at the time of issuance thereof (**"Required Premiums"**) and fees and expenses in connection therewith (**"Refinancing Indebtedness"**); provided, that (1) any such event shall not result in an increase in the aggregate principal amount of Permitted Indebtedness by more than $100.0 million (except to the extent such increase is a result of a simultaneous incurrence of additional Indebtedness (A) to pay Required Premiums and related fees and expenses or (B) otherwise permitted to be incurred under this Indenture) of the Company and its Subsidiaries, (2) any such event shall not create Indebtedness with a Weighted Average Life to Maturity at the time such Indebtedness is incurred that is less than the Weighted Average Life to Maturity at such time of the Indebtedness being refinanced, modified, replaced, renewed, restated, refunded, deferred, extended, substituted, supplemented, reissued or resold (except that this subclause (2) will not apply in the event the Indebtedness being refinanced, modified, replaced, renewed, restated, refunded, deferred, extended, substituted, supplemented, reissued or resold was originally incurred in reliance upon clauses (vi) or (xiv) of this definition) and (3) if the Indebtedness being refinanced is subordinated in right of payment to the Notes, such Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded, (xiv) the incurrence by a Securitization Entity of Indebtedness in a Qualified Securitization Transaction that is not recourse to the Company or any other Subsidiary of the Company (except for Standard Securitization Undertakings), (xv) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, that such Indebtedness is extinguished within five Business Days of incurrence, (xvi) unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law, (xvii) Indebtedness incurred pursuant to the Working Capital Facility, (xviii) Non-Recourse Debt, (xix) Exit Financing Indebtedness in an aggregate principal amount not to exceed $2.7 billion, and (xx) additional Indebtedness of the Company and the Restricted Subsidiaries in an aggregate principal amount, which, together with the aggregate liquidation value of all outstanding series of Permitted Domestic Subsidiary Preferred Stock, does not exceed $50.0 million at any one time outstanding.

"Permitted Investments" means (i) Investments by the Company or any Restricted Subsidiary in (A) any Wholly Owned Restricted Subsidiary of the Company (whether existing on the Effective Date or created thereafter) or (B) any other Person (including by means of any transfer of cash or other property) if as a result of such Investment such Person shall become a Restricted Subsidiary, (ii) Investments in the Company by any Restricted Subsidiary, (iii) cash and Cash Equivalents, (iv) Investments existing on the Effective Date, (v) advances to employees and officers of the Company and the Restricted Subsidiaries for travel expenses and similar expenses incurred on behalf of the Company or any of the Restricted Subsidiaries in the

ordinary course of business, (vi) accounts receivable created or acquired in the ordinary course of business, (vii) Currency Agreements and Interest Rate Agreements entered into in the ordinary course of the Company's or the Restricted Subsidiaries' businesses and otherwise in compliance with this Indenture, (viii) Investments in securities of trade creditors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers, (ix) guarantees by the Company of Indebtedness otherwise permitted to be incurred by Restricted Subsidiaries under this Indenture, (x) any Investment by the Company or a Wholly Owned Subsidiary of the Company in a Securitization Entity or any Investment by a Securitization Entity in any other Person in connection with a Qualified Securitization Transaction; provided, that any Investment in a Securitization Entity is in the form of a Purchase Money Note or an equity interest, (xi) any transaction to the extent it constitutes an Investment that is permitted by, and made in accordance with, clause (b) of Section 4.11 (other than transactions described in clause (b)(v) of such clause), (xii) Investments the payment for which consists exclusively of Qualified Capital Stock of the Company, (xiii) Investments received by the Company or the Restricted Subsidiaries as consideration for asset sales, including Asset Sales; provided, that in the case of an Asset Sale, such Asset Sale is effected in compliance with Section 4.16, (xiv) the creation of Liens on the assets of the Company or any of the Restricted Subsidiaries in compliance with Section 4.18, (xv) endorsements of negotiable instruments and similar obligations in the ordinary course of business, (xvi) Investments in joint ventures of up to $50.0 million at any one time outstanding and (xvii) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (xvii) that are at that time outstanding, not to exceed 10% of Total Assets at the time of such Investment (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value).

"Permitted Liens" means the following types of Liens:

(i) Liens for taxes, assessments, duties or governmental charges or claims either (a) not delinquent or (b) contested in good faith by appropriate proceedings and as to which the Company or the Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(ii) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, vendors, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(iii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, including any Lien securing letters of credit issued in the ordinary course of business consistent with past practice in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, tenders, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(iv) judgment Liens not giving rise to an Event of Default;

(v) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property or Liens incidental to the conduct of the business of the Company or any Restricted Subsidiary or to the ownership of their respective properties, in each case not interfering in any material respect with the ordinary conduct of the business of the Company or any of the Restricted Subsidiaries;

(vi) any interest or title of a lessor under any Capitalized Lease Obligation;

(vii) purchase money Liens to finance the acquisition of property or assets of the Company or any Restricted Subsidiary acquired in the ordinary course of business; provided, however, that (A) the related purchase money Indebtedness shall not exceed the cost of such property or assets and shall not be secured by any property or assets of the Company or any Restricted Subsidiary other than the property and assets so acquired and (B) the Lien securing such Indebtedness shall be created within 90 days of such acquisition;

(viii) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment, or storage of such inventory or other goods;

(ix) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(x) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of the Restricted Subsidiaries, including rights of offset and set-off;

(xi) Liens securing Interest Rate Obligations which Interest Rate Obligations relate to Indebtedness that is otherwise permitted under this Indenture;

(xii) Liens securing Indebtedness under Currency Agreements;

(xiii) Liens securing Acquired Indebtedness that is permitted under clause (vii) of the definition of Permitted Indebtedness;

(xiv) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary with respect to obligations that do not in the aggregate exceed $**[ ]** million at any one time outstanding;

(xv) Liens on assets transferred to a Securitization Entity or on assets of a Securitization Entity, in either case incurred in connection with a Qualified Securitization Transaction;

(xvi) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and the Restricted Subsidiaries;

(xvii) Liens arising from filing Uniform Commercial Code financing statements regarding operating leases;

(xviii) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary; provided, that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(xix) Liens securing Indebtedness or other obligations of a Restricted Subsidiary owing to the Company;

(xx) Liens on property or shares of Capital Stock of any Person at the time such Person becomes a Subsidiary; provided, that such Liens may not extend to any other property owned by the Company or any Restricted Subsidiary;

(xxi) Liens incurred by a Subsidiary to secure Non-Recourse Debt incurred pursuant to clause (xviii) of the definition of "Permitted Indebtedness"; provided, that such Lien does not extend to any asset or property of the Company or any other Subsidiary that is a Restricted Subsidiary;

(xxii) Liens securing the Working Capital Facility;

(xxiii) Liens securing Exit Financing Indebtedness; and

(xxiv) Liens existing on the Effective Date, together with any Liens securing Indebtedness incurred in reliance on clause (xiii) of the definition of Permitted Indebtedness in order to refinance the Indebtedness secured by Liens existing on the Effective Date; provided, that the Liens securing any Refinancing Indebtedness shall not extend to property other than that pledged under the Liens securing the Indebtedness being refinanced.

"Person" means an individual, partnership, corporation, company, unincorporated organization, trust or joint venture, or any Governmental Authority.

"Physical Notes" has the meaning provided in Section 2.01.

"Plan" has the meaning provided in the recitals hereto.

"Plan of Liquidation" means, with respect to any Person, a plan that provides for or contemplates, or the effectuation of which is preceded or accompanied by (whether or not substantially contemporaneously, in phases or otherwise) (i) the sale, lease, conveyance or other disposition of all or substantially all of the assets of such Person otherwise than as an entirety or substantially as an entirety and (ii) the distribution of all or substantially all of the proceeds of such sale, lease, conveyance or other disposition and all or substantially all of the remaining assets of such Person to holders of Capital Stock of such Person.

"PMI" means NRG Power Marketing Inc., a Delaware corporation.

"Preferred Stock" of any Person means any Capital Stock of such Person the rights with respect to which are preferential to the rights of any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

"principal" of any Indebtedness (including the Notes) means the principal amount of such Indebtedness plus the premium, if any, on such Indebtedness.

"Productive Assets" means assets (including Capital Stock) of a kind used or usable in the businesses of the Company and the Restricted Subsidiaries permitted by Section 4.21.

"Purchase Money Note" means a promissory note of a Securitization Entity evidencing a line of credit, which may be irrevocable, from the Company or any Subsidiary of the Company in connection with a Qualified Securitization Transaction to a Securitization Entity, which note shall be repaid from cash available to the Securitization Entity, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables or newly acquired equipment.

"Qualified Capital Stock" means any stock that is not Disqualified Capital Stock.

"Qualified Investment" means any purchase of, or other investment in, Productive Assets.

"Qualified Securitization Transaction" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any or its Subsidiaries may sell, convey or otherwise transfer to (a) a Securitization Entity (in the case of a transfer by the Company or any of its Subsidiaries) and (b) any other Person (in the case of a transfer by a Securitization Entity), or may grant a security interest in, any accounts receivable or equipment (whether now existing or arising or acquired in the future) of the Company or any of its Subsidiaries, and any assets related thereto including all collateral securing such accounts receivable and equipment, all contracts and contract rights and all guarantees or other obligations in respect of such accounts receivable and equipment, proceeds of such accounts receivable and equipment and other assets (including contract rights) which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable and equipment.

"Record Date" means the Record Dates specified in the Notes, whether or not a Legal Holiday.

"Redemption Date" when used with respect to any Note to be redeemed, means the date fixed for such redemption pursuant to this Indenture and the Notes.

"Redemption Price" when used with respect to any Note to be redeemed, means the price fixed for such redemption pursuant to this Indenture and the Notes.

"Reference Date" has the meaning provided in Section 4.10.

"Refinancing Indebtedness" has the meaning provided in clause (xiii) of the definition of Permitted Indebtedness.

"Refunding Capital Stock" has the meaning provided in Section 4.10.

"Registrar" has the meaning provided in Section 2.03.

"Reorganization Proceedings" means, with respect to any Person, the submission by such Person to reorganization proceedings conducted under Title 11 of the United States Code, as amended from time to time.

"Required Premiums" has the meaning provided in clause (xiv) of the definition of Permitted Indebtedness.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Payment" has the meaning provided in Section 4.10.

"Restricted Subsidiary" means any Subsidiary of the Company which at the time of determination is not an Unrestricted Subsidiary.

"Retired Capital Stock" shall have the meaning provided in Section 4.10.

"S&P" means Standard & Poor's Corporation and its successors.

"Securities Act" means, the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

"Securitization Entity" means a Wholly Owned Subsidiary of the Company (or another Person in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable or equipment and related assets) which engages in no activities other than in connection with the financing of accounts receivable or equipment and which is designated by the Board of Directors of the Company (as provided below) as a Securitization Entity (a) no portion of the Indebtedness or any other Obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any Subsidiary of the Company (excluding guarantees of Obligations (other than the principal of, and interest on, Indebtedness)) pursuant to Standard Securitization Undertakings, (ii) is recourse to or obligates the Company or any Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of the Company or any Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither the Company nor any Subsidiary of the Company has any material contract, agreement, arrangement or understanding other than on terms no less favorable to the Company or such Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with

servicing receivables of such entity, and (c) to which neither the Company nor any Subsidiary of the Company has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing conditions.

"Significant Subsidiary" means any Restricted Subsidiary that would be a "Significant Subsidiary" of the Company within the meaning of Rule 1-02 under Regulation S-X promulgated by the Commission.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Subsidiary of the Company which are reasonably customary in an accounts receivable or equipment securitization transaction.

"Subordinated Obligation" means any Indebtedness of the Company (whether outstanding on the Effective Date or thereafter incurred) which is subordinate or junior in right of payment to the Notes.

"Subsidiary" means, with respect to any Person, (i) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances shall at the time be beneficially owned, directly or indirectly, by such Person or (ii) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, beneficially owned by such Person.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. §§ 77aaa-77bbbb), as amended, as in effect on the date of this Indenture, except as otherwise provided in Section 9.03.

"Total Assets" means the total consolidated assets of the Company and its Subsidiaries, as set forth on the Company's most recent consolidated balance sheet.

"Transaction Date" means, with respect to any transaction giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio, the date on which such transaction is consummated.

"Trust Officer" means any officer of the Trustee assigned by the Trustee to administer this Indenture, or in the case of a successor trustee, an officer assigned to the department, division or group performing the corporation trust work of such successor and assigned to administer this Indenture.

"Trustee" means the party named as such in this Indenture until a successor replaces it in accordance with the provisions of this Indenture and thereafter means such successor.

"Unrestricted Subsidiary" means (i) any Subsidiary of the Company that at the time of determination shall be or continue to be designated an Unrestricted Subsidiary by the Board of Directors of the Company in the manner provided below and (ii) any Subsidiary of an Unrestricted Subsidiary. The Board of Directors of the Company may designate any Subsidiary (including any newly acquired or newly formed Subsidiary) to be an Unrestricted Subsidiary unless such Subsidiary owns any Capital Stock of, or owns or holds any Lien on any property of, the Company or any other Subsidiary of the Company that is not a Subsidiary of the Subsidiary to be so designated; provided, that (x) the Company certifies to the Trustee that such designation complies with Section 4.10 and (y) each Subsidiary to be so designated and each of its Subsidiaries has not at the time of designation, and does not thereafter, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to any Indebtedness pursuant to which the lender has recourse to any of the assets of the Company or any of the Restricted Subsidiaries. The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary only if (x) immediately after giving effect to such designation, the Company is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.12 and (y) immediately before and immediately after giving effect to such designation, no Default or Event of Default shall have occurred and be continuing. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the foregoing provisions.

"U.S. Government Obligations" means direct obligations of, and obligations guaranteed by, the United States of America for the payment of which the full faith and credit of the United States of America is pledged.

"U.S. Legal Tender" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

"Wholly Owned Subsidiary" of any Person means any Subsidiary of such Person of which all the outstanding voting securities (other than directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons pursuant to applicable law) are owned by such Person or any Wholly Owned Subsidiary of such Person.

"Wholly Owned Restricted Subsidiary" of any Person means any Restricted Subsidiary of such Person of which all the outstanding voting securities (other than directors' qualifying shares or an immaterial amount of shares required to be owned by other Persons

pursuant to applicable law) are owned by such Person or any Wholly Owned Restricted Subsidiary of such Person.

"Working Capital Facility" means a credit facility (other than the Exit Facility) in an aggregate principal amount of up to $500.0 million to be obtained by the Company on commercially reasonable terms to be used as a letter of credit and working capital facility.

"Xcel" means Xcel Energy Inc., a Minnesota corporation.

"Xcel Note" means that certain promissory note made by the Company in favor of Xcel in an initial principal amount of $10.0 million and issued pursuant to the terms and conditions of the Plan.

SECTION 1.02. Incorporation by Reference of TIA.

Whenever this Indenture refers to a provision of the TIA, such provision is incorporated by reference in, and made a part of, this Indenture. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes.

"indenture security holder" means a Holder or a Noteholder.

"indenture to be qualified" means this Indenture.

"indenture trustee" or "institutional trustee" means the Trustee.

"obligor" on the indenture securities means the Company or any other obligor on the Notes.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by a Commission rule and not otherwise defined herein have the meanings assigned to them therein.

SECTION 1.03. Rules of Construction.

Unless the context otherwise requires:

(1) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(2) "or" is not exclusive;

(3) words in the singular include the plural, and words in the plural include the singular;

(4) "herein," "hereof" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(5) the words “include,” “includes,” and “including” shall be deemed to be followed by the phrase “without limitation”.

ARTICLE TWO

THE NOTES

SECTION 2.01. Form and Dating.

The Notes (and the Trustee’s certificate of authentication with respect thereto) shall be substantially in the form of Exhibit A attached hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or depository rule or usage. The Company and the Trustee shall approve the form of the Notes and any notation, legend or endorsement on them. Each Note shall be dated the date of its issuance and shall show the date of its authentication.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

One or more permanent global Notes in registered form, substantially in the form set forth in Exhibit A attached hereto (the **“Global Note”**), having the legend set forth in Section 2.15, may be issued by the Company. Otherwise, Notes hereunder may be issued in the form of certificated Notes in registered form substantially in the form set forth in Exhibit A, without the legend set forth in Section 2.15 (**“Physical Notes”**).

SECTION 2.02. Execution and Authentication; Aggregate Principal Amount.

Two Officers, or an Officer and an Assistant Secretary, shall sign, or one Officer shall sign and one Officer or an Assistant Secretary (each of whom shall, in each case, have been duly authorized by all requisite corporate actions) shall attest to, the Notes for the Company by manual or facsimile signature.

If an Officer or Assistant Secretary whose signature is on a Note was an Officer or Assistant Secretary at the time of such execution but no longer holds that office or position at the time the Trustee authenticates the Note, the Note shall nevertheless be valid.

A Note shall not be valid until an authorized signatory of the Trustee manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall authenticate Notes for original issue in the aggregate principal amount not to exceed $500.0 million upon written orders of the Company in the form of an Officers’ Certificate. The Officers’ Certificate shall specify the amount of Notes to be authenticated, the date on which the Notes are to be authenticated and the aggregate principal amount of Notes outstanding on the date of authentication, and shall further specify the amount of such Notes to be issued as the Global Note or Physical Notes. The aggregate principal amount

of Notes outstanding at any time may not exceed $500.0 million, except as provided in Section 2.07.

The Trustee shall not be required to authenticate Notes if the issuance of such Notes pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Notes and this Indenture in a manner which is not reasonably acceptable to the Trustee.

The Trustee may appoint an authenticating agent (the **"Authenticating Agent"**) reasonably acceptable to the Company to authenticate Notes. Unless otherwise provided in the appointment, an Authenticating Agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such Authenticating Agent. An Authenticating Agent has the same rights as an Agent to deal with the Company and Affiliates of the Company.

The Notes shall be issuable in fully registered form only, without coupons, and in denominations of whole dollar integrals.

SECTION 2.03. Registrar, Paying Agent and Depository.

The Company shall maintain an office or agency (which shall be located in the Borough of Manhattan in the City of New York, State of New York) where (a) Notes may be presented or surrendered for registration of transfer or for exchange (**"Registrar"**), (b) Notes may be presented or surrendered for payment (**"Paying Agent"**) and (c) notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company, upon prior written notice to the Trustee, may have one or more co-Registrars and one or more additional paying agents reasonably acceptable to the Trustee. The term "Paying Agent" includes any additional Paying Agent. Neither the Company nor any Affiliate of the Company may act as Paying Agent.

The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which agreement shall incorporate the provisions of the TIA and implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee, in advance, of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such.

The Company initially appoints the Trustee as Registrar, Paying Agent and agent for service of demands and notices in connection with the Notes, until such time as the Trustee has resigned or a successor has been appointed. The Paying Agent or Registrar may resign upon 30 days notice to the Company.

The Company initially appoints The Depository Trust Company to act as Depository with respect to the Global Notes.

SECTION 2.04. Paying Agent To Hold Assets in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that each Paying Agent shall hold in trust for the benefit of the Holders or the Trustee all assets held by the Paying Agent for the payment of principal of, or interest on, the Notes (whether such assets have been distributed to it by the Company or any other obligor on the Notes), and the Company and the Paying Agent shall notify the Trustee of any Default by the Company (or any other obligor on the Notes) in making any such payment. The Company at any time may require a Paying Agent to distribute all assets held by it to the Trustee and account for any assets disbursed and the Trustee may at any time during the continuance of any payment Default, upon written request to a Paying Agent, require such Paying Agent to distribute all assets held by it to the Trustee and to account for any assets distributed. Upon distribution to the Trustee of all assets that shall have been delivered by the Company to the Paying Agent, the Paying Agent shall have no further liability for such assets.

SECTION 2.05. Noteholder Lists.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of the Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish or cause the Registrar to furnish to the Trustee before each Record Date and at such other times as the Trustee may request in writing a list as of such date and in such form as the Trustee may reasonably require of the names and addresses of the Holders, which list may be conclusively relied upon by the Trustee and the Company shall otherwise comply with TIA Section 312(a).

SECTION 2.06. Transfer and Exchange.

Subject to the provisions of Section 2.16, when Notes are presented to the Registrar or a co-Registrar with a request to register the transfer of such Notes or to exchange such Notes for an equal principal amount of Notes of other authorized denominations, the Registrar or co-Registrar shall register the transfer or make the exchange as requested if its requirements for such transaction are met; provided, however, that the Notes presented or surrendered for registration of transfer or exchange shall be duly endorsed or accompanied by a written instrument of transfer in form satisfactory to the Company and the Registrar or co-Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing. To permit registrations of transfer and exchanges, the Company shall execute and the Trustee shall authenticate Notes at the Registrar's or co-Registrar's request. No service charge shall be made for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchanges or transfers pursuant to Sections 2.10, 3.06, 4.15, 4.16 or 9.05, in which event the Company shall be responsible for the payment of such taxes).

The Registrar or co-Registrar shall not be required to register the transfer of or exchange of any Note (i) during a period beginning at the opening of business 15 days before the mailing of a notice of redemption of Notes and ending at the close of business on the day of such

mailing and (ii) selected for redemption in whole or in part pursuant to Article Three, except the unredeemed portion of any Note being redeemed in part.

Any Holder of the Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Notes may be effected only through a book entry system maintained by the Holder of such Global Note (or its agent), and that ownership of a beneficial interest in the Note shall be required to be reflected in a book entry.

SECTION 2.07. Replacement Notes.

If a mutilated Note is surrendered to the Trustee or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall authenticate a replacement Note if the Trustee's requirements are met. Such Holder must provide an affidavit of lost certificate and an indemnity bond or other indemnity, sufficient in the judgment of both the Company and the Trustee, to protect the Company, the Trustee or any Agent from any loss which any of them may suffer if a Note is replaced. The Company may charge such Holder for the Company's reasonable, out-of-pocket expenses in replacing a Note, including reasonable fees and expenses of counsel. Every replacement Note shall constitute an additional obligation of the Company.

SECTION 2.08. Outstanding Notes.

Notes outstanding at any time are all the Notes that have been authenticated by the Trustee except those cancelled by it, those delivered to it for cancellation and those described in this Section as not outstanding. Subject to the provisions of Section 2.09, a Note does not cease to be outstanding because the Company or any of its Affiliates holds the Note.

If a Note is replaced pursuant to Section 2.07 (other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless the Trustee receives an Opinion of Counsel that the replaced Note is held by a bona fide purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement thereof pursuant to Section 2.07.

If on a Redemption Date or the Maturity Date the Paying Agent holds U.S. Legal Tender or U.S. Government Obligations sufficient to pay all of the principal and interest due on the Notes payable on that date and is not prohibited from paying such money to the Holders thereof pursuant to the terms of this Indenture, then on and after that date such Notes cease to be outstanding and interest on them ceases to accrue.

SECTION 2.09. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver, consent, notice, appointment or declaration of an Event of Default, Notes owned by the Company or any of its Affiliates (other than Matlin Patterson) shall be considered as though they are not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which a Trust Officer of the Trustee actually knows are so owned shall be so considered. The Company shall notify the Trustee, in writing, when it or any of its Affiliates

repurchases or otherwise acquires Notes, of the aggregate principal amount of such Notes so repurchased or otherwise acquired.

SECTION 2.10. Temporary Notes.

Until definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes upon receipt of a written order of the Company in the form of an Officers' Certificate. The Officers' Certificate shall specify the amount of temporary Notes to be authenticated and the date on which the temporary Notes are to be authenticated. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company considers appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate upon receipt of a written order of the Company pursuant to Section 2.02 definitive Notes in exchange for temporary Notes.

SECTION 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for transfer, exchange or payment. The Trustee, or at the direction of the Trustee, the Registrar or the Paying Agent, and no one else, shall cancel and, at the written direction of the Company, shall dispose of all Notes surrendered for transfer exchange, payment or cancellation in accordance with its customary procedures. Subject to Section 2.07, the Company may not issue new Notes to replace Notes that it has paid or delivered to the Trustee for cancellation. If the Company shall acquire any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Indebtedness represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.11.

SECTION 2.12. Defaulted Interest.

If the Company defaults in a payment of interest, it shall pay the defaulted interest, plus (to the extent lawful) any interest payable on the defaulted interest in cash, to the Persons who are Holders on a subsequent special record date, which date shall be the fifteenth day next preceding the date fixed by the Company for the payment of defaulted interest or the next succeeding Business Day if such date is not a Business Day. At least 15 days before the subsequent special record date, the Company shall mail to each Holder, as of a recent date selected by the Company, with a copy to the Trustee, a notice that states the subsequent special record date, the payment date and the amount of defaulted interest, and interest payable on such defaulted interest, if any, to be paid.

SECTION 2.13. CUSIP Number.

The Company in issuing the Notes may use a "CUSIP" number, and if so, the Trustee shall use the CUSIP number in notices of redemption or exchange as a convenience to Holders; provided, that no representation is hereby deemed to be made by the Trustee as to the correctness or accuracy of the CUSIP number printed in the notice or on the Notes, and that reliance may be placed only on the other identification numbers printed on the Notes. The Company shall promptly notify the Trustee of any change in the CUSIP number.

SECTION 2.14. Deposit of Moneys.

Prior to 11:00 a.m. New York City time on each Interest Payment Date and on the Maturity Date, the Company shall have deposited with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such Interest Payment Date or Maturity Date, as the case may be, in a timely manner which permits the Paying Agent, to remit payment to the Holders on such Interest Payment Date or Maturity Date, as the case may be.

SECTION 2.15. Global Note Legend.

The following legend shall appear on the face of all Global Notes issued under this Indenture:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITORY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06 OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITORY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE OF THE DEPOSITORY OR BY A NOMINEE OF THE DEPOSITORY TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITORY. UNLESS THIS NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK, ("DTC")), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

SECTION 2.16. Book-Entry Provisions for Global Security.

(a) The Global Note initially shall (i) be registered in the name of the Depository or the nominee of such Depository, (ii) be delivered to the Trustee as custodian for such Depository and (iii) bear legends as set forth in Section 2.15.

Members of, or participants in, the Depository (**"Agent Members"**) shall have no rights under this Indenture with respect to any Global Note held on their behalf by the Depository, or the Trustee as its custodian, or under the Global Note, and the Depository may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depository or impair, as between the Depository and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any Note.

(b) Transfers of the Global Note shall be limited to transfers in whole, but not in part, to the Depository, its successors or their respective nominees. Interests of beneficial owners in the Global Note may be transferred or exchanged for Physical Notes in accordance with the rules and procedures of the Depository. In addition, Physical Notes shall be issued to all beneficial owners in exchange for their beneficial interests in the Global Note if (i) the Depository notifies the Company that it is unwilling or unable to continue as Depository for the Global Note or if at any time the Depository ceases to be a "clearing agency" registered under the Exchange Act and a successor depositary is not appointed by the Company within 90 days of such notice or (ii) an Event of Default has occurred and is continuing and the Registrar has received a written request from the Depository to issue Physical Notes.

(c) In connection with any transfer or exchange of a portion of the beneficial interest in the Global Note to beneficial owners pursuant to paragraph (b), the Registrar shall (if one or more Physical Notes are to be issued) reflect on its books and records the date and a decrease in the principal amount of the Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Company shall execute, and the Trustee shall authenticate and deliver, one or more Physical Notes of like tenor and amount.

(d) In connection with the transfer of the entire Global Note to beneficial owners pursuant to paragraph (b), the Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depository in exchange for its beneficial interest in the Global Note, an equal aggregate principal amount of Physical Notes of authorized denominations.

(e) The Holder of the Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

ARTICLE THREE

REDEMPTION

SECTION 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to Paragraph 5 of the Notes, it shall notify the Trustee and the Paying Agent in writing of the Redemption Date and the principal amount of the Notes to be redeemed.

The Company shall give each notice provided for in this Section 3.01 not less than 30 nor more than 60 days before the Redemption Date (unless a notice period shorter than 45 days shall be satisfactory to the Trustee, as evidenced in a writing signed on behalf of the Trustee), together with an Officers' Certificate stating that such redemption shall comply with the conditions contained herein and in the Notes.

SECTION 3.02. Selection of Notes To Be Redeemed.

If fewer than all of the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed on a pro rata basis, by lot or in such other fair and reasonable manner chosen at the discretion of the Trustee; provided, that if any Notes are outstanding, in each case, in an aggregate principal amount equal to or less than $10,000, the Trustee shall, if the Company so requests, first redeem such Notes in full, starting with the Note having the smallest outstanding principal amount; provided, further, that if a partial redemption is made with the proceeds of an Equity Offering, selection of the Notes or portion thereof for redemption shall be made by the Trustee only on a pro rata basis, unless (x) such method is otherwise prohibited or (y) Notes are outstanding in an aggregate principal amount equal to or less than $10,000, in which case, the Trustee shall, if the Company so requests, first redeem such Notes in full, starting with the Note having the smallest outstanding principal amount. The Trustee shall make the selection from the Notes outstanding and not previously called for redemption and shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes in denominations of $1,000 may be redeemed only in whole. The Trustee may select for redemption portions equal to $1,000 or any integral multiple thereof) of the principal of Notes that have denominations larger than $1,000. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

SECTION 3.03. Notice of Redemption.

At least 30 days but not more than 60 days before a Redemption Date, the Company shall mail or cause to be mailed a notice of redemption by first class mail, postage prepaid, to each Holder whose Notes are to be redeemed, at the last address for such Holder in the Registrar's book, with a copy to the Trustee and any Paying Agent. At the Company's written request, the Trustee shall give the notice of redemption in the Company's name and at the Company's expense.

Each notice for redemption shall identify the Notes to be redeemed (including CUSIP numbers) and shall state:

(1) the Redemption Date;

(2) the Redemption Price and the amount of accrued interest, if any, to be paid;

(3) the name and address of the Paying Agent;

(4) the subparagraph of the Notes pursuant to which such redemption is being made;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the Redemption Price plus accrued interest, if any;

(6) that, unless the Company defaults in making the redemption payment, interest on Notes called for redemption ceases to accrue on and after the Redemption Date, and the only remaining right of the Holders of such Notes is to receive payment of the Redemption Price plus accrued interest, if any, upon surrender to the Paying Agent of the Notes redeemed;

(7) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date, and upon surrender of such Note, a new Note or Notes in the aggregate principal amount equal to the unredeemed portion thereof will be issued; and

(8) if fewer than all the Notes are to be redeemed, the identification of the particular Notes (or portion thereof) to be redeemed, as well as the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Notes to be outstanding after such partial redemption.

SECTION 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price plus accrued interest, if any. Upon surrender to the Trustee or Paying Agent, such Notes called for redemption shall be paid at the Redemption Price (which shall include accrued interest thereon to the Redemption Date), but installments of interest, the maturity of which is on or prior to the Redemption Date, shall be payable to Holders of record at the close of business on the relevant Record Dates referred to in the Notes.

SECTION 3.05. Deposit of Redemption Price.

On or before 11:00 a.m., New York City time, on the Redemption Date, the Company shall deposit with the Paying Agent U.S. Legal Tender sufficient to pay the Redemption Price plus accrued interest, if any, of all Notes to be redeemed on that date. The Paying Agent shall promptly return to the Company, upon its written request, any U.S. Legal

Tender so deposited which is not required for that purpose, except with respect to monies owed as obligations to the Trustee pursuant to Article Seven.

If the Company complies with the preceding paragraph, then, unless the Company defaults in the payment of such Redemption Price plus accrued interest, if any, interest on the Notes to be redeemed will cease to accrue on and after the applicable Redemption Date, whether or not such Notes are presented for payment.

SECTION 3.06. Notes Redeemed in Part.

Upon surrender of a Note that is to be redeemed in part, the Company shall execute and the Trustee shall authenticate for the Holder a new Note or Notes equal in principal amount to the unredeemed portion of the Note surrendered.

ARTICLE FOUR

COVENANTS

SECTION 4.01. Payment of Notes.

The Company shall pay the principal of and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. An installment of principal of or interest on the Notes shall be considered paid in full on the date it is due if the Trustee or Paying Agent holds on that date U.S. Legal Tender designated for and sufficient to pay the installment in full.

The Company shall pay, to the extent such payments are lawful, interest on overdue principal and on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the rate borne by the Notes plus 2.0% per annum. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Notwithstanding anything to the contrary contained in this Indenture, the Company may, to the extent it is required to do so by law, deduct or withhold income or other similar taxes imposed by the United States of America from principal or interest payments hereunder.

SECTION 4.02. Maintenance of Office or Agency.

The Company shall maintain the office or agency required under Section 2.03. The Company shall give prior written notice to the Trustee of the location, and any change in the location, of such office or agency. Notes may be presented or surrendered for registration or transfer, exchange or payment, and notices and demands to or upon the Company in respect of the Notes and this Indenture may be made or served, at the address of the Trustee set forth in Section 13.02.

SECTION 4.03. Corporate Existence.

Except as otherwise permitted by Article Five and Section 4.16, the Company shall do or cause to be done, at its own cost and expense, all things necessary to preserve and keep in full force and effect its corporate existence and the corporate existence of each Restricted Subsidiary in accordance with the respective organizational documents of each such Restricted Subsidiary and the material rights (charter and statutory) and franchises of the Company and each such Restricted Subsidiary; provided, however, that neither the Company nor any such Restricted Subsidiary shall be required to preserve, with respect to itself, any material right or franchise and, with respect to any of the Restricted Subsidiaries, any such existence, material right or franchise, if the Board of Directors of the Company shall determine in good faith that the preservation thereof is no longer desirable in the conduct of the business of the Company and the Restricted Subsidiaries, taken as a whole.

SECTION 4.04. Payment of Taxes and Other Claims.

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges (including withholding taxes and any penalties, interest and additions to taxes) levied or imposed upon it or any of its Subsidiaries or properties of it or any of its Subsidiaries and (ii) all lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of it or any of its Subsidiaries; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings properly instituted and diligently conducted for which adequate reserves, to the extent required under GAAP, have been taken.

SECTION 4.05. Maintenance of Properties and Insurance.

(a) The Company shall, and shall cause each Restricted Subsidiary to, maintain its material properties in accordance with Good Utility Practices (subject to ordinary wear and tear) and make all necessary repairs, renewals, replacements, additions, betterments and improvements thereto and actively conduct and carry on its business; provided, however, that nothing in this Section 4.05 shall prevent the Company or any Restricted Subsidiary from discontinuing the operation and maintenance of any of its properties, if such discontinuance is, in the good faith judgment of the Company or the Restricted Subsidiary, as the case may be, desirable in the conduct of their respective businesses and is not disadvantageous in any material respect to the Holders; provided, further that nothing in this Section 4.05 shall prevent the Company or any of the Restricted Subsidiaries from discontinuing or disposing of any properties to the extent otherwise permitted by this Indenture.

(b) The Company shall provide or cause to be provided, for itself and each of the Restricted Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds that, in the good faith judgment of the Company, are adequate and appropriate for the conduct of the business of the Company and such Restricted Subsidiaries in a prudent manner, with reputable insurers or with the government of the United States of America, any state thereof or an agency or instrumentality thereof, in such amounts, with such deductibles, and

by such methods as shall be customary, in the good faith judgment of the Company, for companies similarly situated in the industry.

SECTION 4.06. Compliance Certificate; Notice of Default.

(a) The Company shall deliver to the Trustee, within 120 days after the end of the Company's fiscal year, an Officers' Certificate, one of the signers of which shall be the principal executive officer, principal financial officer or principal accounting officer of the Company, stating that a review of its activities and the activities of its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of such Officer's knowledge the Company during such preceding fiscal year has kept, observed, performed and fulfilled each and every such covenant and no Default or Event of Default occurred during such year and at the date of such certificate there is no Default or Event of Default that has occurred and is continuing or, if such signers do know of such Default or Event of Default, the certificate shall describe the Default or Event of Default and its status with particularity. The Officers' Certificate shall also notify the Trustee should the Company elect to change the manner in which it fixes its fiscal year end.

(b) The annual financial statements delivered pursuant to Section 4.08 shall be accompanied by a written report of the Company's independent accountants (who shall be a firm of established national reputation) that in conducting their audit of such financial statements nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article Four, Five or Six of this Indenture insofar as they relate to accounting matters or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) (i) If any Default or Event of Default has occurred and is continuing or (ii) if any Holder seeks to exercise any remedy hereunder with respect to a claimed Default or Event of Default under this Indenture or the Notes, the Company shall deliver to the Trustee, at its address set forth in Section 13.02 hereof, by registered or certified mail or by facsimile transmission followed by hard copy by registered or certified mail an Officers' Certificate specifying such event, notice or other action within five Business Days of its becoming aware of such occurrence.

SECTION 4.07. Compliance with Laws.

The Company shall comply, and shall cause each of its Subsidiaries to comply, with all applicable statutes, rules, regulations, orders and restrictions of the United States of America, all states and municipalities thereof, and of any governmental department, commission, board, regulatory authority, bureau, agency and instrumentality of the foregoing, in respect of the conduct of their respective businesses and the ownership of their respective properties, except for such noncompliances as are not in the aggregate reasonably likely to have a material adverse effect on the financial condition or results of operations of the Company and the Restricted Subsidiaries, taken as a whole.

SECTION 4.08. SEC Reports.

(a) From and after **[ ],** whether or not required by the rules and regulations of the Commission, so long as any Notes are outstanding, the Company will furnish to the Trustee (who will furnish to the Holders of Notes upon request) (i) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries (showing in reasonable detail, either on the face of the financial statements or in the footnotes thereto and in Management's Discussion and Analysis of Financial Condition and Results of Operations, the financial condition and results of operations of the Company and the Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries) and, with respect to the annual information only, a report thereon by the Company's certified independent accountants and (ii) all current reports that would be required to be filed with the Commission on Form 8-K if the Company were required to file such reports, in each case within the time periods specified in the Commission's rules and regulations. In addition, from and after **[ ],** whether or not required by the rules and regulations of the Commission, the Company will file a copy of all such information and reports with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

(b) In addition, the Company agrees that, for so long as any Notes remain outstanding, if at any time (x) the Commission does not accept the filings provided for in Section 4.08(a) above or (y) the filings provided for in Section 4.08(a) do not contain all of the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, it will furnish to the Trustee (who will furnish to the Holders of Notes upon request) and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. The Company will also comply with the provisions of TIA Section 314(a).

(c) Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

SECTION 4.09. Waiver of Stay, Extension or Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company from paying all or any portion of the principal of or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or which may affect the covenants or the performance of this Indenture; and (to the extent that it may lawfully do so) the Company hereby expressly waives all benefit or advantage of any such law, and

covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

SECTION 4.10. Limitation on Restricted Payments.

(a) The Company will not, and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, (i) declare or pay any dividend or make any distribution (other than dividends or distributions payable in Qualified Capital Stock of the Company or any of the Restricted Subsidiaries or to the Company or any of the Restricted Subsidiaries or pro rata to all holders of the Capital Stock of a Subsidiary of the Company) on or in respect of shares of the Company's or any of the Restricted Subsidiaries' Capital Stock to holders of such Capital Stock, in their capacity as such, (ii) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Company or any of the Restricted Subsidiaries or any warrants, rights or options to purchase or acquire shares of any class of such Capital Stock, (iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations (other than the purchase, repurchase or other acquisition of Subordinated Obligations (x) in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition or (y) with proceeds from Refinancing Indebtedness); or (iv) make any Restricted Investment (each of the foregoing actions set forth in clauses (i), (ii), (iii) and (iv) being referred to as a **"Restricted Payment"**), if at the time of such Restricted Payment or immediately after giving effect thereto:

(1) a Default or an Event of Default shall have occurred and be continuing (or would result therefrom);

(2) the Company is not able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.12(a); or

(3) the aggregate amount of Restricted Payments made subsequent to the Effective Date shall exceed the sum of: (v) 50% of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, minus 100% of such loss) of the Company earned subsequent to the Effective Date and on or prior to the end of the most recent fiscal quarter ending prior to the date such Restricted Payment occurs (the **"Reference Date"**) (treating such period as a single accounting period); plus (w) 100% of the aggregate net proceeds received by the Company (including the fair market value of property other than cash) from any Person (other than a Subsidiary of the Company) from the issuance and sale subsequent to the Effective Date and on or prior to the Reference Date of Qualified Capital Stock of the Company (including Capital Stock issued upon the conversion of convertible Indebtedness or in exchange for outstanding Indebtedness); plus (x) without duplication of any amounts included in clause (3)(w) above, 100% of the aggregate net proceeds (including the fair market value of property other than cash) of any equity contribution received by the Company; plus (y) 100% of the aggregate net proceeds (including the fair market value of property other than cash) of any (i) sale or other disposition of Restricted Investments made by the Company and the

Restricted Subsidiaries or (ii) dividend from, or the sale of the stock of, an Unrestricted Subsidiary.

(b) Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph do not prohibit: (i) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of such dividend or notice of such redemption if the dividend or payment of the redemption price, as the case may be, would have been permitted on the date of declaration or notice; (ii) if no Event of Default shall have occurred and be continuing as a consequence thereof, the acquisition of any shares of Capital Stock of the Company (the **"Retired Capital Stock"**), either (1) solely in exchange for shares of Qualified Capital Stock of the Company (the **"Refunding Capital Stock"**), or (2) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of the Company) of shares of Qualified Capital Stock of the Company, and, in the case of subclause (1) of this clause (ii), the declaration and payment of dividends on the Refunding Capital Stock in an aggregate amount per year no greater than the aggregate amount of dividends per annum that was declarable and payable on such Retired Capital Stock immediately prior to such retirement; provided, that at the time of the declaration of any such dividends, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; (iii) payments for the purpose of and in an amount equal to the amount required to permit the Company to redeem or repurchase the Company's common equity or options in respect thereof, in each case in connection with the repurchase provisions under employee stock option or stock purchase agreements or other agreements to compensate management employees; provided, that such redemptions or repurchases pursuant to this clause (iii) shall not exceed $ **[ ]** million (which amount shall be increased (A) to $**[ ]** million upon consummation of an Initial Public Offering and (B) by the amount of any proceeds to the Company from (x) sales of Capital Stock of the Company to management employees subsequent to the Effective Date and (y) any "key-man" life insurance policies which are used to make such redemptions or repurchases) in the aggregate; provided, further, that the cancellation of Indebtedness owing to the Company from members of management of the Company or any of the Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Company will not be deemed to constitute a Restricted Payment; (iv) so long as no Default or Event of Default shall have occurred and be continuing, payments, not to exceed $ **[ ]** in the aggregate, to holders of its Capital Stock in lieu of issuance of fractional shares of its Capital Stock; (v) if no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof and the Company would be permitted to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.12(a), other Restricted Payments in an aggregate amount not to exceed $25.0 million and (vi) repurchases of Capital Stock deemed to occur upon the exercise of stock options if such Capital Stock represents a portion of the exercise price thereof. In determining the aggregate amount of Restricted Payments made subsequent to the Effective Date in accordance with clause (3) of the immediately preceding paragraph (a), amounts expended (to the extent such expenditure is in the form of cash) pursuant to clauses (i), (ii), (iii), (iv) and (v) shall be included in such calculation; provided, such expenditures pursuant to clause (iii) shall not be included to the extent o f cash proceeds received by the Company from any "key man" life insurance policies and (b) amounts expended pursuant to clause (vi) shall be excluded from such calculation.

SECTION 4.11. Limitation on Transactions with Affiliates.

(a) The Company shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction or series of related transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with, or for the benefit of, any of its Affiliates involving aggregate consideration in excess of $10.0 million (an **"Affiliate Transaction"**), other than (x) Affiliate Transactions permitted under paragraph (b) below and (y) Affiliate Transactions on terms that are not materially less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate; provided, however, that for a transaction or series of related transactions with an aggregate value of $10.0 million or more but less than $25.0 million, at the Company's option (i) such determination shall be made in good faith by a majority of the disinterested members of the Board of the Directors of the Company or (ii) the Board of Directors of the Company and any such Restricted Subsidiary party to such Affiliate Transaction shall have received an opinion from a nationally recognized investment banking firm that such Affiliate Transaction is on terms not materially less favorable taken as a whole than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate; and provided, further, that for a transaction or series of related transactions with an aggregate value of $25.0 million or more, the Board of Directors of the Company and any such Restricted Subsidiary party to such Affiliate Transaction shall have received an opinion from a nationally recognized investment banking firm that such Affiliate Transaction is on terms not materially less favorable taken as a whole than those that might reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

(b) The restrictions of Section 4.11(a) shall not apply to (i) reasonable fees and compensation (including in the form of issuances of shares of Capital Stock of the Company or grants of stock options or similar rights pursuant to plans approved by the Board of Directors) paid to and indemnity provided on behalf of, officers, directors, employees or consultants of the Company or any Subsidiary as determined in good faith by the Company's Board of Directors or senior management; (ii) transactions exclusively between or among the Company and any of its Restricted Subsidiaries or exclusively between or among such Restricted Subsidiaries, provided, such transactions are not otherwise prohibited by the Indenture; (iii) transactions effected as part of a Qualified Securitization Transaction; (iv) any agreement in effect as of the Effective Date or any amendment thereto or replacement thereof and any transaction contemplated thereby or permitted thereunder, so long as any such amendment or replacement agreement taken as a whole is not more disadvantageous to the Holders than the original agreement as in effect on the Effective Date; (v) Restricted Payments or Permitted Investments permitted by this Indenture; (vi) payments or advances to employees or consultants which are approved by the Board of Directors of the Company in good faith and which are incurred in the ordinary course of business; (vii) the existence of, or the performance by the Company or any of the Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the Effective Date and any similar agreements which it may enter into thereafter; provided, however, that the existence of, or the performance by the Company or any of the Restricted Subsidiaries of obligations under, any future amendment to any such existing agreement or under

any similar agreement entered into after the Effective Date shall only be permitted by this clause (vii) to the extent that the terms of any such amendment or new agreement are not otherwise disadvantageous to the Holders of the Notes in any material respect; (viii) transactions permitted by, and complying with, the provisions of Section 5.01; (ix) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of business (including pursuant to joint venture agreements) and otherwise in compliance with the terms of the Indenture which are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms not materially less favorable taken as a whole as might reasonably have been obtained at such time from an unaffiliated party; (x) any repurchase, redemption or other retirement of Capital Stock of the Company held by employees of the Company or any of its Subsidiaries upon death, disability or termination of employment at a price not in excess of the fair market value thereof and approved by the Board of Directors; (xi) transactions between or among the Company and any of its Subsidiaries or between or among such Subsidiaries and relating, without limitation, to operating and maintenance agreements, agreements to provide power marketing services (whether as principal or agent), or other intercompany services agreements and (xii) any agreement to do any of the foregoing.

SECTION 4.12. Limitation on Incurrence of Additional Indebtedness.

(a) The Company shall not, and shall not permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, assume, guarantee, acquire, become liable, contingently or otherwise, with respect to, or otherwise become responsible for payment of (collectively, “incur”) any Indebtedness (other than Permitted Indebtedness); provided, however, that if no Default or Event of Default shall have occurred and be continuing at the time or as a consequence of the incurrence of any such Indebtedness, the Company may incur Indebtedness if on the date of the incurrence of such Indebtedness, after giving effect to the incurrence thereof, the Consolidated Fixed Charge Coverage Ratio of the Company is at least **[ ]** to 1.

(b) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies (including for purposes of determination of any basket amount in any clause of the definition of “Permitted Indebtedness” and, provided, that the full amount of any revolving credit facility shall be deemed to have been incurred on the date such facility is established and not on the date of any draws on such facility). The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the

Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(c) For purposes of determining compliance with, and the outstanding principal amount of a particular Indebtedness incurred pursuant to and in compliance with, this Section 4.12, in the event such Indebtedness meets the criteria on the date on which it was incurred of more than one of the types of Indebtedness described in clauses (i) through (xx) of the definition of "Permitted Indebtedness" or described in Section 4.12(a), the Company may, in its sole discretion, classify such item of Indebtedness in any manner that complies with this Section 4.12 and, in its sole discretion, may later reclassify such item of Indebtedness into any one or more of the categories of Permitted Indebtedness described in clauses (i) through (xx) of the definition thereof or in Section 4.12(a) (provided, that at the time of reclassification such Indebtedness meets the criteria in such category or categories).

(d) Accrual of interest, dividends or accreted value will not be deemed to be an incurrence of Indebtedness for purposes of this Section 4.12. For purposes of this Section 4.12, the amount of any Indebtedness outstanding as of any date of determination shall be (x) the accreted value of any Indebtedness in the case of any Indebtedness issued with original issue discount and (y) the principal amount or liquidation preference thereof, together with any interest and dividends thereon that is more than 30 days past due, in the case of any other Indebtedness.

SECTION 4.13. Limitation on Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to (a) pay dividends or make any other distributions on or in respect of its Capital Stock, (b) make loans or advances or to pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary or (c) transfer any of its property or assets to the Company or any other Restricted Subsidiary, except for such encumbrances or restrictions existing under or by reason of:

(1) applicable law, rule, regulation or order of any Governmental Authority;

(2) the Indenture;

(3) non-assignment provisions of any contract or any lease entered into in the ordinary course of business;

(4) any instrument governing Acquired Indebtedness, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person or the properties or assets of the Person so acquired;

(5) agreements existing on the Effective Date;

(6) restrictions on the transfer of assets subject to any Lien permitted under the Indenture imposed by the holder of such Lien;

(7) restrictions imposed by any agreement to sell assets or Capital Stock permitted under the Indenture to any Person pending the closing of such sale;

(8) any agreement or instrument governing Capital Stock of any Person that is acquired (other than (A) Indebtedness incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company in contemplation of the transaction and (B) any such agreement or instrument entered into in contemplation of such acquisition);

(9) Indebtedness or other contractual requirements of a Securitization Entity in connection with a Qualified Securitization Transaction; provided, that such restrictions apply only to such Securitization Entity;

(10) any agreement or instrument governing any other Indebtedness permitted to be incurred subsequent to the Effective Date pursuant to the provisions of clauses (ix), (xvii), (xviii), (xix) and (xx) of the definition of "Permitted Indebtedness"; provided, that any such restrictions are ordinary and customary with respect to the type of Indebtedness being incurred (under the relevant circumstances);

(11) provisions in agreements or instruments which prohibit the payment of dividends or the making of other distributions with respect to any class of Capital Stock or any Person other than on a pro rata basis;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(13) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (12) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

SECTION 4.14. Intentionally Omitted.

SECTION 4.15. Change of Control.

(a) Upon the occurrence of a Change of Control, the Company shall make an offer to purchase all outstanding Notes pursuant to the offer described in paragraph (b) below (the **"Change of Control Offer"**) at a purchase price equal to 101% of the principal amount thereof plus accrued interest, if any, to the date of purchase.

(b) Within 45 days following the date upon which the Change of Control occurred (the **"Change of Control Date"**), the Company shall send, by first class mail, a notice to each Holder, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. The notice to the Holders shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Change of Control Offer. Such notice shall state:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered and not withdrawn will be accepted for payment;

(2) the purchase price (including the amount of accrued interest) and the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law) (the **"Change of Control Payment Date"**);

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in making payment therefor, any Note accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have a Note purchased pursuant to a Change of Control Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election in whole or in part if the Paying Agent receives, not later than five Business Days prior to the Change of Control Payment Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased;

(7) that Holders whose Notes are purchased only in part will be issued new Notes in a principal amount equal to the unpurchased portion of the Notes surrendered; provided, that each Note purchased in part and each new Note issued shall be in an original principal amount of $1,000 or integral multiples thereof; and

(8) the circumstances and relevant facts regarding such Change of Control.

On or before the Change of Control Payment Date, the Company shall (i) accept for payment Notes or portions thereof tendered pursuant to the Change of Control Offer and not withdrawn, (ii) deposit with the Paying Agent U.S. Legal Tender sufficient to pay the purchase price plus accrued interest, if any, of all Notes or portions thereof so tendered and (iii) deliver to the Trustee Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of the Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price plus accrued interest, if any, and the Trustee shall promptly authenticate and mail to such Holders new Notes equal in principal amount to any unpurchased portion of the Notes surrendered. Any Notes not so accepted shall be promptly mailed by the Company to the Holder thereof. For purposes of this Section 4.15, the Trustee shall act as the Paying Agent.

Any amounts remaining after the purchase of Notes pursuant to a Change of Control Offer shall be returned by the Trustee to the Company.

The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company, and purchases all Notes validly tendered and not withdrawn under such Change of Control in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent the provisions of any securities laws or regulations conflict with the provisions under this Section 4.15, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.15 by virtue thereof.

SECTION 4.16. Limitation on Asset Sales.

(a) The Company shall not, and shall not permit any of the Restricted Subsidiaries to, consummate an Asset Sale unless (i) the Company or the applicable Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets sold or otherwise disposed of (as determined in good faith by the Company's Board of Directors), (ii) at least 60% of the consideration received by the Company or the Restricted Subsidiary, as the case may be, from such Asset Sale shall be cash or Cash Equivalents; provided, that the amount of (a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any such Restricted Subsidiary (other than liabilities that are by their terms subordinated to the Notes) that are assumed by the transferee of any such assets, and (b) any notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 90 days (to the extent of the cash received), shall be deemed to be cash for the purposes of this clause (ii) or for purposes of the second paragraph of this covenant, and (iii) upon the consummation of an Asset Sale, the Company shall apply, or cause such Restricted Subsidiary to apply, the Net Cash Proceeds

relating to such Asset Sale within 547 days of receipt thereof either (A) to reinvest in Productive Assets, (B) to repay any Indebtedness (other than payments made on any revolving credit facility Indebtedness where the underlying commitment is not permanently reduced) that was secured by the assets sold in such Asset Sale or (C) a combination of prepayment, repurchase and investment permitted by the foregoing clauses (iii)(A) and (iii)(B); provided, that the amount of the Net Cash Proceeds relating to such Asset Sale that the Company must apply pursuant to this clause (iii) shall be reduced, dollar for dollar, by the amount of any Qualified Investment made by the Company at any time during the 180 day period prior to the consummation of such Asset Sale except to the extent such Qualified Investment was made using Net Cash Proceeds from a prior Asset Sale pursuant to the foregoing clause (iii)(A). Pending the final application of any such Net Cash Proceeds, the Company or such Restricted Subsidiary may temporarily reduce Indebtedness under a revolving credit facility, if any, or otherwise invest such Net Cash Proceeds in Cash Equivalents. On the 548th day after an Asset Sale or such earlier date, if any, as the Board of Directors of the Company or of such Restricted Subsidiary determines not to apply the Net Cash Proceeds (as reduced by any Qualified Investment) relating to such Asset Sale as set forth in clauses (iii)(A), (iii)(B) or (iii)(C) of the next preceding sentence (each, a **"Net Proceeds Offer Trigger Date"**), such aggregate amount of Net Cash Proceeds which have not been applied on or before such Net Proceeds Offer Trigger Date as permitted in clauses (iii)(A), (iii)(B) and (iii)(C) of the next preceding sentence (each a **"Net Proceeds Offer Amount"**) shall be applied by the Company or such Restricted Subsidiary to make an offer to purchase (the **"Net Proceeds Offer"**) on a date (the **"Net Proceeds Offer Payment Date"**) not less than 30 nor more than 45 days following the applicable Net Proceeds Offer Trigger Date, from all Holders on a pro rata basis that amount of Notes equal to the Net Proceeds Offer Amount at a price equal to 100% of the principal amount of the Notes to be purchased, plus accrued and unpaid interest thereon, if any, to the date of purchase; provided, however, that if at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then such conversion or disposition shall be deemed to constitute an Asset Sale hereunder and the Net Cash Proceeds thereof shall be applied in accordance with this covenant.

Notwithstanding the foregoing, if a Net Proceeds Offer Amount is less than $50.0 million, the application of the Net Cash Proceeds constituting such Net Proceeds Offer Amount to a Net Proceeds Offer may be deferred until such time as such Net Proceeds Offer Amount plus the aggregate amount of all Net Proceeds Offer Amounts arising subsequent to the Net Proceeds Offer Trigger Date relating to such initial Net Proceeds Offer Amount from all Asset Sales by the Company and the Restricted Subsidiaries aggregates at least $50.0 million, at which time the Company or such Restricted Subsidiary shall apply all Net Cash Proceeds constituting all Net Proceeds Offer Amounts that have been so deferred to make a Net Proceeds Offer (the first date the aggregate of all such deferred Net Proceeds Offer Amounts is equal to $50.0 million or more shall be deemed to be a **"Net Proceeds Offer Trigger Date"**).

Upon receiving notice of the Net Proceeds Offer, Holders may elect to tender their Notes in whole or in part in integral multiples of $1,000 in exchange for cash. To the extent Holders properly tender Notes in an amount exceeding the Net Proceeds Offer Amount, Notes of tendering Holders will be purchased on a pro rata basis (based on amounts tendered). A Net Proceeds Offer shall remain open for a period of 20 Business Days or such longer period as may

be required by law. To the extent that the aggregate amount of Notes tendered pursuant to a Net Proceeds Offer is less than the Net Proceeds Offer Amount, the Company may use any remaining Net Proceeds Offer Amount for general corporate purposes. Upon completion of any such Net Proceeds Offer, the Net Proceeds Offer Amount shall be reset at zero.

(b) Subject to the deferral of the Net Proceeds Offer Trigger Date contained in the second paragraph of subsection (a) above, each notice of a Net Proceeds Offer pursuant to this Section 4.16 shall be mailed or caused to be mailed, by first class mail, by the Company not more than 25 days after the Net Proceeds Offer Trigger Date to all Holders at their last registered addresses as of a date within 15 days of the mailing of such notice, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Net Proceeds Offer and shall state the following terms:

(1) that the Net Proceeds Offer is being made pursuant to Section 4.16 of this Indenture and that all Notes tendered will be accepted for payment; provided, however, that if the aggregate principal amount of Notes tendered in a Net Proceeds Offer plus accrued interest at the expiration of such offer exceeds the aggregate amount of the Net Proceeds Offer, the Company shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Notes or portions of Notes in denominations of $1,000 or multiples thereof shall be purchased); provided, that the Company may first purchase any Notes that are tendered that have a principal amount of $10,000 or less;

(2) the purchase price (including the amount of accrued interest) and the purchase date (which shall be 20 Business Days from the date of mailing of notice of such Net Proceeds Offer, or such longer period as required by law) (the **"Proceeds Purchase Date"**);

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in making payment therefore, any Note accepted for payment pursuant to the Net Proceeds Offer shall cease to accrue interest after the Proceeds Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to a Net Proceeds Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Proceeds Purchase Date;

(6) that Holders will be entitled to withdraw their election in whole or in part if the Paying Agent receives, not later than five Business Days prior to the Proceeds Purchase Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased; and

(7) that Holders whose Notes are purchased only in part will be issued new Notes in a principal amount equal to the unpurchased portion of the Notes surrendered;

provided, that each Note so purchased in part and each new Note issued shall be in an original principal amount of $1,000 or integral multiples thereof.

On or before the Proceeds Purchase Date, the Company shall (i) accept for payment Notes or portions thereof tendered pursuant to the Net Proceeds Offer which are to be purchased in accordance with item (b)(1) above, (ii) deposit with the Paying Agent U.S. Legal Tender sufficient to pay the purchase price plus accrued interest, if any, of all Notes to be purchased and (iii) deliver to the Trustee Notes so accepted together with an Officers' Certificate stating the Notes or portions thereof being purchased by the Company. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price plus accrued interest, if any. For purposes of this Section 4.16, the Trustee shall act as the Paying Agent.

Any amounts remaining after the purchase of Notes pursuant to a Net Proceeds Offer shall be returned by the Trustee to the Company.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the purchase of Notes pursuant to a Net Proceeds Offer. To the extent the provisions of any securities laws or regulations conflict with the provisions of this Indenture relating to a Net Proceeds Offer, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations relating to such Net Proceeds offer by virtue thereof.

SECTION 4.17. Limitation on Preferred Stock of Subsidiaries.

The Company shall not permit any of the Restricted Subsidiaries to issue any Preferred Stock (other than to the Company or to a Wholly Owned Restricted Subsidiary) or permit any Person (other than the Company or a Wholly Owned Restricted Subsidiary) to own any Preferred Stock of any Restricted Subsidiary, other than Permitted Domestic Subsidiary Preferred Stock.

SECTION 4.18. Limitation on Liens.

The Company shall not, and shall not permit any Restricted Subsidiary to, create, incur, assume or suffer to exist any Liens of any kind against or upon any of its property or assets, or any proceeds therefrom, unless (i) in the case of Liens securing Indebtedness that is expressly subordinate or junior in right of payment to the Notes, the Notes are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens and (ii) in all other cases, the Notes are equally and ratably secured, except for (A) Liens existing as of the Effective Date and any extensions, renewals or replacements thereof, (B) Liens securing the Notes, (C) Liens of the Company or a Wholly Owned Restricted Subsidiary on assets of any Subsidiary of the Company and (D) Liens securing Indebtedness which is incurred to refinance Indebtedness which has been secured by a Lien permitted under this Indenture and which has been incurred in accordance with the provisions of this Indenture; provided, however, that such Liens do not extend to or cover any property or assets of the Company or any of the Restricted Subsidiaries not securing the Indebtedness so refinanced, and (E) Permitted Liens.

SECTION 4.19. Intentionally Omitted.

SECTION 4.20. Intentionally Omitted.

SECTION 4.21. Conduct of Business.

The Company and the Restricted Subsidiaries shall not engage in any businesses a majority of whose revenues are not derived from the same or reasonably similar, ancillary or related to, or a reasonable extension, development or expansion of, the businesses in which the Company and the Restricted Subsidiaries are engaged on the Effective Date, except to such extent as would not be material to the Company and the Restricted Subsidiaries taken as a whole.

SECTION 4.22. Payments for Consent.

Neither the Company nor any of the Restricted Subsidiaries shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fees or otherwise, to any holder of any Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

ARTICLE FIVE

SUCCESSOR CORPORATION

SECTION 5.01. Merger, Consolidation and Sale of Assets.

(a) The Company shall not, in a single transaction or a series of related transactions, consolidate with or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, another Person or Persons or adopt a Plan of Liquidation unless:

(i) either (A) the Company shall be the survivor of such merger or consolidation or (B) the surviving Person is a corporation, partnership or trust organized and existing under the laws of the United States, any state thereof or the District of Columbia and such surviving Person shall expressly assume all the obligations of the Company under the Notes and this Indenture;

(ii) immediately after giving effect to such transaction (on a pro forma basis, including any Indebtedness incurred or anticipated to be incurred in connection with such transaction), the Company or the surviving Person is able to incur at least $1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Section 4.12; and

(iii) immediately before and immediately after giving effect to such transaction (including any Indebtedness incurred or anticipated to be incurred in connection with the transaction), no Default or Event of Default shall have occurred and be continuing.

(b) Notwithstanding the foregoing clauses (ii) and (iii) of Section 5.01(a), (i) any Restricted Subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to the Company and (ii) the Company may merge with an Affiliate incorporated solely for the purpose of reincorporating the Company in another jurisdiction.

(c) For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of transactions) of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Company, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

SECTION 5.02. Successor Corporation. Upon any consolidation, combination or merger or any transfer of all or substantially all of the assets of the Company in accordance with the foregoing, the surviving entity shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture and the Notes with the same effect as if such surviving entity had been named as such; provided, that solely for purposes of computing amounts described in clause (iv)(3) of the first paragraph of Section 4.10(a), any such surviving entity to the Company shall only be deemed to have succeeded to and be substituted for the Company with respect to periods subsequent to the effective time of such merger, consolidation, combination or transfer of assets.

ARTICLE SIX

DEFAULT AND REMEDIES

SECTION 6.01. Events of Default.

An **"Event of Default"** occurs if:

(1) the Company fails to pay interest on any Note when the same becomes due and payable and the default continues for a period of 30 days; or

(2) the Company fails to pay the principal on any Note when such principal becomes due and payable, at maturity, upon redemption or otherwise (including the failure to make a payment to purchase Notes tendered pursuant to a Change of Control Offer or a Net Proceeds Offer) and the default continues for a period of five days; or

(3) the Company defaults in the observance or performance of any other covenant or agreement contained in this Indenture and which default continues for a period of 60 days after the Company receives written notice specifying the default (and demanding that such default be remedied) from the Trustee or the Holders of at least 25% of the outstanding principal amount of the Notes; or

(4) the Company fails to pay at final stated maturity (giving effect to any applicable grace period and any extensions thereof) the principal amount of any Indebtedness of the Company or any Restricted Subsidiary (other than a Securitization Entity) other than Indebtedness owed to the Company or any Restricted Subsidiary, whether such Indebtedness now exists or is created after the date hereof, and such failure continues for a period of 20 days or more, or the acceleration of the final stated maturity of any such Indebtedness (which acceleration is not rescinded, annulled or otherwise cured within 20 days of receipt by the Company or such Restricted Subsidiary of notice of any such acceleration) if the aggregate principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness in default for failure to pay principal at final stated maturity or which has been accelerated, in each case with respect to which the 20-day period described above has passed, aggregates $100.0 million or more at any time; or

(5) one or more judgments in an aggregate amount in excess of $25.0 million (net of any amounts for which a reputable and creditworthy insurance company has acknowledged liability in writing) shall have been rendered against the Company or any of its Significant Subsidiaries and such judgments remain undischarged, unpaid or unstayed for a period of 60 days after such judgment or judgments become final and non-appealable; or

(6) the Company or any Significant Subsidiary (A) commences a voluntary case or proceeding under any Bankruptcy Law with respect to itself, (B) consents to the entry of a judgment, decree or order for relief against it in an involuntary case or proceeding under any Bankruptcy Law, (C) consents to the appointment of a Custodian of it or for substantially all of its property, (D) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it, (E) makes a general assignment for the benefit of its creditors, or (F) takes any corporate action to authorize or effect any of the foregoing; provided, that if a Significant Subsidiary is in Reorganization Proceedings as of the Effective Date, then the foregoing shall constitute an Event of Default with respect to such Significant Subsidiary only if the foregoing occurs following the exit by such Significant Subsidiary from Reorganization Proceedings; or

(7) a court of competent jurisdiction enters a judgment, decree or order for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under any Bankruptcy Law, which shall (A) approve as properly filed a petition seeking reorganization, arrangement, adjustment or composition in respect of the Company or such Significant Subsidiary, (B) appoint a Custodian of the Company or any Significant Subsidiary or for substantially all of its property or (C) order the winding-up or liquidation of its affairs; and such judgment, decree or order shall remain unstayed and in effect for a period of 60 consecutive days; provided, that if a Significant Subsidiary is in Reorganization Proceedings as of the Effective Date, then the foregoing shall constitute an Event of Default with respect to such Significant Subsidiary only if the foregoing occurs following the exit by such Significant Subsidiary from Reorganization Proceedings.

SECTION 6.02. Acceleration.

(a) If an Event of Default (other than an Event of Default specified in Section 6.01(6) or (7) with respect to the Company) occurs and is continuing and has not been waived pursuant to Section 6.04, then the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may declare the principal of and accrued interest on all the Notes to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that it is a "notice of acceleration" (the **"Acceleration Notice"**), and the same shall become immediately due and payable.

(b) If an Event of Default specified in Section 6.01(6) or (7) occurs with respect to the Company, all unpaid principal and accrued interest on the Notes then outstanding shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Noteholder.

(c) At any time after a declaration of acceleration with respect to the Notes in accordance with Section 6.02(a), the Holders of a majority in principal amount of the Notes may rescind and cancel such declaration and its consequences (i) if the rescission would not conflict with any judgment or decree, (ii) if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration, (iii) to the extent the payment of such interest is lawful, interest on overdue installments of interest and overdue principal, which has become due otherwise than by such declaration of acceleration, has been paid, (iv) if the Company has paid the Trustee its reasonable compensation and reimbursed the Trustee for its expenses, disbursements and advances and (v) in the event of the cure or waiver of an Event of Default of the type described in Section 6.01(6) or (7), the Trustee shall have received an Officers' Certificate and an Opinion of Counsel that such Event of Default has been cured or waived.

SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Noteholder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults.

Subject to Sections 2.09, 6.07 and 9.02, the Holders of a majority in principal amount of the outstanding Notes by notice to the Trustee may waive an existing Default or Event of Default and its consequences, except a Default in the payment of principal of or interest on

any Note as specified in clauses (1) and (2) of Section 6.01. When a Default or Event of Default is waived, it is cured and ceases.

SECTION 6.05. Control by Majority.

Subject to Section 2.09, the Holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on it, including any remedies provided for in Section 6.03. Subject to Section 7.01, however, the Trustee may refuse to follow any direction that the Trustee reasonably believes conflicts with any law or this Indenture, that the Trustee determines may be unduly prejudicial to the rights of another Noteholder, or that may involve the Trustee in personal liability; provided, that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; and provided, further, that this provision shall not affect the rights of the Trustee set forth in Section 7.01(d).

SECTION 6.06. Limitation on Suits.

A Noteholder may not pursue any remedy with respect to this Indenture or the Notes unless:

(1) the Holder gives to the Trustee written notice of a continuing Event of Default;

(2) Holders of at least 25% in principal amount of the outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holders offer to the Trustee indemnity reasonably satisfactory to the Trustee against any loss, liability or expense to be incurred in compliance with such request;

(4) the Trustee does not comply with the request within 45 days after receipt of the request and the offer of satisfactory indemnity; and

(5) during such 45-day period the Holders of a majority in principal amount of the outstanding Notes do not give the Trustee a direction which, in the opinion of the Trustee, is inconsistent with the request.

A Noteholder may not use this Indenture to prejudice the rights of another Noteholder or to obtain a preference or priority over such other Noteholder.

SECTION 6.07. Rights of Holders To Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee.

If an Event of Default in payment of principal or interest specified in clause (1) or (2) of Section 6.01 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Company or any other obligor on the Notes for the whole amount of principal and accrued interest remaining unpaid, together with interest on overdue principal and, to the extent that payment of such interest is lawful, interest on overdue installments of interest at the rate set forth in Section 4.01 and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. Trustee May File Proofs of Claim.

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, taxes, disbursements and advances of the Trustee, its agents and counsel) and the Noteholders allowed in any judicial proceedings relating to the Company or any other obligor upon the Notes, any of their respective creditors or any of their respective property and shall be entitled and empowered to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and any Custodian in any such judicial proceedings is hereby authorized by each Noteholder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, taxes, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee under Section 7.07. The Company's payment obligations under this Section 6.09 shall be secured in accordance with the provisions of Section 7.07 hereunder. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such proceeding.

SECTION 6.10. Priorities.

If the Trustee collects any money or property pursuant to this Article Six, it shall pay out the money in the following order:

First: to the Trustee for amounts due under Section 7.07;

Second: if the Holders proceed against the Company directly without the Trustee in accordance with the requirements of Section 6.06 to Holders for their collection costs;

Third: to Holders for amounts due and unpaid on the Notes for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

Fourth: to the Company or any other obligor on the Notes, as their interests may appear, or as a court of competent jurisdiction may direct.

The Trustee, upon prior notice to the Company, may fix a record date and payment date for any payment to Noteholders pursuant to this Section 6.10.

SECTION 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07, or a suit by a Holder or Holders of more than 10% in principal amount of the outstanding Notes.

ARTICLE SEVEN

TRUSTEE

SECTION 7.01. Duties of Trustee.

(a) If a Default or an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise thereof as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of a Default or an Event of Default:

(1) The Trustee need perform only those duties as are specifically set forth in this Indenture and no covenants or obligations shall be implied in this Indenture against the Trustee.

(2) In the absence of bad faith on its part or manifest error, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) Notwithstanding anything to the contrary herein contained, the Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) This paragraph does not limit the effect of paragraph (b) of this Section 7.01.

(2) The Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

(3) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02, 6.04 or 6.05.

(d) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not herein expressly provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), (c) and (d) of this Section 7.01.

(f) The Trustee shall not be liable for interest on any money or assets received by it except as the Trustee may agree in writing with the Company. Assets held in trust by the Trustee need not be segregated from other assets except to the extent required by law.

SECTION 7.02. Rights of Trustee.

Subject to Section 7.01:

(a) The Trustee may in the absence of manifest error conclusively rely and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel of its selection and may require an Officers' Certificate, an Opinion of Counsel or both, which shall conform to Sections 13.04 and 13.05. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel or advice of such counsel.

(c) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or indirectly or by or through agents or attorneys and the Trustee shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action that it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers.

(e) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, notice, request,

direction, consent, order, bond, debenture, or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled, upon reasonable notice to the Company, to examine the books, records, and premises of the Company, personally or by agent or attorney and to consult with the officers and representatives of the Company, including the Company's accountants and attorneys.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred by it in compliance with such request, order or direction.

(g) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Trust Officer has actual knowledge thereof or unless written notice of any event which is in fact such a Default or Event of Default is received by the Trustee at its principal corporate trust office, and such notice references the Notes and this Indenture,

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

(j) The Trustee may request that the Company deliver an Officers' Certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Officers' Certificate may be signed by any person authorized to sign an Officers' Certificate, including any person specified as so authorized in any such certificate previously delivered and not superseded.

SECTION 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company, any Subsidiary of the Company, or their respective Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer.

The recitals contained herein and in the Notes shall be taken as statements of the Company and the Trustee assumes no responsibility for their correctness. The Trustee makes no representation as to the validity or adequacy of this Indenture or the Notes, and it shall not be accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement of the Company in this Indenture or the Notes other than the Trustee's certificate of authentication.

SECTION 7.05. Notice of Default.

If a Default or an Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to each Noteholder notice of the uncured Default or Event of Default within 90 days after such Default or Event of Default occurs. Except in the case of a Default or an Event of Default in payment of principal of, or interest on, any Note, including an accelerated payment and the failure to make payment on the Change of Control Payment Date pursuant to a Change of Control Offer or on the Proceeds Purchase Date pursuant to a Net Proceeds Offer and, except in the case of a failure to comply with Article V hereof, the Trustee may withhold the notice if and so long as its Board of Directors, the executive committee of its Board of Directors or a committee of its directors and/or Trust Officers in good faith determines that withholding the notice is in the interest of the Noteholders.

SECTION 7.06. Reports by Trustee to Holders.

Within 60 days after each May 15, the Trustee shall, to the extent that any of the events described in TIA § 313(a) occurred within the previous twelve months, but not otherwise, mail to each Noteholder a brief report dated as of such date that complies with TIA § 313(a). The Trustee also shall comply with TIA §§ 313(b), (c) and (d).

A copy of each report at the time of its mailing to Noteholders shall be mailed to the Company and filed with the Commission and each stock exchange, if any, on which the Notes are listed.

The Company shall promptly notify the Trustee if the Notes become listed on any stock exchange and any delisting thereof, and the Trustee shall comply with TIA § 313(d).

SECTION 7.07. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time such compensation as shall be agreed between the Issuer and the Trustee for its services. The Trustee’s compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee upon request for all reasonable fees and expenses, including out-of-pocket expenses incurred or made by it in connection with the performance of its duties under this Indenture. Such expenses shall include the reasonable fees and expenses of the Trustee’s agents and counsel.

The Company shall indemnify each of the Trustee and any predecessor Trustee and its agents, employees, stockholders and directors and officers for, and hold them harmless against, any and all loss, liability or expense incurred by them except for such actions to the extent caused by any negligence, bad faith or willful misconduct on their part, arising out of or in connection with the acceptance or administration of this trust including the reasonable costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their rights, powers or duties hereunder. The Trustee shall notify the Company promptly of any claim asserted against the Trustee for which it may seek indemnity. At the Trustee’s sole discretion, the Company shall defend the claim and the Trustee shall cooperate and may participate in the defense; provided, that any settlement of a claim shall be approved in writing by the Trustee. Alternatively, the Trustee may at its option have separate

counsel of its own choosing and the Company shall pay the reasonable fees and expenses of such counsel; provided, that the Company will not be required to pay such fees and expenses if it assumes the Trustee's defense and there is no conflict of interest between the Company and the Trustee in connection with such defense as reasonably determined by the Trustee. The Company need not pay for any settlement made without its written consent. The Company need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through its negligence, bad faith or willful misconduct.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Notes on all assets or money held or collected by the Trustee, in its capacity as Trustee, except assets or money held in trust to pay principal of or interest on particular Notes. The Trustee's right to receive payment of any amounts due under this Section 7.07 shall not be subordinate to any other liability or indebtedness of the Company (even though the Notes may be subordinate to such other liability or indebtedness).

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(6) or (7) occurs, such expenses and the compensation for such services are intended to constitute expenses of administration under any Bankruptcy Law; provided, however, that this shall not affect the Trustee's rights as set forth in the preceding paragraph or Section 6.10.

The provisions of this Section 7.07 shall survive termination of this Indenture.

SECTION 7.08. Replacement of Trustee.

The Trustee may resign by so notifying the Company. The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee by so notifying the Company and the Trustee and may appoint a successor Trustee. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10;

(2) the Trustee is adjudged bankrupt or insolvent;

(3) a receiver or other public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall notify each Holder of such event and shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after delivery of such acceptance, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided in Section 7.07, the resignation or removal of the retiring Trustee shall become

effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. A successor Trustee shall mail notice of its succession to each Noteholder.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company or the Holders of at least 10% in principal amount of the outstanding Notes may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, any Noteholder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the resulting, surviving or transferee corporation without any further act shall, if such resulting, surviving or transferee corporation is otherwise qualified and eligible hereunder, be the successor Trustee.

SECTION 7.10. Eligibility; Disqualification.

This Indenture shall always have a Trustee who satisfies the requirement of TIA §§ 310(a)(1), (2) and (5). The Trustee (or, in the case of a corporation included in a bank holding company system, the related bank holding company) shall have a combined capital and surplus of at least $50 million as set forth in its most recent published annual report of condition. In addition, if the Trustee is a corporation included in a bank holding company system, the Trustee, independently of such bank holding company, shall meet the capital requirements of TIA § 310(a)(2). The Trustee shall comply with TIA § 310(b); provided, however, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if the requirements for such exclusion set forth in TIA § 310(b)(1) are met. The provisions of TIA § 310 shall apply to the Company, as obligor of the Notes.

SECTION 7.11. Preferential Collection of Claims Against Company.

The Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein. The provisions of TIA § 311 shall apply to the Company, as obligor on the Notes.

ARTICLE EIGHT

DISCHARGE OF INDENTURE; DEFEASANCE

SECTION 8.01. Termination of the Company's Obligations.

The Company may terminate its obligations under the Notes and this Indenture, except those obligations referred to in the penultimate paragraph of this Section 8.01, if all Notes previously authenticated and delivered (other than destroyed, lost or stolen Notes which have been replaced or paid or Notes for whose payment U.S. Legal Tender has theretofore been deposited with the Trustee or the Paying Agent in trust or segregated and held in trust by the Company and thereafter repaid to the Company, as provided in Section 8.05) have been delivered to the Trustee for cancellation and the Company has paid all sums payable by it hereunder, or if:

(a) either (i) pursuant to Article Three, the Company shall have given notice to the Trustee and mailed a notice of redemption to each Holder of the redemption of all of the Notes under arrangements satisfactory to the Trustee for the giving of such notice or (ii) all Notes have otherwise become due and payable hereunder;

(b) the Company shall have irrevocably deposited or caused to be deposited with the Trustee or a trustee satisfactory to the Trustee, under the terms of an irrevocable trust agreement in form and substance satisfactory to the Trustee, as trust funds in trust solely for the benefit of the Holders for that purpose, U.S. Legal Tender in such amount as is sufficient without consideration of reinvestment of such interest, to pay principal and interest on the outstanding Notes to maturity or redemption; provided, that the Trustee shall have been irrevocably instructed to apply such U.S. Legal Tender to the payment of said principal, premium, if any, and interest with respect to the Notes;

(c) no Default or Event of Default with respect to this Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument or agreement to which the Company or any of its Subsidiaries is a party or by which it is bound;

(d) the Company shall have paid all other sums payable by it hereunder; and

(e) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent providing for the termination of the Company's obligations under the Notes and this Indenture have been complied with.

Notwithstanding the foregoing paragraph, the Company's obligations in Sections 2.05, 2.06, 2.07, 2.08, 4.01, 4.02, 7.07, 8.05 and 8.06 shall survive until the Notes are no longer outstanding pursuant to the last paragraph of Section 2.08. After the Notes are no longer outstanding, the Company's obligations in Sections 7.07, 8.05 and 8.06 shall survive.

After such delivery or irrevocable deposit, the Trustee upon request shall acknowledge in writing the discharge of the Company's obligations under the Notes and this Indenture except for those surviving obligations specified above.

SECTION 8.02. Legal Defeasance and Covenant Defeasance.

(a) The Company may, at its option by Board Resolution of the Board of Directors of the Company, at any time, elect to have either paragraph (b) or (c) below be applied to all outstanding Notes upon compliance with the conditions set forth in Section 8.03.

(b) Upon the Company's exercise under paragraph (a) hereof of the option applicable to this paragraph (b), the Company shall, subject to the satisfaction of the conditions set forth in Section 8.03, be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, **"Legal Defeasance"**). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.04 hereof and the other Sections of this Indenture referred to in clauses (i) and (ii) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions, which shall survive until otherwise terminated or discharged hereunder: (i) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of and interest on such Notes when such payments are due; (ii) the Company's obligations with respect to such Notes under Article Two and Section 4.02 hereof; (iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (iv) this Article Eight. Subject to compliance with this Article Eight, the Company may exercise its option under this paragraph (b) notwithstanding the prior exercise of its option under paragraph (c) hereof.

(c) Upon the Company's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), the Company shall, subject to the satisfaction of the conditions set forth in Section 8.03 hereof, be released from its obligations under the covenants contained in Section 4.05 and Sections 4.10 through 4.13, inclusive, and Sections 4.15 through 4.18, inclusive, and Article Five hereof with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, **"Covenant Defeasance"**), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, such Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event or Default under Section 6.01(3) hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In

addition, upon the Company's exercise under paragraph (a) hereof of the option applicable to this paragraph (c), subject to the satisfaction of the conditions set forth in Section 8.03 hereof, Sections 6.01(3), 6.01(4) and 6.01(5) shall not constitute Events of Default.

SECTION 8.03. Conditions to Legal Defeasance or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.02(b) or 8.02(c) hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Company has irrevocably deposited with the Trustee, in trust, for the benefit of the Holders, U.S. Legal Tender or U.S. Government Obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of and interest on the Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, of such principal or installment of principal of or interest on the Notes; provided, that the Trustee shall have received an irrevocable written order from the Company instructing the Trustee to apply such U.S. Legal Tender or the proceeds of such U.S. Government Obligations to said payments with respect to the Notes;

(b) in the case of an election under Section 8.02(b) hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.02(c) hereof, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default or event which with notice or lapse of time or both would become a Default or an Event of Default with respect to the Notes shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the incurrence of Indebtedness all or a portion of the proceeds of which will be used to defease the Notes pursuant to this Article Eight concurrently with such incurrence) or insofar as Sections 6.01(6) and 6.01(7) hereof are concerned, at any time in the period ending on the 91st day after the date of such deposit;

(e) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company;

(f) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with; and

(g) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that (i) the trust funds will not be subject to any rights of any holders of Indebtedness of the Company other than the Notes or any other creditor of the Company, and (ii) assuming no intervening bankruptcy or insolvency of the Company between the date of deposit and the 91st day following the deposit and that no Holder is an insider of the Company, after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable Bankruptcy Law.

SECTION 8.04. Application of Trust Money.

The Trustee or Paying Agent shall hold in trust U.S. Legal Tender or U.S. Government Obligations deposited with it pursuant to Article Eight, and shall apply the deposited U.S. Legal Tender and the money from U.S. Government Obligations in accordance with this Indenture to the payment of principal of and interest on the Notes. The Trustee shall be under no obligation to invest said U.S. Legal Tender or U.S. Government Obligations except as it may agree with the Company.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Legal Tender or U.S. Government Obligations deposited pursuant to Section 8.03 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

SECTION 8.05. Repayment to the Company.

Anything in this Article Eight to the contrary notwithstanding, from time to time the Trustee and the Paying Agent shall promptly deliver or pay to the Company upon the Company's request any U.S. Legal Tender or U.S. Government Obligations held by them, which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance. Upon such delivery, the Trustee and the Paying Agent shall be relieved from all liability with respect to such money. The Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal or interest that remains unclaimed for two years; provided, that the Trustee or such Paying Agent, before being required to make any payment, may at the expense of the Company cause to be published once in a newspaper of general circulation in the City of New York or mail to each Holder entitled to such money notice that such money remains unclaimed and that after a date specified therein

which shall be at least 30 days from the date of such publication or mailing any unclaimed balance of such money then remaining will be repaid to the Company. After payment to the Company, Noteholders entitled to such money must look to the Company for payment as general creditors unless an applicable law designates another Person.

SECTION 8.06. Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. Legal Tender or U.S. Government Obligations in accordance with Article Eight by reason of any legal proceeding or by reason of any order or judgment of any Governmental Authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Article Eight until such time as the Trustee or Paying Agent is permitted to apply all such U.S. Legal Tender or U.S. Government obligations in accordance with Article Eight; provided, that if the Company has made any payment of interest on or principal of any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the U.S. Legal Tender or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE NINE

AMENDMENTS, SUPPLEMENTS AND WAIVERS

SECTION 9.01. Without Consent of Holders.

Notwithstanding anything to the contrary in Section 9.02, the Company, when authorized by a Board Resolution, and the Trustee, together, may amend or supplement this Indenture or the Notes without notice to or consent of any Noteholder:

(1) to cure any ambiguity, defect or inconsistency that does not adversely affect the rights of any Noteholder;

(2) to comply with Article Five;

(3) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) to comply with any requirements of the Commission in order to effect or maintain the qualification of this Indenture under the TIA;

(5) to make any change that would provide any additional benefit or rights to the Noteholders or that does not adversely affect the rights of any Noteholder; or

(6) to make any other change that does not, in the opinion of the Trustee, adversely affect in any material respect the rights of any Noteholders hereunder.

provided, that the Company has delivered to the Trustee an Opinion of Counsel stating that such amendment or supplement complies with the provisions of this Section 9.01.

SECTION 9.02. With Consent of Holders.

Notwithstanding anything to the contrary in Section 9.01 and subject to Section 6.07, the Company, when authorized by a Board Resolution, and the Trustee, together, with the written consent of the Holder or Holders of at least a majority in aggregate principal amount of the outstanding Notes, may amend or supplement this Indenture or the Notes, without notice to any other Noteholders. Subject to Section 6.07, the Holder or Holders of a majority in aggregate principal amount of the outstanding Notes may waive compliance by the Company with any provision of this Indenture or the Notes without notice to any, other Noteholder. No amendment, supplement or waiver, including a waiver pursuant to Section 6.04, shall, without the consent of each Holder of each Note affected thereby:

(1) reduce the amount of Notes whose Holders must consent to an amendment;

(2) reduce the rate of or change or have the effect of changing the time for payment of interest, including defaulted interest, on any Notes;

(3) reduce the principal of or change or have the effect of changing the fixed maturity of any Notes, or change the date on which any Notes may be subject to redemption or repurchase, or reduce the redemption or repurchase price therefore;

(4) make any Notes payable in money other than that stated in the Notes;

(5) make any change in provisions of this Indenture protecting the right of each Holder to receive payment of principal of and interest on such Note on or after the due date thereof or to bring suit to enforce such payment, or permitting holders of a majority in principal amount of Notes to waive Defaults or Events of Default, other than Defaults or Events of Default with respect to the payment of principal of or interest on the Notes; or

(6) amend, modify or change in any material respect the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate a Net Proceeds Offer in respect of any Asset Sale that has been consummated or modify any of the provisions or definitions with respect thereto, in each case, after a Change of Control has occurred or the subject Asset Sale has been consummated.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment, supplement or waiver.

SECTION 9.03. Compliance with TIA.

Every amendment, waiver or supplement of this Indenture or the Notes shall comply with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents.

Until an amendment, waiver or supplement becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. Subject to the following paragraph, any such Holder or subsequent Holder may revoke the consent as to such Holder's Note or portion of such Note by notice to the Trustee or the Company received before the date on which the Trustee receives an Officers' Certificate certifying that the Holders of the requisite principal amount of Notes have consented (and not theretofore revoked such consent) to the amendment, supplement or waiver.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment, supplement or waiver, which record date shall be at least 30 days prior to the first solicitation of such consent. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to revoke any consent previously given, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

After an amendment, supplement or waiver becomes effective, it shall bind every Noteholder, unless it makes a change described in any of clauses (1) through (6) of Section 9.02, in which case, the amendment, supplement or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note; provided, that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

SECTION 9.05. Notation on or Exchange of Notes.

If an amendment, supplement or waiver changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note about the changed terms and return it to the Holder. Alternatively, if the Company or the Trustee so determines, the Company in exchange for the Note shall issue and the Trustee shall authenticate a new Note that reflects the changed terms. Any such notation or exchange shall be made at the sole cost and expense of the Company.

SECTION 9.06. Trustee To Sign Amendments, Etc.

The Trustee shall execute any amendment, supplement or waiver authorized pursuant to this Article Nine; provided, that the Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's own rights,

duties or immunities under this Indenture. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel and an Officers' Certificate each stating that the execution of any amendment, supplement or waiver authorized pursuant to this Article Nine is authorized or permitted by this Indenture. Such Opinion of Counsel shall not be an expense of the Trustee.

ARTICLE TEN

Intentionally Omitted.

ARTICLE ELEVEN

Intentionally Omitted.

ARTICLE TWELVE

Intentionally Omitted.

ARTICLE THIRTEEN

MISCELLANEOUS

SECTION 13.01. TIA Controls.

If any provision of this Indenture limits, qualifies, or conflicts with another provision which is required to be included in this Indenture by the TIA, the required provision shall control.

SECTION 13.02. Notices.

Any notices or other communications required or permitted hereunder shall be in writing, and shall be sufficiently given if made by hand delivery, by telecopier or registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

if to the Company, to:

NRG Energy, Inc.

901 Marquette Avenue
Suite 2300
Minneapolis, Minnesota 55402
Facsimile No.: (612) 373-5392
Attn: Scott J. Davido, Esq.

if to the Trustee, to:
[ ]
[ ]
[ ]
[ ]
Facsimile No.: **[ ]**
Attn: **[ ]**

Each of the Company and the Trustee by written notice to each other such Person may designate additional or different addresses for notices to such Person or Persons. Any notice or communication to the Company or the Trustee shall be deemed to have been given or made as of the date so delivered if personally delivered; when receipt is acknowledged, if faxed; and five (5) calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Any notice or communication mailed to a Noteholder shall be mailed to him by first class mail or other equivalent means at his address as it appears on the registration books of the Registrar and shall be sufficiently given to him if so mailed within the time prescribed.

Failure to mail a notice or communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 13.03. Communications by Holders with Other Holders.

Noteholders may communicate pursuant to TIA § 312(b) with other Noteholders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and any other Person shall have the protection of TIA § 312(c).

SECTION 13.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate, in form and substance satisfactory to the Trustee, stating that, in the opinion of the signers, all conditions precedent to be performed by the Company, if any, provided for in this Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent to be performed by the Company, if any, provided for in this Indenture relating to the proposed action have been complied with.

SECTION 13.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture, other than the Officers' Certificate required by Section 4.06, shall include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition and the definitions relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he has made such examination or investigation as is reasonably necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such Person, such condition or covenant has been complied with.

SECTION 13.06. Rules by Trustee, Paying Agent, Registrar.

The Trustee may make reasonable rules in accordance with the Trustee's customary practices for action by or at a meeting of Noteholders. The Paying Agent or Registrar may make reasonable rules for its functions.

SECTION 13.07. Legal Holidays.

A **"Legal Holiday"** used with respect to a particular place of payment is a Saturday, a Sunday or a day on which banking institutions in New York, New York, Chicago, Illinois or at such place of payment are not required to be open. If a payment date is a Legal Holiday at such place, payment may be made at such place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 13.08. Governing Law.

This Indenture and the Notes shall be governed by and construed in accordance with the laws of the state of New York, as applied to contracts made and performed within the state of New York, without regard to principles of conflict of laws. Each of the parties hereto agrees to submit to the jurisdiction of the courts of the state of New York in any action or proceeding arising out of or relating to this Indenture.

SECTION 13.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of the Company or any of its Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.10. No Recourse Against Others.

A director, officer, employee, stockholder or incorporator, as such, of the Company or of the Trustee shall not have any liability for any obligations of the Company under the Notes or this Indenture or for any claim based on, in respect of or by reason of such obligations or their creations. Each Noteholder by accepting a Note waives and releases all such liability. Such waiver and release are part of the consideration for the issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such waiver is against public policy.

SECTION 13.11. Successors.

All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.12. Duplicate Originals.

All parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together shall represent the same agreement.

SECTION 13.13. Severability.

In case any one or more of the provisions in this Indenture or in the Notes shall be held invalid, illegal or unenforceable, in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions shall not in any way be affected or impaired thereby, it being intended that all of the provisions hereof shall be enforceable to the full extent permitted by law.

SECTION 13.14. Table of Contents, Headings, Etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, all as of the date first written above.

NRG ENERGY, INC.

By: _____

Name:
Title:

EXHIBIT A

[FORM OF NOTE]

[INSERT GLOBAL NOTE LEGEND AS SPECIFIED IN SECTION 2.15 IF APPLICABLE]

CUSIP No.: [ ]

NRG ENERGY, INC.

10.0% SENIOR NOTE DUE 2010

No. **[ ]** $**[ ]**

NRG ENERGY, INC., a Delaware corporation (the "Company," which term includes any successor entity), for value received promises to pay to **[ ]** or registered assigns, the principal sum of **[ ]** Dollars, on **[ ],** 2010.

Interest Payment Dates: **[ ]** and **[ ].**

Record Dates: **[ ]** and **[ ].**

Reference is made to the further provisions of this Note contained herein, which will for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers and a facsimile of its corporate seal to be affixed hereto or imprinted hereon.

NRG ENERGY, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Certificate of Authentication

This is one of the Notes referred to in the within-mentioned Indenture.

[ ],
as Trustee

Dated: **[ ]** By: _____
Authorized Signatory

(REVERSE OF SECURITY)

10.0% SENIOR NOTE DUE 2010

1. Interest. NRG Energy, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Note as follows: Interest will accrue on this Note at a rate of 10.0% per annum from the most recent date on which interest has been paid or, if no interest has been paid, from **[Effective Date]** and shall be payable in cash semi-annually in arrears on each Interest Payment Date, commencing **[ ];** provided, that the Company may elect on any Interest Payment Date occurring on or prior to **[ ],** 2008 to cause interest on this Note to accrete as additional principal at a rate of 12.0% per annum (such amounts, "PIK Interest"); provided, further, that such PIK Interest shall be payable in cash upon the earlier to occur of (i) **[ ],** 2008 and (ii) the date on which the outstanding principal amount of this Note is paid in full. All interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Company shall pay interest on overdue principal and on overdue installments of interest from time to time on demand at the rate borne by the Notes plus 2.0% per annum and on overdue installments of interest (without regard to any applicable grace periods) to the extent lawful.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are the registered Holders at the close of business on the Record Date immediately preceding the Interest Payment Date even if the Notes are cancelled on registration of transfer or registration of exchange after such Record Date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company shall pay principal, premium, if any, and interest at the corporate offices of the Paying Agent in money of the United States that at the time of payment is legal tender for payment of public and private debts (" **U.S. Legal Tender"**). However, the Company may pay interest by its check payable in such U.S. Legal Tender. The Company may deliver any such interest payment to the Paying Agent or to a Holder at the Holder's registered address.

3. Paying Agent and Registrar. Initially, **[ ],** a**[n] [ ]** trust company (the **"Trustee"**), will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-Registrar without notice to the Holders.

4. Indenture. The Company issued the Notes under an Indenture, dated as of **[ ],** 2003 (the **"Indenture"**), by and between the Company and the Trustee. This Note is one of a duly authorized issue of Notes of the Company designated as its 10.0% Senior Notes due 2010. The Notes are limited in initial aggregate principal amount to $500.0 million (excluding any capitalized PIK Interest). Capitalized terms herein are used as defined in the Indenture unless otherwise defined herein. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S. Code §§ 77aaa–77bbbb) (the **"TIA"**), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and the TIA for a statement of them. The Notes are general unsecured obligations of the Company.

5. Redemption.

(a) Optional Redemption. The Notes will be redeemable, at the Company's option, in whole at any time or in part from time to time, as set forth below:

(i) On or prior to **[ ],**[1] the Notes will be subject to redemption at a redemption price equal to 100% of the principal amount thereof plus accrued and unpaid interest thereon, if any, to but not including the applicable Redemption Date; and

(ii) On or after **[ ],** the Notes will be subject to redemption at the redemption prices (expressed as percentages of the principal amount thereof) set forth below plus accrued and unpaid interest thereon, if any, to but not including the applicable Redemption Date, if redeemed during the twelve-month period beginning on **[ ]** of the years indicated below:

Year	%
[200_]	**[__%]**
[200_]	**[__%]**
[200_]	**[__%]**
[200_]	**[__%]**
[200_] and thereafter	**[__%]**

provided, however, that, in the case of a redemption pursuant to either clause (i) or (ii) above, if the notice of redemption is mailed prior to an Interest Payment Date but the Redemption Date falls after such Interest Payment Date, then the applicable interest shall be paid on such Interest Payment Date and the accrued and unpaid interest to the Redemption Date shall be that interest accruing from such Interest Payment Date to the Redemption Date.

(b) Optional Redemption Upon Equity Offerings. At any time and from time to time, prior to **[ ]**[2], the Company may redeem up to a maximum of 35% of the original aggregate principal amount of the Notes with the net cash proceeds of one or more Equity Offerings, at a Redemption Price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon, if any, to the Redemption Date; provided, however, that immediately after giving effect to any such redemption, at least 65% of the original aggregate principal amount of the Notes remains outstanding. Any such redemption shall be made within 75 days of such Equity Offering; provided, however, that if the notice of redemption is mailed prior to an Interest Payment Date but the Redemption Date falls after the same Interest Payment Date, then the applicable interest shall be paid on the Interest Payment Date and the accrued and unpaid interest to the Redemption Date shall be that interest accruing from the Interest Payment Date to the Redemption Date.

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[1] The date that is 90 days following the Effective Date.

[2] Date that first appears in Section 5(a)(ii) above.

(c) Makewhole Redemption. The Company may choose to redeem the Notes at any time following **[ ]**[3] and prior to **[ ]** upon the terms and subject to the conditions set forth in this paragraph. The Company may redeem all or any portion of the Notes, at once or from time to time, after giving the required notice under the Indenture. To redeem the Notes prior to **[ ],** the Company must pay a Redemption Price equal to the greater of:

(i) 100% of the principal amount of the Notes to be redeemed, and

(ii) the sum of the present values of (i) the Redemption Price of the Notes at **[ ]** (such Redemption Price being **[ ]**%) and (ii) any interest due on the Notes through **[ ],** in each case discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Makewhole Rate plus **[ ]**%, plus, in either case, accrued and unpaid interest, if any, to the Redemption Date; provided, however, that if the notice of redemption is mailed prior to an Interest Payment Date but the Redemption Date falls after such Interest Payment Date, then the applicable interest shall be paid on such Interest Payment Date and the accrued and unpaid interest to the Redemption Date shall be that interest accruing from such Interest Payment Date to the Redemption Date.

Any notice to Holders of Notes of such a redemption shall include the appropriate calculation of the Redemption Price, but is not required to include the Redemption Price itself. The actual Redemption Price, calculated as described above, shall be set forth in an Officers' Certificate delivered to the Trustee no later than two business days prior to the Redemption Date.

(d) Notice of Redemption. Notice of redemption shall be mailed at least 30 days but not more than 60 days before the Redemption Date to each Holder of Notes to be redeemed at such Holder's registered address. Notes in denominations larger than $1,000 may be redeemed in part.

Except as set forth in the Indenture, if monies for the redemption of the Notes called for redemption shall have been deposited with the Paying Agent for redemption on such Redemption Date, then, unless the Company defaults in the payment of such Redemption Price plus accrued interest, if any, the Notes called for redemption will cease to bear interest from and after such Redemption Date and the only right of the Holders of such Notes will be to receive payment of the Redemption Price plus accrued interest, if any.

1. Offers to Purchase. Sections 4.15 and 4.16 of the Indenture provide that, after certain Asset Sales (as defined in the Indenture) and upon the occurrence of a Change of Control (as defined in the Indenture), and subject to further limitations contained therein, the Company will make an offer to purchase certain amounts of the Notes in accordance with the procedures set forth in the Indenture.

2. Denominations; Transfer; Exchange. The Notes are in registered form, without coupons, in denominations of whole dollar integrals. Any Notes issued upon registration of transfer of Notes shall be in denominations of whole dollar figures. A Holder shall register the transfer of or exchange Notes in accordance with the Indenture. The Registrar may require a

[3] 90 days following Effective Date.

Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay certain transfer taxes or similar governmental charges payable in connection therewith as permitted by the Indenture. The Registrar need not register the transfer of or exchange of any Notes or portions thereof selected for redemption.

3. Persons Deemed Owners. The registered Holder of a Note shall be treated as the owner of it for all purposes.

4. Unclaimed Money. If money for the payment of principal or interest remains unclaimed for two years, the Trustee and the Paying Agent will pay the money back to the Company. After that, all liability of the Trustee and such Paying Agent with respect to such money shall cease.

5. Discharge Prior to Redemption or Maturity. If the Company at any time deposits with the Trustee U.S. Legal Tender or U.S. Government Obligations sufficient to pay the principal of and interest on the Notes to redemption or maturity and complies with the other provisions of the Indenture relating thereto, the Company will be discharged from certain provisions of the Indenture and the Notes (including certain covenants, but excluding its obligation to pay the principal of and interest on the Notes).

6. Amendment; Supplement; Waiver. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the written consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, and any existing Default or Event of Default or noncompliance with any provision may be waived with the written consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding. Without notice to or consent of any Holder, the parties thereto may amend or supplement the Indenture or the Notes to, among other things, cure any ambiguity, defect or inconsistency, provide for uncertificated Notes in addition to or in place of certificated Notes, or comply with Article Five of the Indenture or make any other change that does not adversely affect in any material respect the rights of any Holder of a Note.

7. Restrictive Covenants. The Indenture imposes certain limitations on the ability of the Company and the Restricted Subsidiaries to, among other things, incur additional Indebtedness, make payments in respect of its Capital Stock or certain Indebtedness, enter into transactions with Affiliates, create dividend or other payment restrictions affecting Restricted Subsidiaries, merge or consolidate with any other Person, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation. Such limitations are subject to a number of important qualifications and exceptions. The Company must annually report to the Trustee on compliance with such limitations.

8. Successors. When a successor assumes, in accordance with the Indenture, all the obligations of its predecessor under the Notes and the Indenture, the predecessor will be released from those obligations.

9. Defaults and Remedies. If an Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of Notes then outstanding may declare all the Notes to be due and payable in the manner, at the time and with

the effect provided in the Indenture. Holders of Notes may not enforce the Indenture or the Notes except as provided in the Indenture. The Trustee is not obligated to enforce the Indenture or the Notes unless it has received indemnity reasonably satisfactory to it. The Indenture permits, subject to certain limitations therein provided, Holders of a majority in aggregate principal amount of the Notes then outstanding to direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of Notes notice of any continuing Default or Event of Default (except a Default in payment of principal or interest) if it determines that withholding notice is in their interest.

10. Trustee Dealings with Company. The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company, its Subsidiaries or their respective Affiliates as if it were not the Trustee.

11. No Recourse Against Others. No stockholder, director, officer, employee or incorporator, as such, of the Company shall have any liability for any obligation of the Company under the Notes or the Indenture or for any claim based on, in respect of or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

12. Authentication. This Note shall not be valid until the Trustee or Authenticating Agent manually signs the certificate of authentication on this Note.

13. Governing Law. The laws of the State of New York shall govern this Note and the Indenture, without regard to principles of conflicts of law.

14. Abbreviations and Defined Terms. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN CON (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

15. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes as a convenience to the Holders of the Notes. No representation is made as to the accuracy of such numbers as printed on the Notes and reliance may be placed only on the other identification numbers printed hereon.

16. Indenture. Each Holder, by accepting a Note, agrees to be bound by all of the terms and provisions of the Indenture, as the same may be amended from time to time.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture, which has the text of this Note in larger type. Requests may be made to: NRG Energy, Inc., 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota 55402, Attn: Chief Financial Officer.

ASSIGNMENT FORM

If you the Holder want to assign this Note, fill in the form below and have your signature guaranteed:

I or we assign and transfer this Note to:

(Print or type name, address and zip code and social security or tax ID number of assignee)

and irrevocably appoint , agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Dated: Signed:

(Sign exactly as name appears on the other side of this Note)

Signature Guarantee:

[OPTION OF HOLDER TO ELECT PURCHASE]

If you want to elect to have this Note purchased by the Company pursuant to Section 4.15 or Section 4.16 of the Indenture, check the appropriate box:

Section 4.15 [ ]
Section 4.16 [ ]

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 4.15 or Section 4.16 of the Indenture, state the amount you elect to have purchased:

$

Dated: _____

NOTICE: The signature on this assignment must correspond with the name as it appears upon the face of the within Note in every particular without alteration or enlargement or any change whatsoever and be guaranteed by the endorser's bank or broker.

Signature Guarantee: _____

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:	**Chapter 11**
NRG ENERGY, INC., et al.:	**Case No. 03-13024 (PCB)** **(Jointly Administered)**
Debtors.	

THIS DISCLOSURE STATEMENT APPLIES TO(1):

	All Debtors
X	NRG Energy, Inc.
	Arthur Kill Power LLC
	Astoria Gas Turbine Power LLC
	Berrians I Gas Turbine Power LLC
	Big Cajun II Unit 4 LLC
	Connecticut Jet Power LLC
	Devon Power LLC
	Dunkirk Power LLC
	Huntley Power LLC
	Louisiana Generating LLC
	Middletown Power LLC
	Montville Power LLC
	Northeast Generation Holding LLC
	LSP-Nelson Energy, LLC
X	NRG Power Marketing Inc.
X	NRG Capital LLC
X	NRG Finance Company I LLC
	NRG Central U.S. LLC
	NRG Eastern LLC
X	NRGenerating Holdings (No. 23) B.V.
	NRG New Roads Holdings LLC
	NRG Northeast Generating LLC
	NRG South Central Generating LLC
	Oswego Harbor Power LLC
	Somerset Power LLC

	South Central Generation Holding LLC
	Norwalk Power LLC
	NRG McClain LLC
	NRG Nelson Turbines LLC

THIRD AMENDED DISCLOSURE STATEMENT FOR DEBTORS'

SECOND AMENDED JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Matthew A. Cantor

Robert G. Burns
Michael A. Cohen
KIRKLAND & ELLIS LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
(212) 446-4800
Counsel for the Debtors and Debtors in Possession

Dated: October 10, 2003

(1) The NRG entities set forth above are the only debtors currently in bankruptcy proceedings, with the exception of LSP-Pike Energy, LLC, which is subject to an involuntary bankruptcy proceeding as set forth more fully in this Disclosure Statement.

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EXHIBITS

Exhibit A	—	Joint Plan of Reorganization • Exhibit A — Term Sheet • Exhibit B — Plan Support Agreement • Exhibit C — Schedule of NRG Public Notes • Exhibit D — Separate Bank Claims Group • Exhibit E — Schedule of NRG FinCo Assets • Exhibit F — Schedule of Definitions • Exhibit G — [INTENTIONALLY OMITTED] • Exhibit H — Schedule of Reinstated Guaranty Obligations • Exhibit I — Xcel Settlement Agreement • Exhibit J — Schedule of Global Steering Committee • Exhibit K — Schedule of NRG Undetermined Guaranties • Exhibit L — Schedule of Cancelled Intercompany Claims • Exhibit M — Schedule of Reinstated Intercompany Claims • Exhibit N — Release-Based Amount Agreement
Exhibit B	—	Liquidation Analysis
Exhibit C	—	Projections

I.

INTRODUCTION

NRG Energy, Inc., a Delaware corporation ("NRG"), NRG Power Marketing, Inc., a Delaware corporation ("PMI"), NRG Finance Company I LLC, a Delaware limited liability company ("NRG FinCo"), NRGenerating Holdings (No. 23) B.V., a Netherlands private company with limited liability ("NRGenerating") and NRG Capital LLC, a Delaware limited liability company ("NRG Capital"), as debtors and debtors-in-possession (collectively, the "Debtors") in chapter 11 cases pending before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), jointly administered under Case No. 03-13024 (PCB) (the "Chapter 11 Case"), submit this third amended disclosure statement (the "Disclosure Statement") pursuant to section 1125 of Title 11 of the United States Code (the "Bankruptcy Code"), in connection with solicitation of votes on Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code dated October 10, 2003 (including all plan supplements filed after the date hereof, the "Plan"), proposed by the Debtors. A copy of the Plan is attached as Exhibit A to this Disclosure Statement.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the events leading up to the commencement of the Chapter 11 Case, significant events that have occurred during the Chapter 11 Case, and the anticipated organization, operations, and financing of the Debtors if the Plan is confirmed and becomes effective. This Disclosure Statement also describes terms and provisions of the Plan, including certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, certain alternatives to the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Except as otherwise provided herein, capitalized terms used in this Disclosure Statement shall have the definitions ascribed to such terms in the Definitions Schedule, Schedule F to the Plan. Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in United States dollars.

The Bankruptcy Court has entered an order approving this Disclosure Statement as containing "adequate information," i.e., information of a kind and in sufficient detail to enable a hypothetical reasonable investor typical of the holders of Claims or Equity Interests to make an informed judgment about the Plan.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN NOR AN ENDORSEMENT OF THE MERITS OF THE PLAN BY THE BANKRUPTCY COURT.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES TO, AND CONFIRMATION OF, THE PLAN AND MAY NOT BERELIED UPON FOR ANY OTHER PURPOSE.

NO REPRESENTATIONS CONCERNING DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR SUBSEQUENT TO A FILING BY DEBTORS UNDER THE BANKRUPTCY CODE. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN YOUR ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN OR INCONSISTENT WITH THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR EQUITY INTEREST.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN (INCLUDING ALL PLAN SUPPLEMENTS) IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES

ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT (OR OTHER DATE REFERRED TO HEREIN), AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THIS DATE.

THE SECURITIES DESCRIBED HEREIN (WITH THE EXCEPTION OF THE XCEL COMMON STOCK (NYSE: XEL)) WILL BE ISSUED WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, IN RELIANCE ON THE EXEMPTION SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC") NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN, EXCEPT AS PROVIDED IN SECTION III.D HEREOF. ANY STATEMENT TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE FINANCIAL INFORMATION AND THE DOCUMENTS WHICH ARE ATTACHED HERETO OR INCORPORATED BY REFERENCE ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THOSE DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE DISCLOSURE STATEMENT AND THE PLAN, THE RELEVANT PROVISION OF THE PLAN AS IT RELATES TO SUCH INCONSISTENCY SHALL GOVERN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

ALTHOUGH THE DEBTORS HAVE USED THEIR BEST EFFORTS TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED OR REVIEWED BY NRG'S CERTIFIED PUBLIC ACCOUNTANTS.

THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT HAVE BEEN PREPARED BY NRG'S MANAGEMENT. THESE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY MANAGEMENT AT THE TIME PREPARED, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND NRG'S CONTROL. NRG CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THESE PROJECTIONS OR TO NRG'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS, THEREFORE,

MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

SEE ARTICLE XIV OF THIS DISCLOSURE STATEMENT, "RISK FACTORS," FOR A DISCUSSION OF CERTAINRISK FACTORS WHICH SHOULD BE CONSIDERED IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

A. Parties Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Holders of Claims or Equity Interests not impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code, and are not entitled to vote. Holders of Claims or Equity Interests impaired by the Plan and receiving no distribution under the Plan are not entitled to vote because they are deemed to have rejected the plan under section 1126(g) of the Bankruptcy Code. For a discussion of these matters, see Article VII, "Voting Procedure" and Article VIII, "Confirmation of the Plan."

The following sets forth which classes are entitled to vote on the Plan and which are not:

- The Debtors are not seeking votes from the holders of Claims in Class 1, "Unsecured Priority Claims", the holders of Claims in Class 8B, "NRG Reinstated Intercompany Claims", and the holders of Equity Interests in Class 10, "PMI Common Stock", because such Classes, and each holder of a Claim or Equity Interest in those Classes, are not impaired under the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, Classes 1, 8B and 10 are conclusively presumed to have accepted the Plan.

- The Debtors are not seeking votes from the holders of Claims in Class 7, "Unsecured Noncontinuing Debtor Subsidiary Claims", the holders of Claims in Class 8A, "NRG Cancelled Intercompany Claims", the holders of Equity Interests in Class 9, "NRG Old Common Stock", the holders of Claims in Class 11, "Securities Litigation Claims", and the holders of Equity Interests in Class 12, "Noncontinuing Debtor Subsidiary Common Stock", because those Claims and Equity Interests are impaired under the Plan and the holders are receiving no distribution on account of such Claims or Equity Interests, as applicable. Such Classes are deemed to have rejected the Plan.

- The Debtors are soliciting votes to accept or reject the Plan from the holders of Claims as of September 29, 2003 (the record date for voting on the Plan) (the "Voting Record Date") in Class 2, "Convenience Claims", Class 3, "Secured Claims against Noncontinuing Debtor Subsidiaries", Class 4, "Miscellaneous Secured Claims", Class 5, "NRG Unsecured Claims", and Class 6, "PMI Unsecured Claims", because those Claims are impaired under the Plan and the holders are receiving a distribution. The holders of such Claims will have the right to vote to accept or reject the Plan.

For a detailed description of the Classes of Claims and Equity Interests and their treatment under the Plan, see Section VI.B, "Classification and Treatment of Claims and Equity Interests."

B. Solicitation Package

Accompanying this Disclosure Statement are copies of:

- the Bankruptcy Court's order (the "Disclosure Statement Order"), which, among other things, approves this Disclosure Statement as containing adequate information, establishes the voting procedures, schedules a hearing to consider confirmation of the Plan (the "Confirmation Hearing"), and sets the voting deadline and the deadline for objecting to confirmation of the Plan;

- an order of the SEC approving the Plan pursuant to the Public Utility Holding Company Act of 1935;

- Committee Support Letter;

- Notice of non-voting status, which is provided only to the holders of Claims in Classes 1, 7, 8A, 8B, 9, 10, 11 and 12;

• the Confirmation Hearing Notice; and

• one or more Ballots and a return envelope (which are provided only to holders of Claims in Classes 2, 3, 4, 5 and 6).

C. Voting Instructions

This Disclosure Statement, accompanied by a Ballot to be used for voting on the Plan, is being distributed to holders of Claims in Classes 2, 3, 4, 5 and 6. Only creditors in these Classes are entitled to vote to accept or reject the Plan and may do so by completing the Ballot and returning it in the envelope provided. ***In light of the benefits of the Plan for each Class of Claims, the Debtors recommend that holders of Claims in each of the Impaired Classes vote to accept the Plan and return the Ballot.***

The Debtors have engaged the Claims Agent and the Balloting Agent (together, the "Agents") to assist in the voting process. The Agents will answer questions, provide additional copies of all materials and oversee the voting tabulation. The Agents will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan.

The voting deadline is 5:00 p.m., Eastern Time, November 12, 2003 (the "Voting Deadline")

Claims OTHER than Notes or Credit Facilities	Claims of Noteholders and Credit Facilities
Ballots cast by any claimant OTHER than a Noteholder or Credit Facility claim holder must be received by the Claims Agent by the Voting Deadline at the following address: NRG Balloting c/o Kurtzman Carson Consultants LLC 5301 Beethoven Street, Suite 102 Los Angeles, California 90055-7066 If you have any questions on voting procedures, please call the Claims Agent at: (866) 381-9100 ext. 609 (toll-free) Ballots will NOT be accepted by facsimile or other electronic means	Master Ballots cast by Nominees on behalf of Noteholders* and Ballots cast by Credit Facility Claim Holders must be received by the Balloting Agent by the Voting Deadline at the following address: NRG Balloting c/o Innisfree M&A Incorporated 501 Madison Avenue, 20th floor New York, New York 10022 If you have any question on voting procedures, please call the Balloting Agent at: (877) 750-2689 (toll-free) Nominees (212) 750-5833 Ballots will NOT be accepted by facsimile or other electronic means. * *Beneficial Owner Ballots should be returned to the Nominee in sufficient time for the Nominee to cast a Master Ballot before the Voting Deadline.*

BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES. IF YOU HAVE A QUESTION CONCERNING THE VOTING PROCEDURES, CONTACT THE APPLICABLE INTERMEDIARY OR AGENT.

ANY BALLOT WHICH IS PROPERLY EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM OR ANY COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS HELD BY THE SAME HOLDER BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN SHALL NOT BE COUNTED AS EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN.

Please follow the specific instructions provided as part of each ballot.

Release Election

Holders of Claims in Class 5 have the opportunity to participate in the Release Election. Participants in the Release Election will be deemed to have authorized the Agents as well as its Nominee where applicable to submit their Ballot to Xcel for review. In addition any holder of a Note Claim participating in the Release Election will be deemed to have authorized its Nominee to tender its notes (by electronic means) by the Voting Deadline. As a result, these holders will be restricted from trading their Notes following such election.

Reallocation Election

Holders of Claims in Class 5 and Class 6 have the opportunity to attempt to alter the composition of their distribution under the Plan pursuant to the Reallocation Election more fully described in Section VI.C, regardless of whether such party votes to accept or reject the plan. Parties wishing to participate in the Reallocation Election should follow the detailed instructions for doing so provided with each Ballot. Any holder of a Note Claim electing to participate in the Reallocation Election will be deemed to have authorized its Nominee to tender its Notes (by electronic means) by the Voting Deadline. As a result, these holders will be restricted from trading their Notes following such election.

Nominees

With respect to holders of Notes Claims in Class 5, the Debtors will deliver Ballots to Nominees.

- The Nominees should deliver the Ballot and other documents relating to the Plan, including the Disclosure Statement, to each Beneficial Owner of Class 5 Claims and take any action required to enable each such Beneficial Owner to vote the Class 5 Claims held by such Beneficial Owner. With regard to any Ballot returned to the Nominee, in order to have the vote of the Beneficial Owner count, the Nominee must, not later than the Voting Deadline: (a) transfer the requested information from each such Ballot onto the attached Master Ballot, (b) execute the Master Ballot and (c) deliver the Master Ballot to the Balloting Agent listed on the Master Ballot. Nominees must keep any records of the Ballot received from the Beneficial Owner for one year after the Voting Deadline (or such other date as is set by subsequent Bankruptcy Court order). Nominees may be ordered to produce the Ballots to the Bankruptcy Court, the Debtors, or Xcel. **The Nominee must attach a copy of the Beneficial Owner Ballot of any holder who elects to Release the Released Parties. If the Nominee does not attach such copies, the release elections WILL NOT COUNT.**

- If a Master Ballot is received after the Voting Deadline, the votes and elections on such Master Ballot will not be counted. The method of delivery of a Master Ballot to be sent to the Balloting Agent is at the election and risk of each entity. Except as otherwise provided herein, such delivery will be deemed made only when the original executed Master Ballot is actually received by the Balloting Agent. Instead of effecting delivery by mail, it is recommended, though not required, that such entities use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery. Delivery of a Master Ballot by facsimile, e-mail or any other electronic means will not be accepted. No Ballot should be sent to the Debtor, any indenture trustee, or the Debtor's financial or legal advisors.

- Nominees must provide appropriate information for each of the items on the Master Ballot, including, without limitation, identifying the votes to accept or reject the Plan and the elections made by the Beneficial Owners.

- The Master Ballot must be returned in sufficient time to allow it to be RECEIVED by the Balloting Agent by no later than 5:00 p.m., Eastern Time, on the Voting Deadline.

- Noteholders wishing to make the Reallocation Election or the Release Election must electronically transmit their securities by causing DTC to transfer the Notes to the Exchange Agent in accordance with DTC's ATOP procedures for transfer. DTC will then send an Agent's Message to the Exchange Agent. The term "Agent's Message" means a message transmitted by DTC, received by the Exchange

Agent and forming part of the Book-Entry Confirmation. The "VOI" number must be included in the Master Ballot.

- The Exchange Agent will establish an account with respect to the Notes for purposes of the Plan, and any financial institution that is a participant in the DTC system may make book-entry delivery of the Notes by causing DTC to transfer such Notes into the Exchange Agent's account in accordance with DTC's procedure for such transfer. Timely book-entry delivery of the Notes pursuant to the Plan, however, requires a receipt of a Book-Entry Confirmation prior to 4:00 p.m., Eastern time. The Master Ballot together with any other required documents, must be delivered or transmitted to and received by the Balloting Agent prior to 5:00 p.m., Eastern time, on the Voting Deadline. Votes and elections will not be deemed made until such documents are received by the Balloting Agent. **Delivery of documents to DTC does not constitute delivery to the Balloting Agent.**

The Debtors will publish the Confirmation Hearing Notice in at least the national edition of *The Wall Street Journal*, the *Star Tribune* (Minneapolis-St. Paul) and the *St. Paul Pioneer Press*, which will contain the Plan Objection Deadline and Confirmation Hearing Date, in order to provide notification to persons who may not otherwise receive notice by mail.

For all Holders:

By signing and returning a Ballot, each holder of Claims in Classes 2, 3, 4, 5 and 6 will also be certifying to the Bankruptcy Court and the Debtors that no other Ballots with respect to such Claim have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such earlier Ballots are thereby revoked.

The New NRG Common Stock and New NRG Senior Notes being distributed pursuant to the Plan are not being distributed pursuant to a registration statement filed with the Securities and Exchange Commission or with any securities authority outside of the United States. It is expected that when issued pursuant to the Plan, such New NRG Common Stock and New NRG Senior Notes will be exempt from the registration requirements of the Securities Act by virtue of section 1145 of the Bankruptcy Code and, except with respect to entities deemed to be underwriters, may be resold by the holders thereof subject to the provisions of section 1145, as set forth more fully in Section XI.H hereof.

By returning a Master Ballot, the voter will be certifying to the Debtors and the Bankruptcy Court among other things that:

- it has received a copy of the Disclosure Statement, and other Solicitation Materials and has delivered the same to Beneficial Owners;

- it has received a completed and signed Ballot from each such Beneficial Owner;

- it is a bank, broker or other nominee (or agent thereof) and is the holder of the securities being voted on behalf of the Beneficial Owners identified on the Master Ballot;

- it has properly disclosed (a) the number of such Beneficial Owners, (b) the amount of the Notes owned by each such Beneficial Owner, (c) each Beneficial Owner's respective vote and election concerning the Plan, (d) the customer account, serial number and/or other identification number for each such Beneficial Owner;

- each such Beneficial Owner has certified to the Nominee that such Beneficial Owner is eligible to elect any of the elections such Beneficial Owner has chosen and that such Beneficial Owner has not submitted any other Ballots for such Class 5 Claims held in other accounts or other names, or, if it has submitted another Ballot held in other accounts or names, that the Beneficial Owner has certified to the undersigned that such Beneficial Owner has cast the same vote for such Class 5 Claims, and the undersigned has identified such other accounts or Owner and such other Ballots;

- it has been authorized by each such Beneficial Owner to vote on the Plan and to deliver an ATOP instruction in respect of such Beneficial Owner's Notes to The Depository Trust Company, preventing the transfer of such Notes until such time that the Plan becomes effective or is rejected and to take all

necessary actions to ensure that the relevant instruction can be allocated to such Notes, and to execute and deliver any additional documents and/or do all such other things deemed by Debtors to be necessary or desirable to complete the exchange and cancellation of such Notes pursuant to the Plan;

- it has submitted ATOP instructions to DTC with respect to the securities for which elections are being made;

- it will maintain the original Beneficial Owner Ballot returned by each Beneficial Owner (whether properly completed or defective) for one year after the Voting Deadline (or such other date as is set by subsequent Bankruptcy Court order) for disclosure to the Bankruptcy Court, the Debtor, or Xcel if so ordered; and

- for any Beneficial Owner listed that has checked the *Release* box in Item 3 on their Beneficial Owner Ballot, a true and complete copy of such Ballot is appended to the Master Ballot.

D. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for November 21, 2003 at 2:30 p.m. Eastern Time (the "Confirmation Hearing Date") before the Honorable Prudence Carter Beatty, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of New York, located at Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

Objections to confirmation of the Plan must be filed and served on or before November 12, 2003 at 4:00 p.m. Eastern Time (the "Plan Objection Deadline") in accordance with the Confirmation Hearing Notice accompanying this Disclosure Statement. **UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

II.

SUMMARY OF THE PLAN

The following summary is a general overview only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information, and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the Plan being proposed by the Debtors. The Debtors reserve the right to modify the Plan consistent with section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019 and the terms of the Plan, the Term Sheet and the Plan Support Agreement.

A. Overview

The Plan affects only the following debtor entities:

- NRG;

- PMI;

- NRG FinCo;

- NRGenerating; and

- NRG Capital.

NRG FinCo, NRGenerating and NRG Capital are referred to below and generally in the Plan and this Disclosure Statement as "Noncontinuing Debtor Subsidiaries."

It is NRG's intention to reorganize PMI. The Debtors' ability to reorganize PMI is contingent on, among other things, PMI's ability to cease performing its obligations under that certain Standard Offer Service Wholesale Sales Agreement, dated as of October 29, 1999 by and between the Connecticut Light & Power Company ("CL&P") and PMI (the "CL&P Agreement") and acceptance of the Plan by PMI's unsecured creditors. At any time prior to the Confirmation Hearing, the Debtors may determine to remove PMI from the Plan and pursue a liquidation of PMI under a separate chapter 11 plan. Such a determination will not affect the distributions under the Plan with respect to the other entities treated under the Plan.

In order to facilitate the potential liquidation of PMI, and an orderly transition to a new power marketer to provide fuel supply, power marketing and other services to NRG's generating facilities, on June 16, 2003, NRG formed a new wholly owned subsidiary called NRG Marketing Services LLC ("NRG Marketing"). NRG Marketing is in the process of qualifying itself to do business in several states and obtaining tax identification numbers. In addition, on June 17, 2003, NRG Marketing filed an application with FERC under Section 205 of the Federal Power Act for authority to sell power at market-based rates. After NRG Marketing receives all necessary qualifications to engage in power marketing activities and establishes the necessary business arrangements with counterparties, including the posting of any necessary collateral, NRG Marketing will be in a position to commence supplying fuel, marketing power and providing other services to NRG's generating facilities.

The Plan does not address the reorganization of (i) NRG Northeast Generating LLC ("NRG Northeast"), Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Middletown Power LLC, Montville Power LLC, Norwalk Power LLC, Oswego Harbor Power LLC, and Somerset Power LLC (collectively, the "Northeast Debtors") or (ii) NRG South Central Generating LLC ("NRG South Central"), Louisiana Generating, LLC ("Louisiana Generating"), NRG New Roads Holdings LLC and Big Cajun II Unit 4 LLC (collectively, the "South Central Debtors"). The Northeast Debtors, South Central Debtors and other NRG Subsidiaries that have filed petitions under chapter 11 of the Bankruptcy Code but are not parties to this Plan are referred to as "Non-Plan Debtors."

NRG has decided to exclude the Non-Plan Debtors from the Plan. A significant factor in this decision is the settlement with Xcel (described more fully in Section IV.E below). Xcel has conditioned its settlement on NRG's emergence from bankruptcy by December 15, 2003. If NRG does not emerge from bankruptcy by December 15, 2003, Xcel will not make the Xcel Contribution. December 15, 2003 is not an arbitrary date; as described elsewhere in this Disclosure Statement, a significant portion of the cash that Xcel will use to fund the Xcel Contribution would be derived from a worthless stock deduction that Xcel expects to recognize as a result of the loss of its investment in NRG. That loss is anticipated to arise at the time Xcel's existing NRG common stock is cancelled as part of the Plan. If the plan becomes effective and NRG emerges from bankruptcy in 2003, Xcel would expect to receive a cash refund during the first part of 2004 of taxes paid in 2001 and 2002. By contrast, if NRG emerges from bankruptcy in 2004, no refund would be received until 2005 and the refund, when received, would be significantly smaller. The year's delay and the smaller cash refund to Xcel would materially limit Xcel's ability to fund the Xcel Contribution. For this reason, Xcel's willingness to make the Xcel Contribution is conditioned on NRG emerging from bankruptcy in 2003.

Given the magnitude of the potential payment from Xcel, it is imperative that NRG secure Plan effectiveness by December 15, 2003. Accordingly, NRG decided to file a separate reorganization plan in order to move ahead as promptly as possible. Given the variety of issues involving the restructuring of the Northeast Debtors and South Central Debtors, it was questionable whether NRG would be able to address the Northeast Debtors and South Central Debtors in the Plan and still emerge from bankruptcy by December 15, 2003. Rather than risk missing the Effective Date deadline and risk forfeiting the Xcel Contribution, NRG decided that the interests of the creditors of the Debtors were best served by omitting the Northeast Debtors and South Central Debtors from the Plan while at the same time, NRG and the Northeast Debtors and South

Central Debtors believe that the decision to omit Northeast Debtors and South Central Debtors from the Plan did not prejudice or harm the interests of the creditors of the Northeast Debtors and South Central Debtors.

While NRG did make a conscious decision to omit the Northeast Debtors and South Central Debtors from the Plan, it has continued to make substantial progress towards reorganization of the Northeast Debtors and South Central Debtors since the Petition Date, particularly as it relates to the Northeast Notes and the South Central Notes. Certain of the Northeast Noteholders and the South Central Noteholders have formed informal committees, which have in turn retained financial and legal advisors to represent the committees.

Since the Petition Date, there has been substantial contact by NRG and the South Central Debtors with the South Central Noteholders Committee and its representatives regarding various restructuring alternatives, including a sale of some or all of the South Central assets. In addition, the South Central Debtors have regularly reviewed and discussed all non-ordinary course transactions involving the South Central assets with the South Central Noteholders Committee and its representatives, and have reached an interim arrangement with the South Central Noteholders regarding the use of cash pledged under the South Central Notes.

There have also been discussions involving a variety of possible alternatives which could lead to a refinancing of the Northeast Notes and/or the South Central Notes. Various investment banks expressing interest in reviewing possible refinancing programs have already commenced due diligence to review each of the projects. While NRG will continue to review its alternatives with regard to possible refinancing of the Northeast Notes and/or the South Central Notes, NRG also believes that there are viable restructuring scenarios which could result in a plan or plans of reorganization that will not impair creditors of either the Northeast Debtors or the South Central Debtors. Accordingly, NRG does not believe that any refinancing of either the Northeast Notes or the South Central Notes is a condition precedent to the successful reorganization of either entity. Rather, NRG, the Northeast Debtors and the South Central Debtors are aggressively pursuing all viable restructuring alternatives to enable them to make an informed decision with regard to a plan of reorganization that maximizes the value of the estate of each of the Northeast Debtors and the South Central Debtors.

To provide exit financing and to enable the possible refinance of certain debt, NRG is exploring a variety of financing arrangements in which either NRG and/or a subsidiary or subsidiaries of NRG would issue between $1.3 billion and $3.2 billion in new debt. It is likely that any new debt would be a mix of both “bank” debt and “high yield” debt, would be guaranteed by the Reorganized Debtors (other than NRG) and substantially all of the domestic subsidiaries of NRG, would be secured by stock pledges and a lien or liens on substantially all of the assets of NRG and its subsidiaries, and would contain covenants mandating and restricting certain performance by the Reorganized Debtors usual and customary for facilities of this type and amount.

On August 19, 2003, NRG, NRG Northeast, NRG South Central and NRG Mid-Atlantic Generating LLC, a non-debtor, wholly owned subsidiary of NRG, entered into an agreement with Credit Suisse First Boston (“CSFB”), acting through its Cayman Islands branch, and Lehman Brothers Inc. and Lehman Commercial Paper Inc. (collectively “Lehman”) on the comprehensive terms of a letter engaging CSFB and Lehman to be retained as primary placement agents for a recapitalization financing facility (the “Engagement Letter”), a commitment letter in which CSFB and Lehman agree to function as primary bank arrangers and, in that capacity, access the relevant debt markets for the distribution of debt securities issued pursuant to the recapitalization financing facility (the “Commitment Letter”) and a fee letter specifying fees and expenses to be paid by NRG to CSFB and Lehman in connection with the proposed recapitalization financing facility transactions (the “Fee Letter”, with the Engagement Letter and Commitment Letter, the “Recapitalization Financing Commitments”). A copy of the Commitment Letter or other summary of indicative terms relating to the Recapitalization Financing Commitments will be filed as part of the Plan Supplement.

Pursuant to the terms of the Commitment Letter, CFSB and Lehman will commit to provide up to $2.215 billion in funds (the “Recapitalization Financing”) to allow NRG to finance its recapitalization upon exiting from the Chapter 11 Cases. The commitments consist of up to a $1.182 billion senior credit term loan and revolving credit facility (the “Senior Credit Facility”) and an interim loan (the “Interim Loan”) of up to

$1.032 billion, which may be replaced by senior second lien notes to be issued by NRG (the "High Yield Notes").

On September 10, 2003, the Bankruptcy Court entered an order authorizing NRG, NRG Northeast and NRG South Central to enter into the Recapitalization Financing Commitments and to pay the fees and expenses associated therewith.

The proceeds of any new debt offering(s) would be used to accomplish some or all of the following: (i) retire the Northeast Notes and South Central Notes; (ii) retire the outstanding long-term debt of one or more continuing non-debtor subsidiaries (including, but not limited to the Mid-Atlantic and Kendall projects); (iii) establish a revolving credit and letter of credit facility for NRG (in lieu of a separate exit facility); and/or (iv) monetize the New NRG Senior Notes. In the event that NRG elects to monetize the New NRG Senior Notes, it would distribute to creditors holding Allowed Claims in Class 5 and Class 6, in cash, when received, their Pro Rata share of the $500 million in proceeds associated therewith, in lieu of the New NRG Senior Notes they would have otherwise received. In addition, to the extent NRG does establish a revolving credit or letter of credit facility, it may enable additional cash to be distributed to creditors holding Allowed Claims in Class 5.

Because the incurrence of any such financing would be used primarily to retire existing long-term indebtedness at subsidiaries, NRG does not believe that the incurrence of debt under any of the refinancing packages currently under consideration will cause a material change to any of the financial assumptions set forth elsewhere within this Disclosure Statement. The Plan is in no way contingent on the ability of any Debtor to obtain any such refinancing, nor would the failure to obtain any such refinancing have a material adverse impact on the ability of the Debtors to reorganize pursuant to the Plan.

While there was no final plan of reorganization for any of the Non-Plan Debtors at the early stages of the chapter 11 cases, NRG did file a plan of reorganization for the Northeast Debtors, the South Central Debtors and Berrians I Gas Turbine Power LLC on September 17, 2003. Furthermore, NRG intends to file either separate plans or one or more joint plans of reorganization for the other Non-Plan Debtors as soon as practicable. At this time there is no intention of dismissing the cases of any of the Non-Plan Debtors. At this time there is no intention of converting the cases of any of the Non-Plan Debtors to proceedings under chapter 7 of the Bankruptcy Code. It is the current intention of NRG to maintain the status of NRG Northeast and NRG South Central as subsidiaries of NRG.

In the course of the Chapter 11 Case, the Debtors and Non-Plan Debtors have endeavored to clearly specify on the face of any order entered by the Court the Debtors or Non-Plan Debtors to which the relief granted in the order applies. In the likely event that the Debtors emerge from chapter 11 before the Non-Plan Debtors:

(i) to the extent an order specifies that the relief applies only to one or more Non-Plan Debtors, as of the Effective Date, the order will remain in full force and effect as to such Non-Plan Debtors, unless and until otherwise ordered by the Bankruptcy Court;

(ii) to the extent an order specifies that the relief applies only to one or more Debtors, as of the Effective Date, the Debtors will no longer be subject to the terms of the order on a prospective basis; and

(iii) to the extent an order specifies that the relief applies to both one or more Debtors and one or more Non-Plan Debtors, as of the Effective Date, the order will remain in full force and effect only as to the Non-Plan Debtors (unless and until otherwise ordered by the Bankruptcy Court), and the Debtors will no longer be subject to the terms of the order on a prospective basis.

Prior to the Confirmation Date, the Debtors and Non-Plan Debtors reserve all rights to review the relief set forth in any order entered prior to the Effective Date, and to seek any modification or amendment that is necessary to effectuate a bifurcation of the confirmation process and to facilitate the continued administration of the Non-Plan Debtors' chapter 11 cases and continuing business operations following the Effective Date.

NRG has guaranteed certain debt of its subsidiaries. Certain guaranties will be reinstated under the Plan and are identified on Schedule H to the Plan. Except as otherwise agreed between NRG and the holder of a guaranty, NRG guaranties not reinstated will be treated under the Plan as unsecured Claims against NRG.

Attached as Exhibit C to this Disclosure Statement are NRG's five year consolidated financial projections. See Article XIII for the assumptions used in preparing the projections and additional important notes regarding the projections.

B. Classification and Treatment of Claims and Equity Interests

The categories of Claims and Interests listed below classify Allowed Claims and Allowed Equity Interests for all purposes, including voting, confirmation, and distribution pursuant to the Plan.

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 1	Unsecured Priority Claims	*Unimpaired.* Each holder of a Class 1 Claim will receive Cash in an amount equal to the Allowed Amount of their Claim.	Not entitled to vote. Deemed to accept.
	Estimated Aggregate Allowed Amount: $—	**Estimated Percentage Recovery:** 100%	
Class 2	Convenience Claims	*Impaired.* Each holder of an Allowed Claim in Class 2 will receive Cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4 of the Plan).	Entitled to vote.
	Estimated Aggregate Allowed Amount: $1,710,000	**Estimated Percentage Recovery:** 100.0%	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 3	Secured Claims against Noncontinuing Debtor Subsidiaries	*Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of a Secured Claim classified in Class 3 (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such Allowed Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 3 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.	Entitled to vote
	Estimated Aggregate Allowed Amount: $0	**Estimated Percentage Recovery:** n.a.	
Class 4	Miscellaneous Secured Claims	*Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of an Allowed Miscellaneous Secured Claim (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an Allowed Miscellaneous Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 4 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.	Entitled to vote
	Estimated Aggregate Allowed Amount: $0	**Estimated Percentage Recovery:** n.a.	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 5	NRG Unsecured Claims, including NRG Terminated Guaranty Claims	*Impaired.* Subject to Section 10.2 of the Plan with respect to the NRG Letter of Credit Claims, each holder of an Allowed Claim in Class 5 will receive its Pro Rata Share of (a) on the Effective Date, the New NRG Senior Notes (subject to allocations to Class 6), (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan and by New NRG Common Stock allocated to Class 6, and (c) if such holder makes the Release Election on its Ballot, Cash equal to its Pro Rata Share of the Release-Based Amount pursuant to the terms of the Release-Based Amount Agreement, provided that if such holder is bound to the Releases set forth in Section 9.3(d) and (g) of the Plan by a Final Order, such holder shall receive Cash equal to its Pro Rata share of the Release-Based Amount.	Entitled to vote
	Estimated Aggregate Allowed Amount: $6,422,439,000	**Estimated Percentage Recovery:** 50.7%	
	This estimated aggregate Allowed amount consists of approximately: $5,156.4 million of bank and bond debt, $371.0 million of Guarantees, $779.0 million of litigation/disputes, and $116.0 million of other Claims.	Assuming a creditor elects to receive the Release-Based Amount and does not participate in the Reallocation Process, 15.2% of the estimated recovery would be paid in New NRG Senior Notes which will be distributed on the Effective Date, 72.8% of the estimated recovery would be paid in New NRG Common Stock which will be distributed on the Effective Date and 12.0% of the estimated recovery would be paid in Cash which will paid in accordance with the Release-Based Amount Agreement.	
Class 6	PMI Unsecured Claims	*Impaired.* On the Effective Date, each holder of an Allowed Class 6 Claim will receive its Pro Rata Share calculated on the aggregate amount of the Allowed Claims in Class 5 and 6 of New NRG Senior Notes and shares of New NRG Common Stock allocated to Class 6 from Class 5.	Entitled to vote
	Estimated Aggregate Allowed Amount: $85,042,000	**Estimated Percentage Recovery:** 44.6%	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
		Assuming a creditor does not participate in the Reallocation Process, 17.2% of the estimated recovery would be paid in New NRG Senior Notes which will be distributed on the Effective Date and 82.8% of the estimated recovery would be paid in New NRG Common Stock which will be distributed on the Effective Date.	
Class 7	Unsecured Noncontinuing Debtor Subsidiary Claims	*Impaired.* Each holder of an Allowed Class 7 Claim shall receive no distribution under the Plan on account of such Class 7 Claims.	Not entitled to vote. Deemed to reject.
	Estimated Aggregate Allowed Amount: $1,273,048,000	**Estimated Percentage Recovery:** 0.0%	
Class 8A	NRG Cancelled Intercompany Claims (set forth in Exhibit L to the Plan)	*Impaired.* Each holder of an Allowed Class 8A Claim shall receive no distribution under the Plan on account of such Class 8A Claims.	Not entitled to vote. Deemed to reject.
	Estimated Aggregate Allowed Amount: $2,949,807,000	**Estimated Percentage Recovery:** 0.0%	
Class 8B	NRG Reinstated Intercompany Claims (set forth in Exhibit M to the Plan)	*Unimpaired.* Each holder of an Allowed Class 8B Claim shall have its Claim reinstated in full on the Effective Date.	Not entitled to vote. Deemed to accept.
	Estimated Aggregate Allowed Amount: $1,159,969,000	**Estimated Percentage Recovery:** 100.0%	
Class 9	NRG Old Common Stock	*Impaired.* No property will be distributed to or retained by the holders of Allowed Equity Interests in Class 9. On the Effective Date, each and every Equity Interest in Class 9 shall be cancelled and discharged and the holders of Class 9 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.	Not entitled to vote. Deemed to reject.
	Estimated Aggregate Allowed Amount: $—	**Estimated Percentage Recovery:** 0.0%	
Class 10	PMI Old Common Stock	*Unimpaired.* NRG shall retain its 100% ownership interest in PMI.	Not entitled to vote. Deemed to accept.
	Estimated Aggregate Allowed Amount: $—	**Estimated Percentage Recovery:** 100%	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 11	Securities Litigation Claims	*Impaired.* Each and every Claim in Class 11 shall be cancelled and discharged and the holders of Class 11 Claims shall receive no distribution under the Plan on account of such Claims.	Not entitled to vote. Deemed to reject.
	Estimated Aggregate Allowed Amount: $—	**Estimated Percentage Recovery:** 0.0%	
Class 12	Noncontinuing Debtor Subsidiary Common Stock	*Impaired.* As indicated in Section IX.D hereof, the Noncontinuing Debtor Subsidiaries will be liquidated and following the completion of such liquidation, each and every Equity Interest in Class 12 shall be cancelled and discharged and the holders of Class 12 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.	Not entitled to vote. Deemed to reject.
	Estimated Aggregate Allowed Amount: $—	**Estimated Percentage Recovery:** 0.0%	

III.

GENERAL INFORMATION

A. Description of NRG's Business

1. Corporate Structure

NRG is an energy company, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products in the United States and internationally. NRG is currently an indirect, wholly owned subsidiary of Xcel Energy Inc. ("Xcel").

2. NRG's Business

Power Generation

Domestic Assets

Eastern Region. The Eastern region, comprising investments in the New York Independent System Operator ("NYISO"), New England Power Pool ("NEPOOL") and Pennsylvania, New Jersey, Delaware and Maryland ("PJM") markets, is NRG's largest asset base. As of December 31, 2002, NRG owned approximately 7,040 MW of net generating capacity in the Northeast United States and Canada, primarily in New York, Connecticut and Massachusetts. These generation facilities are diversified in terms of dispatch level (base-load, intermediate and peaking), fuel type (coal, natural gas and oil) and customers.

NRG's Northeast facilities are generally competitively positioned within their respective market dispatch levels with favorable market dynamics and locations close to the major load centers in the NYISO and NEPOOL.

As of December 31, 2002, NRG owned approximately 1,400 MW of net generating capacity in the Mid-Atlantic region of the United States, primarily Delaware, Maryland, Virginia and Pennsylvania. These facilities are primarily coal-type and are diversified in terms of dispatch. These facilities provide interconnect to the PJM market.

Central Region. As of December 31, 2002, NRG owned approximately 6,400 MW of net generating capacity (including projects under construction) in the Central United States, primarily in Louisiana, Illinois, Mississippi, Missouri, Oklahoma and Texas. NRG's Central region generating assets consist primarily of its net ownership of power generation facilities in New Roads, Louisiana (the "Cajun Facilities") and its net ownership of power generation facilities in Kendall and Rockford, Illinois. The Central region also includes the Sterlington, McClain, Bayou Cove, Batesville, Rocky Road, Audrain and Mustang generating facilities.

NRG's portfolio of plants in Louisiana and Mississippi comprise the second largest generator in the Southeastern Electric Reliability Council/ Entergy ("SERC/ ETR") region. The core of these assets are the Cajun Facilities with capacity over 2000 MW of primarily coal-fired assets supported by long-term power purchase agreements with regional cooperatives.

West Coast Region. As of December 31, 2002, NRG owned approximately 1,230 MW of net generating capacity on the West Coast of the United States, primarily California and Nevada. NRG's West Coast generation assets consist primarily of a 50% interest in West Coast Power LLC ("West Coast Power"), and a 50% interest in the Saguaro Power Co. ("Saguaro") generation facility.

In May 1999, Dynegy Power Corporation ("Dynegy") and NRG formed West Coast Power to serve as the holding company for a portfolio of operating companies that own generation assets in Southern California. This portfolio currently is comprised of the El Segundo Generating Station, the Long Beach Generating Station, the Encina Generating Station and 17 combustion turbines in the San Diego area. Dynegy provides power marketing and fuel procurement services to West Coast Power, and NRG provides operations and management services. An application for a permit to repower the existing El Segundo site, replacing the retired unit 1 & 2 with 600 MW of new generation has been filed. The permit is in the California Energy Commission ("CEC") review process, and it is anticipated that the approval will be received by third or forth quarter of 2003.

NRG's domestic and North American power generation assets as of September 1, 2003 are summarized in the table below.

Name and Location of Facility	Purchaser/Power Market	Net Owned Capacity	NRG's Percentage Ownership Interest	Fuel Type
Eastern:				
Oswego, New York	Niagara Mohawk/NYISO	1,700	100%	Oil/Gas
Huntley, New York	Niagara Mohawk/NYISO	760	100%	Coal
Dunkirk, New York	Niagara Mohawk/NYISO	600	100%	Coal
Arthur Kill, New York	NYISO	842	100%	Gas/Oil
Astoria Gas Turbines, New York	NYISO	614	100%	Gas/Oil
Ilion, New York	NYISO	57	100%	Gas/Oil
Somerset, Massachusetts	Eastern Utilities Associates	160	100%	Coal/Oil/Jet
Middletown, Connecticut	ISO-NE	856	100%	Oil/Gas/Jet
Montville, Connecticut	ISO-NE	498	100%	Oil/Gas
Devon, Connecticut	ISO-NE	401	100%	Gas/Oil/Jet
Norwalk Harbor, Connecticut	ISO-NE	353	100%	Oil
Connecticut Jet Power, Connecticut	ISO-NE	127	100%	Jet
Other — 6 projects	Various	68	Various	Various
Indian River, Delaware	Delmarva/PJM	784	100%	Coal/Oil
Dover, Delaware	PJM	106	100%	Gas/Coal
Vienna, Maryland	Delmarva/PJM	170	100%	Oil
Conemaugh, Pennsylvania	PJM	64	3.72%	Coal/Oil
Keystone, Pennsylvania	PJM	63	3.70%	Coal/Oil
Paxton Creek Cogeneration, Pennsylvania	Virginia Electric & Power	12	100%	Gas

Name and Location of Facility	Purchaser/Power Market	Net Owned Capacity	NRG's Percentage Ownership Interest	Fuel Type
Commonwealth Atlantic	PJM	188	50%	Gas/Oil
James River	PJM	55	50%	Coal
Central Region:				
Big Cajun II, Louisiana	Cooperatives/SERC-Entergy	1,489	86.04%	Coal
Big Cajun I, Louisiana	Cooperatives/SERC-Entergy	458	100%	Gas
Bayou Cove, Louisiana	SERC-Entergy	320	100%	Gas
Sterlington, Louisiana	Louisiana Generating	202	100%	Gas
Batesville, Mississippi	SERC-TVA	837	100%	Gas
McClain, Oklahoma	SPP-Southern	400	77%	Gas
Mustang, Texas	Golden Spread Electric Coop	122	25%	Gas
Other — 3 projects	Various	45	Various	Various
Kendall, Illinois	MAIN	1,168	100%	Gas
Rockford I, Illinois	MAIN	342	100%	Gas
Rockford II, Illinois	MAIN	171	100%	Gas
Rocky Road Power, Illinois	MAIN	175	50%	Gas
Audrain, Missouri	MAIN/SERC-Entergy	640	100%	Gas
Other — 2 projects	Various	42	Various	Various
West Coast Region:				
El Segundo Power, California	California DWR	335	50%	Gas
Encina, California	California DWR	483	50%	Gas/Oil
Long Beach Generating, California	California DWR	265	50%	Gas
San Diego Combustion Turbines, California	Cal ISO	93	50%	Gas/Oil
Saguaro Power Co., Nevada	Nevada Power	50	50%	Gas/Oil
Other North America:				
NEO Corporation, Various	Various	197	71.49%	Various
Energy Investors Funds, Various	Various	11	0.73%	Various

International Assets

Historically, the majority of power generating capacity outside of the United States has been owned and controlled by governments. During the past decade, however, many foreign governments moved to privatize power generation plant ownership through sales to third parties and by encouraging new capacity development and refurbishment of existing assets by independent power developers.

Over the past decade NRG, through foreign subsidiaries, invested in international power generation projects in three distinct markets, Asia Pacific, Europe and Other Americas. During 2002, NRG sold international generation projects with an aggregate total generating capacity of approximately 600 MW. As of March 31, 2003, NRG, through certain foreign subsidiaries, has investments in power generation projects located in Australia, the UK, Germany, South America, India and Taiwan with approximately 3,780 MW total generating capacity. Such NRG foreign subsidiaries are not debtors in the Chapter 11 Case and neither such foreign subsidiaries nor their assets are subject to the jurisdiction of the Bankruptcy Court. NRG currently anticipates that such non-debtor foreign subsidiaries will divest their remaining international generating projects over time, outside of the Chapter 11 proceedings.

NRG's international power generation assets as of September 1, 2003 are summarized in the table below.

Name and Location of Facility	Purchaser/Power Market	Net Owned Capacity	NRG's Percentage Ownership Interest	Fuel Type
Asia-Pacific:				
Hsin Yu, Taiwan	Industrials	102	60%	Gas
Australia:				
Flinders, South Australia	South Australian Pool	760	100%	Coal
Gladstone Power Station, Queensland	Enertrade/Boyne Smelters	630	37.50%	Coal
Loy Yang Power A, Victoria	Victorian Pool	507	25.37%	Coal
Europe:				
Enfield Energy Centre, UK	UK Electricity Grid	99	25%	Gas/Oil
Schkopau Power Station, Germany	VEAG/Industrials	400	41.67%	Coal
MIBRAG mbH, Germany	ENVIA/MIBRAG Mines	119	50%	Coal
CEEP Fund, Poland	Industrials	4.5	7.56%	Gas/Coal
Other Americas:				
TermoRio, Brazil	Petrobras	520	50%	Gas/Oil
Itiquira Energetica, Brazil	COPEL/Tradener	154	93.3%	Hydro
COBEE, Bolivia	Electropaz/ELF	219	100%	Hydro/Gas
Energia Pacasmayo, Peru	Electroperu/Peruvian Grid	66	100%	Hydro/Oil
Cahua, Peru	Quimpac/Industrials	45	100%	Hydro
Latin Power, Various	Various	52	6.75%	Various

Alternative Energy

In addition to its traditional power generation facilities discussed above, NRG provides alternative energy through NEO Corporation ("NEO"), one of the largest landfill gas generation companies in the United States, and through its NRG Resource Recovery business division, which processes municipal solid waste as fuel used to generate power.

NEO Corporation. NEO is a wholly owned subsidiary of NRG that was formed to develop power generation facilities, ranging in size from 1 to 50 MW, in the United States. NEO owns and operates 10 landfill gas collection systems and has 12.1 MW of net ownership interests in related electric generation facilities utilizing landfill gas as fuel. NEO also has 42 MW of net ownership interests in 18 hydroelectric facilities and 109 MW of net ownership interests in five distributed generation facilities including 90 MW of gas-fired peaking engines in California (referred to as the Red Bluff and Chowchilla facilities).

Resource Recovery Facilities. NRG's Resource Recovery business is focused on owning and operating alternative fuel/"green power" generation and fuels processing projects. The alternative fuels currently processed and combusted are municipal solid waste ("MSW"), of which more than 90% is processed into refuse derived fuel ("RDF"), urban wood waste (pallets, clean construction debris, etc.), forest industry waste wood (bark, sawmill waste, tree trimmings, etc.), agricultural waste (walnut shells, olive pits, peanut shells, etc.), and non-recyclable waste paper and compost. NRG's Resource Recovery business has MSW processing capacity of over 4,000 tons per day and generation capacity of 35 MW, of which its net ownership interest is 26 MW. NRG's Resource Recovery business owns and operates MSW processing and/or generation facilities in Florida, Maine and Minnesota. Resource Recovery also owns and operates NRG Processing Solutions that includes thirteen composting and biomass fuel processing sites in Minnesota, of which three sites are permitted to operate as MSW transfer stations.

NRG's significant resource recovery assets as of September 1, 2003 are summarized in the table below.

Name and Location of Facility	Date of Acquisition	Net Owned Capacity	NRG's Percentage Ownership Interest	Thermal Energy Purchaser/ MSW Supplier
Newport, MN(2)	1993	MSW: 1,500 tons/day	100%	Ramsey and Washington Counties
Elk River, MN(3)	2001	MSW: 1,275 tons/day	85%	Anoka, Hennepin, and Sherburne Counties; Tri-County Solid Waste Management Commission
Penobscot Energy Recovery, ME	1997	MSW: 590 tons/day	50%	Bangor Hydroelectric Company

(2) The Newport facilities are related strictly to garbage-sorting facilities.

(3) For the Elk River facility, NRG 85% interest is related strictly to garbage-sorting facilities.

Thermal and Chilled Water Businesses

NRG has interests in district heating and cooling systems and steam transmission operations through its subsidiary NRG Thermal LLC. NRG Thermal's thermal and chilled water businesses have a steam and chilled water capacity of approximately of 1,290 megawatt thermal equivalents ("MWt").

NRG Thermal LLC owns five district heating and cooling systems in Minneapolis, Minnesota, San Francisco, California, Pittsburgh, Pennsylvania, Harrisburg, Pennsylvania and San Diego, California. These systems provide steam heating to approximately 600 customers and chilled water to 90 customers. In addition, NRG Thermal LLC owns and operates three projects that serve industrial/government customers with high-pressure steam and hot water, and an 88 MW combustion turbine peaking generation facility and an 18 MW coal-fired cogeneration facility in Dover, Delaware.

NRG's thermal and chilled water assets as of September 1, 2003 are summarized in the table below.

Name and Location of Facility	Date of Acquisition	Net Owned Capacity(4)	NRG's Percentage Ownership Interest	Thermal Energy Purchaser/ MSW Supplier
NRG Energy Center Minneapolis, MN	1993	Steam: 1,403 mmBtu/hr. (411 MWt) Chilled water: 42,450 tons (149 MWt)	100%	Approx. 100 steam customers and 40 chilled water customers
NRG Energy Center San Francisco, CA	1999	Steam: 490 mmBtu/hr. (144 MWt)	100%	Approx. 185 steam customers
NRG Energy Center Harrisburg, PA	2000	Steam: 490 mmBtu/hr. (144 MWt) Chilled water: 1,800 tons (8 MWt)	100%	Approx. 295 steam customers and 2 chilled water customers

Name and Location of Facility	Date of Acquisition	Net Owned Capacity(4)	NRG's Percentage Ownership Interest	Thermal Energy Purchaser/ MSW Supplier
NRG Energy Center Pittsburgh, PA	1999	Steam: 260 mmBtu/hr. (76 MWt) Chilled water: 12,580 tons (44 MWt)	100%	Approx. 30 steam and 30 chilled water customers
NRG Energy Center San Diego, CA	1997	Chilled water: 8,000 tons (28 MWt)	100%	Approx. 20 chilled water customers
NRG Energy Center Rock-Tenn, MN	1992	Steam: 430 mmBtu/hr. (126 MWt)	100%	Rock-Tenn Company
Camas Power Boiler, Washington	1997	Steam: 200 mmBtu/hr. (59 MWt)	100%	Georgia-Pacific Corp.
NRG Energy Center Dover, DE	2000	Steam: 190 mmBtu/hr. (56 MWt)	100%	Kraft Foods Inc.
NRG Energy Center Washco, MN	1992	Steam: 160 mmBtu/hr. (47 MWt)	100%	Andersen Corp., MN Correctional Facility

(4) Thermal production and transmission capacity is based on 1,000 Btus per pound of steam production or transmission capacity. The unit mmBtu is equal to one million Btus.

NRG Power Marketing

NRG's energy marketing subsidiary, PMI, began operations in 1998. PMI provides a full range of energy management services for NRG's generation facilities in its Eastern and Central regions. These services are provided under bilateral contracts or agency agreements pursuant to which PMI manages the sales and purchases of energy, capacity and ancillary services, procures the fuel (coal, oil and natural gas) and associated transportation and manages the emission allowance credits for these facilities. PMI also engages in power marketing activities for its own account, unrelated to NRG's generation facilities. PMI has continued to provide these services since NRG lost its investment grade ratings in July 2002, and because of NRG's credit and liquidity limitations, PMI has scaled back its activities. Since July 2002, PMI has focused primarily on procuring fuel for, and marketing the power from, NRG's North American generation facilities in the spot and short-term markets, as well as limited power marketing activities for its own account.

Significant Customers

During 2002, NRG (and its subsidiaries) derived approximately 21.1% of its 2002 revenues from majority owned operations from one customer: NYISO. During 2001, NRG derived approximately 51.5% of its 2001 revenues from majority owned operations from two customers: NYISO (33.9%) and CL&P (17.6%). During 2000, NRG derived approximately 41.6% of its 2000 revenues from majority owned operations from two customers: the NYISO (26.8%) and Connecticut Light and Power Company (14.8%).

Seasonality and Price Volatility

Annual and quarterly operating results can be significantly affected by weather and price volatility. Since NRG's peak demand is in the summer months, temperature variations in summer months are generally more significant than variations during winter months. Significant other events, such as the war in Iraq, the precipitous decline in natural gas inventories and productive capacity and reduced hydroelectric capacity due to dry conditions in the Northwest, have all combined to increase fuel and power price volatility.

Source and Availability of Raw Materials

NRG's raw material requirements primarily include various forms of fossil fuel energy sources, including oil, natural gas and coal. NRG obtains its oil, natural gas and coal from multiple sources and availability is

generally not an issue, although localized shortages can and do occur. The prices of oil, natural gas and coal are subject to macro- and micro-economic forces that can change dramatically in both the short term and the long term. For example, the prices of natural gas and oil were particularly high during the winter of 2002-2003 due to weather volatility and geo-political uncertainty in the Middle East. Oil, natural gas and coal represented approximately 46% of NRG's cost of operations during the year ended December 31, 2002.

Government Regulation

Federal Energy Regulation

The Federal Energy Regulatory Commission ("FERC") is an independent agency within the Department of Energy that regulates the transmission and wholesale sale of electricity in interstate commerce under the authority of the Federal Power Act. FERC is also responsible for licensing and inspecting private, municipal and state-owned hydroelectric projects. FERC determines whether a public utility qualifies for exempt wholesale generator status under the Public Utility Holding Company Act ("PUHCA"), which was amended by the Energy Policy Act of 1992.

Federal Power Act. The Federal Power Act gives FERC exclusive rate-making jurisdiction over wholesale sales of electricity and transmission of electricity in interstate commerce. FERC regulates the owners of facilities used for the wholesale sale of electricity and its transmission in interstate commerce as "public utilities" under the Federal Power Act. The Federal Power Act also gives FERC jurisdiction to review certain transactions and numerous other activities of public utilities.

Under the Federal Power Act, an entity that sells electricity in the wholesale market is a public utility, subject to FERC's jurisdiction. Public utilities are required to obtain FERC's acceptance of their rate schedules for wholesale sales of electricity. Because NRG's operating companies are selling electricity in the wholesale market, such NRG operating companies are deemed to be public utilities for purposes of the Federal Power Act. In most cases, FERC has granted the NRG operating companies the authority to sell electricity at market-based rates. In New England, New York, PJM (Pennsylvania, New Jersey, Maryland, Delaware and parts of the Midwest), the Midwest and California, FERC has established Independent System Operators ("ISOs") which file market based rate tariffs, subject to FERC approval. These tariffs/market rules dictate how the wholesale markets are to operate and how entities with market based rates shall be compensated within those markets. The ISOs in these regions also control access to, pricing of and the operation of the transmission grid within their footprint. Outside of ISO-controlled regions, NRG is allowed to sell at market based rates as determined by willing buyers and sellers. Access to, pricing for and operation of the transmission grid in such regions is controlled by the local transmission owning utility according to their Pro Forma Open Access Transmission Tariff ("OATT") filed with and approved by FERC.

Usually, FERC's orders which grant the NRG operating companies market-based rate authority reserve the right to revoke or revise the NRG operating companies' market-based rate authority on a prospective basis if FERC subsequently determines that NRG possesses excessive market power. If the NRG operating companies were to lose their market-based rate authority, such NRG operating companies may be required to obtain FERC's acceptance of a cost-of-service rate schedule and may become subject to the accounting, record-keeping and reporting requirements that are imposed only on utilities with cost-based rate schedules. It should be noted, however, that NRG does have the right at any time to petition FERC to grant cost of service based rates pursuant to Section 205 of the Federal Power Act.

Public Utility Holding Company Act. PUHCA provides that any entity that owns, controls or has the power to vote 10% or more of the outstanding voting securities of an "electric utility company," or a holding company for an electric utility company, is subject to regulation under PUHCA.

Registered holding companies under PUHCA are required to limit their utility operations to a single, integrated utility system and divest any other operations that are not functionally related to the operation of the utility system. In addition, a company that is a subsidiary of a holding company registered under PUHCA is subject to financial and organizational regulation, including approval by the SEC of certain financings and transactions. Under the Energy Policy Act of 1992, however, FERC can determine that a company engaged

exclusively in the business of owning or operating an eligible facility used for the generation of electric energy for sale at wholesale is an "exempt wholesale generator." Accordingly, it is exempt from PUHCA requirements. In the case of facilities previously operated by regulated utilities, FERC can make an exempt wholesale generator determination only after the state utility commission finds that allowing the facility or facilities to be eligible for exempt wholesale generator status will benefit consumers, is in the public interest, and does not violate state law. Each of NRG's domestic operating subsidiaries has been designated by FERC as an exempt wholesale generator or is otherwise exempt from PUHCA because it is a Qualifying Facility under the Public Utility Regulatory Policy Act of 1978.

NRG does not expect to engage in any activities that will subject it to additional regulation under PUHCA. If NRG's operating companies were to lose their exempt wholesale generator status, NRG would become subject to regulation under PUHCA. It would be difficult for NRG to comply with PUHCA absent a substantial restructuring.

Environmental and Safety Laws and Regulations

NRG is subject to a broad range of foreign, provincial, federal, state and local environmental and safety laws and regulations applicable to the development, ownership and operation of its United States domestic and international projects. These laws and regulations impose requirements relating to discharges of substances to the air, water and land, the handling, storage and disposal of hazardous substances and wastes and the cleanup of properties affected by pollutants. These laws and regulations generally require that NRG obtain a number of governmental permits and approvals before construction or operation of a power plant commences and after completion, that its facilities operate in compliance with those permits and applicable legal requirements. NRG could also be held responsible under these laws for the cleanup of pollutants released at its facilities or at off-site locations where it has sent wastes.

NRG strives at all times to comply with the terms of all environmental and safety laws, regulations, permits and licenses and NRG believes that all of its operating plants are in material compliance with applicable environmental and safety requirements. NRG also does not expect that its liability under environmental laws for the cleanup of contamination at its plants or off-site waste disposal facilities will have a material effect on the results of its operations. There can be no assurance, however, that in the future it will not incur material environmental liabilities, that it will obtain all necessary permits for its operations or that it will operate in full compliance with environmental and safety laws and regulations at all times. In addition, regulatory compliance for the construction of new facilities is a costly and time-consuming process. Intricate and rapidly changing environmental regulations may require major capital expenditures for permitting and create a risk of expensive delays or material impairment of project value if projects cannot function as planned due to changing regulatory requirements or local opposition. Environmental laws have become increasingly stringent over time, particularly with regard to the regulation of air emissions from NRG's plants, which requires regular major capital expenditures for power plant upgrades and modifications. Therefore, it is NRG's policy to integrate the consideration of potential environmental impacts into every decision it makes, and by doing so, strive to improve its competitive advantage by meeting or exceeding environmental and safety requirements pertaining to the management and operation of its assets.

Industry Dynamics

An unregulated merchant power company in the United States can be characterized in two ways, as a generator or as an energy marketer, with some companies having characteristics of both. In the United States generators are either outgrowths of regulated utilities, developers or are independent aggregators of plants divested by utilities. Generators have grown through acquisitions or the construction of new power plants. Energy marketers have emphasized risk management and trading skills over the ownership of physical assets. Energy deregulation paved the way for development of these companies, with utilities in some regions forced to sell off some of their generating capacity and buy electricity on the wholesale market or through power procurement agreements.

Both generators and energy marketers prospered in the late 1990's. Starting in 1999, however, a number of factors began to arise which had a negative effect on the business model for both types of companies. These factors included:

California — When California restructured its electricity industry in the mid-1990's, it required utilities to sell generation assets and buy electricity on the wholesale spot market, without the stability of long-term contracts. At the time, California had adequate supplies of power, but the State of California was experiencing unusually high electricity demand growth while new capacity additions were not keeping pace. Supply began to lag behind demand, and previously normal weather gave way to dryer conditions, reducing hydroelectric supply. Shortages and blackouts ensued in 1999 and 2000. Meanwhile, as wholesale electricity prices moved higher, utilities were not allowed to pass higher costs on to consumers under California's regulatory regime. Utilities were unable to bear the financial burden, Pacific Gas & Electric ("PG&E") sought chapter 11 protection, and California took over the role of procuring electricity for the utilities. Politicians and others have criticized the electricity generators and the energy merchants, accusing them of improperly manipulating supply, demand and market rules. Merchant power companies in California are now embroiled in protracted litigation with California and private parties.

Economy — The United States economy, already headed towards a recession by mid-2001, experienced a further decline as a result of September 11, 2001. This, along with a decrease in economically driven electricity demand, exacerbated the drop in stock valuations of the energy merchants. Economies in other regions of the world have suffered problems as well. Moreover, companies with international assets have been subject to severe currency fluctuations.

Weather — On the whole, the summer of 2001, the winter of 2001/2002 and the summer of 2002 were mild in the United States, thereby reducing seasonal demand. This, together with excessive new construction in many markets, has driven down energy prices significantly.

Enron — The bankruptcy of Enron has devastated the merchant power industry. The public and political perception created by Enron put a stigma on the industry, drove investors away and increased scrutiny of the industry. Enron also played a key role in the energy trading markets, providing a widely used electronic trading platform that accounted for an enormous amount of trading volume. No other company has stepped in to fill this role, and as a result the electricity markets have become far less efficient and liquid.

Credit Ratings — The credit rating agencies were sharply criticized for not foreseeing Enron's problems. As a result, the agencies have scrutinized the rest of the industry, and have tightened their criteria for creditworthiness. The agencies have downgraded most of the industry participants. Many of these downgrades were severe — ratings at times were dropped several notches at once, or dropped more than once in a span of weeks. This has resulted in many energy companies, generators and merchants having non-investment grade credit ratings at this time.

Oversupply — As wholesale electricity prices and market liquidity increased in the late 1990's the industry went on a building boom. Through 2001 capital was readily available for the industry, encouraging companies to build new generation facilities. The years 2000 and 2001 saw record megawatt capacity additions in the United States, and record years were on the horizon for 2002 and 2003. Even with steady economic growth, this would have created an oversupply of generation. Limited economic growth and recession have exacerbated the oversupply situation.

Competition

The wholesale power industry in the United States is in turmoil. Many of NRG's competitors have announced plans to scale back their growth, sell assets, and restructure their finances. The results of the wholesale restructuring of the independent power industry are impossible to predict, but they may include consolidation within the industry, the sale or liquidation of certain competitors, the re-regulation of certain markets, and the long-term reduction in new investment into the industry. Under any scenario, however, NRG anticipates that it will continue to face competition from numerous companies in the industry, some of which

may have more extensive operating experience, larger staffs, and greater financial resources than NRG presently possesses.

Many companies in the regulated utility industry, with which the wholesale power industry is closely linked, are also restructuring or reviewing their strategies. Several of these companies are discontinuing their unregulated investments, seeking to divest of their unregulated subsidiaries or attempting to have their regulated subsidiaries acquire their unregulated subsidiaries. This may lead to an increased competition between the regulated utilities and the unregulated power producers within certain markets.

FERC, however, is attempting to level the competitive playing field between regulated utilities and unregulated energy suppliers by providing open, non-discriminatory access to electricity markets and the transmission grid. In April 1996, FERC issued Orders 888 and 889, requiring all public utilities to file "open access" transmission tariffs that give wholesale generators, as well as other wholesale sellers and buyers of electricity, access to transmission facilities on a non-discriminatory basis. This led to the formation of the ISOs described above. On December 20, 1999, FERC issued Order 2000, encouraging the creation of Regional Transmission Organizations ("RTOs"). Finally, on July 31, 2002, FERC issued its Notice of Proposed Rulemaking regarding Standard Market Design. All three orders were intended to eliminate market discrimination by incumbent vertically integrated utilities and to provide for open access to the transmission grid.

The full effect of these changes on NRG is uncertain at this time, because in many parts of the United States, it has not been determined how entities will attempt to comply with FERC's initiatives. At this time, five ISOs have been approved and are operational; New England ("ISO-NE"), NYISO, PJM, Central Midwest ("MISO"), South Central ("SPP") and in California ("CA ISO"). Two of these ISOs, PJM and MISO, have been found to also qualify as RTOs. Three other entities have also requested that FERC approve their organizations as RTOs: WestConnect (Desert Southwest), RTO West (Pacific Northwest and Rockies) and Setrans (Southeast).

NRG is also impacted by rule/tariff changes that occur in the existing ISOs. On March 1, 2003, ISO-NE implemented its version of Standard Market Design. This change dramatically modifies the New England market structure by incorporating Locational Marginal Pricing ("LMP" — pricing by location rather than on a New England wide basis). Even though NRG views this change as a significant improvement to the existing market design, NRG still views the market within New England as insufficiently favorable to allow for NRG to recover its costs and earn a reasonable return on investment. NRG remains committed to working with ISO-NE, FERC and other stakeholders to continue to improve the New England market that will make reliance on a cost of service rate unnecessary. While NRG has the right to file for such rate treatment, there are no assurances that FERC will grant such rates in the form or amount that NRG requests.

On March 25, 2003, FERC issued an order (the "March 25, 2003 Order") in response to Devon Power LLC's, Middletown Power LLC's, Montville Power LLC's, and Norwalk Power LLC's (collectively, "NRG New England Subsidiaries") Joint Motion for Emergency Expedited Issuance of Order by March 17, 2003 in Docket No. ER03-563-000 (the "Emergency Motion"). In the Emergency Motion, the NRG New England Subsidiaries requested that FERC accept the NRG New England Subsidiaries' reliability must-run agreements and assure the NRG New England Subsidiaries' recovery of maintenance costs for their New England generating facilities prior to the peak summer season. FERC accepted the NRG New England Subsidiaries' filing as to the recovery of spring 2003 maintenance costs, subject to refund. FERC's March 25, 2003 Order authorized ISO-NE to begin collecting these maintenance costs in escrow for the benefit of the NRG New England Subsidiaries as of February 27, 2003. Several intervenors protested the Emergency Motion. FERC will rule on such protests and the other issues raised in the Emergency Motion in a subsequent order.

In New York, NRG anticipates that the NYISO will implement a demand curve in its capacity market, which will affect capacity pricing. In PJM, NRG is closely following market power mitigation modifications that may significantly impact the revenues achievable in that market by modifying PJM's price capping mechanisms. The specific potential modifications in New York and PJM are unknown at this time, and it is unclear whether such changes would have a positive or a negative effect on NRG.

In the Midwest, it is anticipated that Exelon and American Electric Power ("AEP") will join PJM and will transition to PJM's LMP market model, although there have been certain regulatory obstacles affecting AEP's ability to join PJM. This will allow NRG to market capacity and energy from its Chicago area assets more effectively. The other Midwest ISO, MISO, continues its market rule development as it moves toward a PJM LMP styled market. MISO and PJM have signed a Memorandum of Understanding that lays out a common market design that both will employ. It is anticipated that PJM and MISO will operate a common market interface that will allow seamless trading between the two regions. MISO presently has operational control over the transmission facilities located within its footprint.

In the Southeast, Entergy Corporation and Southern Company continue to support their RTO, Setrans. The future of Setrans is uncertain given the recent loss of the local municipal Santee Cooper Power.

Finally, in California, CA ISO continues to struggle with market design changes intended to prevent a repeat of past market dis-function. It is unlikely that modifications will be implemented any sooner than 2004. Although numerous stakeholder meetings have been held, the final market design remains unknown at this time. In addition, numerous legislative initiatives in California create uncertainty and risk for NRG. Most significantly, SB39XX mandates that the California Public Utilities Commission ("CPUC") exercise jurisdiction over the maintenance of power producers. It is unclear at this time where that process will lead.

Proposals have been introduced in Congress to repeal PUHCA and the Public Utility Regulatory Policies Act of 1978 ("PURPA"), and FERC has publicly indicated support for the PUHCA repeal effort. If the repeal of PURPA or PUHCA occurs, either separately or as part of legislation designed to encourage the broader introduction of wholesale and retail competition, the significant competitive advantages that independent power producers currently enjoy over certain regulated utility companies would be eliminated or sharply curtailed, and the ability of regulated utility companies to compete more directly with independent power companies would be increased. To the extent competitive pressures increase and the pricing and sale of electricity assumes more characteristics of a commodity business, the economics of domestic independent power generation projects may come under increasing pressure. Deregulation may not only continue to fuel the current trend toward consolidation among domestic utilities, but may also encourage the disaggregation of vertically-integrated utilities into separate generation, transmission and distribution businesses.

In addition, the ISOs who oversee most of the wholesale power markets have in the past imposed, and may in the future continue to impose, price limitations and other mechanisms to address some of the volatility in these markets. For example, the NYISO and CA ISO have imposed price limitations. These types of price limitations and other mechanisms in New York, California, the NEPOOL and elsewhere may adversely impact the profitability of NRG's generation facilities that sell energy into the wholesale power markets. Finally, the regulatory and legislative changes that have recently been enacted in a number of states in an effort to promote competition are novel and untested in many respects. These new approaches to the sale of electric power have very short operating histories, and it is not yet clear how they will operate in times of market stress or pressure, given the extreme volatility and lack of meaningful long-term price history in many of these markets and the imposition of price limitations by independent system operators.

Employees

At December 31, 2002, NRG had 3,173 employees, approximately 329 of whom are employed directly by NRG and approximately 2,844 of whom are employed by its wholly owned subsidiaries and affiliates. Approximately 1,757 employees are covered by bargaining agreements. NRG has experienced no significant labor stoppages or labor disputes at its facilities.

NRG has reported information about its business operations in its Annual Report on Form 10-K for the year ended December 31, 2002, which was filed with the Securities and Exchange Commission on March 31, 2003 and in its Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, which was filed with the Securities and Exchange Commission on May 20, 2003. These filings are available at the SEC's website at www.sec.gov and at NRG's website at http://www.nrgenergy.com/investor/index.htm.

B. Existing Capital Structure of NRG

1. NRG

(a) Bank Debt

NRG has a $1.0 billion credit facility (the "NRG Unsecured Revolver") with ABN Amro Bank, N.V., as administrative agent, and various other lending institutions. The NRG Unsecured Revolver matured on March 7, 2003 and is currently fully drawn. As of March 31, 2003, the aggregate outstanding amount under the NRG Unsecured Revolver was $1.0 billion, and there was an aggregate of approximately $48.1 million of accrued and unpaid interest and fees under the NRG Unsecured Revolver.

NRG also has a $125 million letter of credit facility (the "NRG Letter of Credit Facility") with Australia and New Zealand Banking Group Limited as agent, and various other financial institutions. The NRG Letter of Credit Facility has a maturity date of November 30, 2004. As of May 14, 2003, the aggregate outstanding amount under the NRG Letter of Credit Facility was $104.6 million and there was an aggregate of approximately $1.5 million of unpaid fees and expenses under the NRG Letter of Credit Facility.

NRG also has cash collateralized, bilateral letters of credit (the "Bilateral LCs") with Australia and New Zealand Banking Group Limited. As of May 14, 2003, the aggregate outstanding amount under the Bilateral LCs was $21.8 million and there was an aggregate of approximately $1,350 unpaid fees and expenses under the Bilateral LCs.

(b) Senior Notes

Between 1996 and 2001, NRG issued the following series of senior notes: (i) $125 million of 7.625% senior notes due February 1, 2006 (the "NRG 06 Senior Notes"); (ii) $250 million of 7.5% senior notes due June 15, 2007 (the "NRG 07 Senior Notes"); (iii) $300 million of 7.5% senior notes due June 1, 2009 (the "NRG 09 Senior Notes"); (iv) $350 million of 8.25% senior notes due September 15, 2010 (the "NRG 10 Senior Notes"); (v) $350 million of 7.75% senior notes due April 1, 2011 (the "NRG 11 Senior Notes"); (vi) $500 million of 8.625% senior notes due April 1, 2031 (the "NRG 31 Senior Notes"); (vii) $340 million of 6.75% senior notes due July 15, 2006 (the "NRG 06 3d Supplemental Indenture Senior Notes"); and (viii) £160 million of 7.97% senior reset notes due March 15, 2020 (the "NRG 20 Senior Reset Notes").

For purposes of this Disclosure Statement, the foregoing series of senior notes will be referred to collectively as the "NRG Senior Notes." As of March 31, 2003, the aggregate outstanding principal amount of the NRG Senior Notes was approximately $2.2 billion, and there was an aggregate of approximately $159.2 million of accrued and unpaid interest on the NRG Senior Notes, excluding the NRG 20 Senior Reset Notes.

(c) Remarketable or Redeemable Securities

On November 8, 1999, NRG issued $240 million of 8.0% Remarketable or Redeemable Securities due November 1, 2013 with a remarketing date of November 1, 2003 (the "NRG 13 ROARS"). As of March 31, 2003, the aggregate outstanding principal amount of the NRG 13 ROARS was $240 million, and there was an aggregate of approximately $17.9 million of accrued and unpaid interest on the NRG 13 ROARS.

On March 20, 2000, NRG Pass-Through Trust 2000-1 issued $250 million of 8.70% Remarketable or Redeemable Securities due March 15, 2005 (the "NRG 05 ROARS"). As of March 31, 2003, the aggregate outstanding principal amount of the NRG 05 ROARS was $250 million, and there was an aggregate of approximately $21.4 million of accrued and unpaid interest on the NRG 05 ROARS.

(d) Equity Units

On March 13, 2001, NRG completed the sale of 11.5 million equity units (symbol: NRZ, the "NRZ Equity Units") for an initial price of $25 per unit. Each equity unit consists of a corporate unit comprising a $25 principal amount of NRG's senior debentures (the "NRG 06 Senior Debentures") and an obligation to acquire shares of NRG Stock no later than May 18, 2004. Subsequent to the exchange offer of June 3, 2002

(detailed in Section IV.A below) whereby Xcel repurchased all of NRG's outstanding common stock, an agreement was executed that converted the obligation to purchase NRG stock under the debenture issue to an obligation to purchase Xcel Common Stock (NYSE: XEL). The NRG Senior 06 Debentures were issued with original issue discount ("OID"), and are the only securities discussed in this Section III.B.1 that were issued with OID.

As of March 31, 2003, the aggregate outstanding principal amount of the NRG 06 Senior Debentures was $285.7 million, and there was an aggregate of approximately $11.8 million of accrued and unpaid interest on the NRG 06 Senior Debentures.

As set forth in Section VI.H of the Term Sheet, the proposed Xcel Settlement Agreement requires that the Confirmation Order confirm that the right and obligation of any holder of an NRZ Equity Unit to purchase the Xcel Common Stock (NYSE: XEL) terminated as of the Petition Date. Pursuant to an order of the Bankruptcy Court dated July 16, 2003 the right and obligation of holders of NRG 06 Senior Debentures to purchase Xcel Common Stock (NYSE: XEL) was deemed to have terminated as of the Petition Date and NRG was directed to instruct the collateral agent to release the debentures pledged in connection with the NRZ Equity Units.

(e) Common Stock

All the common stock of NRG, comprising one share of NRG common stock and three shares of Class A common stock, is owned by Xcel Energy Wholesale Group, Inc.

2. NRG Finance Company I LLC

NRG FinCo has a $2.0 billion credit facility (the "NRG FinCo Secured Revolver") with Credit Suisse First Boston, as Administrative Agent, various other lending institutions party thereto and various NRG-affiliated sub-borrowers. The NRG FinCo Secured Revolver was scheduled to mature on May 8, 2006. On September 16, 2002, the borrowers defaulted on the NRG FinCo Secured Revolver and on November 6, 2002, the lenders accelerated the NRG FinCo Secured Revolver. As of the Petition Date, the aggregate outstanding amount under the NRG FinCo Secured Revolver was approximately $1.081 billion, and there was an aggregate of approximately $58 million of accrued and unpaid interest and commitment fees under the NRG FinCo Secured Revolver. In addition, holders of NRG FinCo Secured Revolver Claims have unsecured recourse Claims against NRG in the amount of $840 million (plus post-petition costs).

3. Consolidated Project-Level Debt

As of December 31, 2002, NRG had $4.3 billion in consolidated project level debt (not including the debt at NRG FinCo).

On February 22, 2000, NRG Northeast entered into an indenture and security agreement with The Chase Manhattan Bank and certain guarantors under which the following series of bonds were issued: (i) $320,000,000 of 8.065% Series A bonds due December 15, 2004; (ii) $130,000,000 of 8.842% Series B bonds due June 15, 2015; and (iii) $300,000,000 of 9.292% Series C bonds due December 15, 2024. The foregoing series of bonds are referred to herein collectively as the "Northeast Notes." As of May 31, 2003, the aggregate outstanding principal amount of the Northeast Notes was $556.5 million, and there was an aggregate of approximately $53.5 million unpaid principal and $23.0 million accrued and unpaid interest on the Northeast Notes.

On March 30, 2000, NRG South Central entered into an indenture and security agreement with The Chase Manhattan Bank and certain guarantors under which the following series of bonds were issued: (i) $500,000,000 of 8.962% Series A bonds due March 15, 2016 and (ii) $300,000,000 of 9.479% Series B bonds due September 15, 2024. The foregoing series of bonds are referred to herein collectively as the "South Central Notes." As of May 31, 2003, the aggregate outstanding principal amount of the South Central Bonds was $750.8 million, and there was an aggregate of approximately $25.5 million of unpaid principal and $14.3 million of accrued and unpaid interest on the South Central Notes.

C. Significant Business and Asset Dispositions

Over the past year, NRG sold or made arrangements to sell a number of consolidated businesses and equity investments in an effort to reduce its debt. Such dispositions and pending dispositions as of September 1, 2003 are summarized in the chart below.

Asset (Location)	Transaction Description	Actual or Anticipated Closing Date	Net Cash (Millions)	Amount of Consolidated Debt Retired
Closed Dispositions				
EDL (Australia)	Sale of NRG's approx 30% holding	7/25/02	$ 40.7	$ —
Collinsville (Australia)	Sale of NRG's 50% interest	8/28/02	$ 4.3	$ 30.2
Sabine River Works (Sabine River, TX)	Transfer NRG's 1% and 49% ownership interests in SRW Cogeneration	10/28/02	$ —	$ 96.8
Mt. Poso (Northern CA)	Sale of NRG's 39.5% interest in Mt. Poso Cogeneration Co.	11/22/02	$ 9.8	$ —
Crockett (Northern CA)	Sale of NRG's 57.7% interest in Crockett Cogeneration	11/25/02	$ 65.7	$ 225.8
Bulo Bulo (Bolivia)	Sale of 60% interest	11/27/02	$ 20.0	$ —
NEO MESI (Kentucky)	Transfer of 50% interest for forgiveness of all outstanding liabilities and share of future fuel cell management fee	11/1/02	$ —	
Cespel (Hungary)	Sale of NRG's 100% interest	12/9/02	$ 108.5	$ 188.1
Entrade (Czech Republic)	Sale of NRG's 100% interest	12/13/02	$ 22.8	$ —
Kingston Cogen Limited Partnership (Ontario)	Sale of 25% interest (Sale for $25.5 Canadian => $16.17 US), including $3.3 MM of additional dividends	12/20/02	$ 19.5	$ 19.0
ECKG (Czech Republic)	Sale of NRG's 44.5% interest	1/10/03	$ 64.5	$ 97.6
Brazos Valley (Texas)	Transfer of project to project banks		$ —	$ 119.8
Killingholme (England)	Transfer of project to project banks	1/31/03	$ —	$ 348.3
NEO Landfill Gas and Minn. Methane (Various)	Hudson United Bank Foreclosure	5/7/03	$ —	$ 27.7
Kondapalli (India)	Sale of 30% equity interest	5/30/03	$ 24.0	$ —
Mustang (Texas)	Sale of 25% equity interest	7/7/03	$ 13.5	$ 40.1
Langage (England)	Sale of NRG's 100% interest	8/5/03	$ 3.2	$ —
		Closed Total	**$ 396.5**	**$ 1,193.4**

Asset (Location)	Transaction Description	Actual or Anticipated Closing Date	Net Cash (Millions)	Amount of Consolidated Debt Retired
Pending Dispositions				
Central San Antonio Libertador Gas Turbine Package	Sale of NRG's turbines	9/10/03	$ 70.8	$ —
Loy Yang (Australia)	Sale of NRG's 25.4% interest	9/12/03	$ 31.0	$ 493.6
McClain (Oklahoma)	Sale of NRG's 77% interest	12/31/03	$ —	$ 156.5
		Pending Total	**$101.8**	**$ 650.2**

D. Regulatory Issues

In the past year, regulators have given ISOs and other regulated parties greater flexibility in demanding credit assurances from customers and other market participants. During the downturn in NRG's business, certain ISOs have demanded cash collateral and other credit assurances.

The Plan must be approved by the SEC prior to its becoming effective. As subsidiaries of a registered holding company (Xcel) under PUHCA, any reorganization plan for NRG or NRG Subsidiaries must be approved by the SEC prior to such plan becoming effective. Furthermore, each solicitation of any consent in respect of any reorganization plan must be accompanied or preceded by a copy of a report on the plan made by the SEC, or an abstract thereof made or approved by the SEC. Included in the solicitation materials is the SEC's report or order related to the Plan. NRG does not appear to qualify for any exceptions or exemptions from these provisions of PUHCA. Upon implementation of the Plan and Term Sheet as proposed, Xcel will no longer own stock in NRG. As such, NRG will no longer be subject to restrictions imposed by PUHCA, unless another public utility holding company becomes a substantial shareholder of NRG.

E. Recent Financial Results

On March 31, 2003, NRG reported a net loss of $3,464.3 million for the fiscal year ended December 31, 2002. This loss was in large part the result of the conditions explored more fully above in Section III.A.2 under "Industry Dynamics," and includes specific losses due to: (i) reductions in domestic energy and capacity sales and an overall decrease in power pool prices and related spark spreads (the monetary difference between the price of power and fuel cost), (ii) the establishment of an additional reserve for uncollectible receivables in California by West Coast Power, which reduced NRG's equity earnings by approximately $58.5 million on a pre-tax basis, (iii) impairments on a number of NRG assets due to the credit rating downgrades, defaults under certain credit agreements, increased collateral requirements and reduced liquidity resulting in pre-tax charges related to continuing operations of approximately $2,544.8 million during 2002, (iv) net losses on sales and write-downs of equity method investments of approximately $196.2 million and (v) expenses of approximately $111.3 million in 2002 for costs related to its financial restructuring, including expenses for financial and legal advisors, contract termination costs, employee separation and other restructuring activities.

On August 14, 2003, NRG reported net loss of $608.4 million in its unaudited financial statements reported on Form 10-Q for the three month period ended June 30, 2003. This net loss figure represents losses of approximately $1.5 million from discontinued operations (net of income taxes) for the three month period ended June 30, 2003, combined with approximately $606.9 million of loss from continuing operations for such three month period.

NRG has reported its year end 2002 financial results in its Annual Report on Form 10-K for the year ended December 31, 2002, which was filed with the Securities and Exchange Commission on March 31, 2003 and has reported its financial results on Forms 10-Q for the quarters ended March 31, 2003 and June 30, 2003, which were filed with the Securities and Exchange Commission on May 20, 2003 and August 14, 2003, respectively. These filings are, and any filings made after the date hereof will be, available at the SEC's website at www.sec.gov and at NRG's website at http://www.nrgenergy.com/investor/index.htm.

On April 14, 2003, NRG Northeast reported a net loss of $171.9 million on operating revenues of $693.9 million in its audited financial statements reported on Form 10-K for the fiscal year ended December 31, 2002. On August 14, 2003, NRG Northeast reported net loss of $286.2 million on operating revenues of $163.2 million in its unaudited financial statements reported on Form 10-Q for the three month period ended June 30, 2003.

On April 14, 2003, NRG South Central reported net income of $3.9 million on operating revenues and equity earnings of $396.7 million in its audited financial statements reported on Form 10-K for the fiscal year ended December 31, 2002. On August 14, 2003, NRG South Central reported net loss of $1.1 million on operating revenues and equity earnings of $92.6 million in its unaudited financial statements reported on Form 10-Q for the three month period ended June 30, 2003.

F. Legal Proceedings

Through September 1, 2003, the Debtors and other NRG subsidiaries and affiliates (collectively, the "NRG Entities") were involved in the following material legal proceedings. The NRG Entities are vigorously defending themselves in each of these matters. Certain of the proceedings set forth below are stayed under the automatic stay provisions of section 362 of the Bankruptcy Code. Claims arising from these proceedings will be treated in accordance with the Plan.

California Wholesale Electricity Litigation and Related Investigations

People of the State of California ex. rel. Bill Lockyer, Attorney General, v. Dynegy, Inc. et al., United States District Court, Northern District of California, Case No. C-02-O1854 VRW; United States Court of Appeals for the Ninth Circuit, Case No. 02-16619.

This action was filed in state court on March 11, 2002. It alleges that the defendants violated California Business & Professions Code § 17200 by selling ancillary services to CA ISO, and subsequently selling the same capacity into the spot market. The Attorney General seeks injunctive relief as well as restitution, disgorgement and civil penalties.

On April 17, 2002, the defendants removed the case to the United States District Court in San Francisco. Thereafter, the case was transferred to Judge Vaughn Walker, who is also presiding over various other "ancillary services" cases brought by the California Attorney General against other participants in the California market, as well as other lawsuits brought by the Attorney General against these other market participants. NRG has tolling agreements in place with the Attorney General with respect to such other proposed claims against it.

The Attorney General filed motions to remand, which the defendants opposed in July of 2002. In an Order filed in early September 2002, Judge Walker denied the remand motions. The Attorney General has appealed that decision to the United States Court of Appeal for the Ninth Circuit, and the appeal is pending. The Attorney General also sought a stay of proceedings in the district court pending the appeal, and this request was also denied. A "Notice of Bankruptcy Filing" respecting NRG was filed in the Ninth Circuit and in the District Court in mid-December 2002. The Attorney General asserted that the "police power" exception to the automatic stay is applicable here. Judge Walker agreed with the Attorney General on this issue. In a lengthy opinion filed March 25, 2003, Judge Walker dismissed the Attorney General's action against NRG and Dynegy with prejudice, finding it was barred by the filed rate doctrine and preempted by federal law. The Attorney General filed a Notice of Appeal, and the appeal was argued in August 2003 and also is pending.

A "Notice of Bankruptcy Filing" respecting NRG was filed in the Ninth Circuit and in the United States District Court in San Francisco in mid-December 2002. The Attorney General filed a paper asserting that the "police power" exception to the automatic stay is applicable here. In the order granting the motions to dismiss, the district court agreed with the Attorney General on this issue. A further such Notice was filed in the Ninth Circuit shortly after NRG's voluntary chapter 11 petition was filed. NRG is unable at this time to accurately

estimate the damages sought by the Attorney General against NRG and its affiliates, or predict the outcome of the case.

Public Utility District of Snohomish County v. Dynegy Power Marketing, Inc et al., Case No. 02-CV-1993 RHW, United States District Court, Southern District of California (part of MDL 1405).

This action was filed against Dynegy, NRG, Xcel and several other market participants in the United States District Court in Los Angeles on July 15, 2002. The complaint alleges violations of the California Business & Professions Code § 16720 (the Cartwright Act) and Business & Professions Code § 17200. The basic claims are price fixing and restriction of supply, and other market "gaming" activities.

The action was transferred from Los Angeles to the United States District Court in San Diego and was made a part of the Multi-District Litigation proceeding described below. All defendants filed motions to dismiss and to strike in the fall of 2002. In an Order dated January 6, 2003, the Honorable Robert Whaley, a federal judge from Spokane sitting in the United States District Court in San Diego, pursuant to the Order of the MDL Panel, granted the motions to dismiss on the grounds of federal preemption and filed-rate doctrine. The plaintiffs have filed a notice of appeal, and the appeal is pending.

In re: Wholesale Electricity Antitrust Litigation, MDL 1405, United States District Court, Southern District of California, pending before Honorable Robert H. Whaley. The cases included in this proceeding are as follows:

1. *Pamela R Gordon, on Behalf of Herself and All Others Similarly Situated v Reliant Energy, Inc. et al.*, Case No. 758487, Superior Court of the State of California, County of San Diego (filed November 27, 2000).

2. *Ruth Hendricks, On Behalf of Herself and All Others Similarly Situated and On Behalf of the General Public v. Dynegy Power Marketing, Inc. et al.*, Case No. 758565, Superior Court of the State of California, County of San Diego (filed November 29, 2000).

3. *The People of the State of California, by and through San Francisco City Attorney Louise H. Renne v. Dynegy Power Marketing, Inc. et al*., Case No. 318189, Superior Court of California, San Francisco County (filed January 18, 2001).

4. *Pier 23 Restaurant, A California Partnership, On Behalf of Itself and All Others Similarly Situated v PG&E Energy Trading et al*., Case No. 318343, Superior Court of California, San Francisco County (filed January 24, 2001).

5. *Sweetwater Authority, et al. v. Dynegy Inc. et al*., Case No. 760743, Superior Court of California, San Diego County (filed January 16, 2001).

6. *Cruz M Bustamante, individually, and Barbara Matthews, individually, and on behalf of the general public and as a representative taxpayer suit, v. Dynegy Inc. et al., inclusive*. Case No. BC249705, Superior Court of California, Los Angeles County (filed May 2, 2001).

These cases were all filed in late 2000 and 2001 in various state courts throughout California. They allege unfair competition, market manipulation, and price fixing. All the cases were removed to the appropriate United States District Courts, and were thereafter made the subject of a petition to the Multi-District Litigation Panel (Case No. MDL 1405). The cases were ultimately assigned to Judge Whaley. Judge Whaley entered an order in 2001 remanding the cases to state court, and thereafter the cases were coordinated pursuant to state court coordination proceedings before a single judge in San Diego Superior Court. Thereafter, Reliant Energy and Duke Energy filed cross-complaints naming various Canadian, Mexican and United States government entities. Some of these defendants once again removed the cases to federal court, where they were ultimately again assigned to Judge Whaley. The defendants filed motions to dismiss and to strike under the filed-rate and federal preemption theories, and the plaintiffs challenged the district court's jurisdiction and sought to have the cases remanded to state court. In December 2002, Judge Whaley issued an opinion finding that federal jurisdiction was absent in the district court, and remanding the cases to state court. Duke Energy and Reliant Energy have filed a notice of appeal with the Ninth Circuit, and also sought a stay of

the remand pending appeal. The stay request was denied by Judge Whaley. On February 20, 2003, however, the Ninth Circuit stayed the remand order and accepted jurisdiction to hear the appeal of Reliant Energy and Duke Energy on the remand order. NRG is not active in the appeal, which remains pending. Submission of briefs for the Ninth Circuit appeal is now in progress. A "Notice of Bankruptcy Filing" respecting NRG has also been filed in this action, providing notice of the involuntary petition.

"Northern California" cases against various market participants, not including NRG (part of MDL 1405).

These include the *Millar, Pastorino, RDJ Farms, Century Theatres, El Super Burrito, Leo's, J&M Karsant*, and the *Bronco Don* cases. NRG was not named in any of these cases, but in virtually all of them, either West Coast Power or one or more of the operating LLC's with which NRG is indirectly affiliated is named as a defendant. These cases all allege violation of Business & Professions Code § 17200, and are similar to the various allegations made by the Attorney General. Dynegy is named as a defendant in all these actions, and Dynegy's outside counsel is representing both Dynegy and the West Coast Power entities in each of these cases. These cases all were removed to federal court, made part of the Multi-District Litigation, and denied remand to state court. In late August 2003, Judge Whaley granted the defendants' motions to dismiss in these various cases.

"Pacific Northwest" cases: *Symonds v. Dynegy Power Marketing et al*., United States District Court, Western District of Washington, Case No. CV02-2552; *Lodewick v. Dynegy Power Marketing et al*., Oregon Circuit Court Case No. 0212-12771.

NRG is represented in these matters by Thomas Nelson of Portland. *Lodewick* was removed to federal court, and both cases were briefly the subject of MDL 1533. In early May, plaintiffs in both cases requested voluntary dismissal of the actions.

Bustamante v. McGraw-Hill Companies Inc., et al., No. BC 285598, California Superior Court, Los Angeles County

This putative class action lawsuit was filed on November 20, 2002. In addition to naming WCP-related entities as defendants, numerous industry participants are named in this lawsuit that are unrelated to WCP or NRG. The complaint generally alleges that the defendants attempted to manipulate gas indexes by reporting false and fraudulent trades. Named defendants in the suit are the LLCs established by WCP for each of its four plants: El Segundo Power, LLC; Long Beach Generation, LLC; Cabrillo Power I LLC; and Cabrillo Power II LLC. NRG is not named as a defendant. The complaint seeks restitution and disgorgement of "ill-gotten gains", civil fines, compensatory and punitive damages, attorneys' fees, and declaratory and injunctive relief. The plaintiff recently filed an amended complaint.

Dynegy has agreed with NRG that it will indemnify and hold harmless the named defendants in the *Bustamante* lawsuit, as well as NRG, from any civil fines, compensatory damages, punitive damages, costs, and fees that may be entered pursuant to either a final judgment or a settlement of claims. Dynegy has also agreed that it will pay all costs and attorneys' fees associated with the defense of the named defendants in the *Bustamante* lawsuit, as well as any defense costs for NRG.

Jerry Egger, et al. v. Dynegy Inc., et al., Case No. 809822, Superior Court of California, San Diego County (filed May 1, 2003). This case was filed on May 1, 2003 in San Diego Superior Court alleging violation of California's: antitrust law, Business and Professions Code, and unlawful and unfair business practices. The named defendants include West Coast Power, Cabrillo II, El Segundo Power and Long Beach Generation. This case now has been removed to the U.S. District Court, and the defendants have moved to have this case included as Multi-District Litigation along with the above referenced cases before Judge Walker.

With the exception of *People of the State of California ex. rel. Bill Lockyer, Attorney General, v. Dynegy, Inc. et al*, all of the above California actions are presently stayed as to NRG under the automatic stay provisions of section 362 of the Bankruptcy Code.

Investigations

FERC — California Market Manipulation

FERC has an ongoing "Investigation of Potential Manipulation of Electric and Natural Gas Prices," which involves hundreds of parties and substantial discovery. In June, 2001, FERC initiated proceedings related to California's demand for $8.9 billion in refunds from power sellers who allegedly inflated wholesale prices during the energy crisis. Hearings have been conducted before an administrative law judge who issued an opinion in late 2002. The administrative law judge stated that after assessing a refund of $1.8 billion for "unjust and unreasonable" power prices between October 2, 2000 and June 20, 2001, power suppliers were owed $1.2 billion because the State was holding funds owed to suppliers.

In August, 2002, the Ninth U.S. Circuit Court of Appeals granted a request by the Electricity Oversight Board, CPUC, and others, to seek out and introduce to FERC additional evidence of market manipulation by wholesale sellers. This decision resulted in FERC ordering an additional 100 days of discovery in the refund proceeding, and also allowing the relevant time period for potential refund liability to extend back an additional nine months, to January 1, 2000.

On December 12, 2002, FERC Administrative Law Judge Birchman issued a Certification of Proposed Findings on California Refund Liability in Docket No. EL00-95-045 et al., which determined the method for the mitigated energy market clearing price during each hour of the refund period. On March 26, 2003, FERC issued an Order on Proposed Findings on Refund Liability in Docket No. EL00-95-045 ("Refund Order"), adopting, in part, and modifying, in part, the Proposed Findings issued by Judge Birchman on December 12, 2002. In the Refund Order, FERC adopted the refund methodology in the Staff Final Report on Price Manipulation in Western Markets issued contemporaneously with the Refund Order in Docket No. PA02-2-000. This refund calculation methodology makes certain changes to Judge Birchman's methodology, because of FERC Staff's findings of manipulation in gas index prices. This could materially increase the estimated refund liability. The Refund Order also directs generators that want to recover any fuel costs above the mitigated market clearing price during the refund period to submit cost information justifying such recovery within forty (40) days of the issuance of the Refund Order. FERC announced in the Refund Order that it expects that refunds will be paid by suppliers by the end of summer 2003.

California Attorney General

In addition to the litigation it has undertaken described above, the California Attorney General has undertaken an investigation entitled In the Matter of the Investigation of Possibly Unlawful, Unfair, or Anti-Competitive Behavior Affecting Electricity Prices in California. In connection with this investigation, the Attorney General has issued subpoenas to Dynegy, served interrogatories on Dynegy and NRG, and informally requested documents and interviews from Dynegy and Dynegy employees as well as NRG and NRG employees. NRG responded to the interrogatories last summer, with the final set of responses being served on September 3, 2002. NRG has also produced a large volume of documentation relating to the West Coast Power plants. In addition, NRG employees in California have sat for informal interviews with representatives of the Attorney General's office. Dynegy employees have also been interviewed.

Although any evaluation of the likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss in the above-referenced private actions and various investigations cannot be made at this time, NRG notes that the Gordon complaint alleges that the defendants, collectively, overcharged California ratepayers during 2000 by $4.0 billion. NRG knows of no evidence implicating NRG in plaintiffs' allegations of collusion. NRG cannot predict the outcome of these cases and investigations at this time.

***Fortistar Capital Inc. v. NRG Energy, Inc.*, Hennepin County District Court**

On July 12, 1999, Fortistar Capital Inc. sued NRG in Minnesota state court. The complaint sought injunctive relief and damages of over $50 million resulting from NRG's alleged breach of a letter agreement with Fortistar relating to the Oswego power plant. NRG asserted counterclaims. After considerable litigation, the parties entered into a conditional, confidential settlement agreement, which was subject to necessary board

and lender approvals. NRG was unable to obtain necessary approvals. Fortistar has moved the court to enforce the settlement, seeking damages in excess of $35 million plus interest and attorneys' fees. NRG opposed Fortistar's motion on the grounds that conditions to contract performance have not been satisfied. In July 2003, Fortistar purported to withdraw its motion without prejudice and sought relief from stay at the Bankruptcy Court to liquidate its bankruptcy claim by trying the action in the Minnesota State Court. The Bankruptcy Court denied Fortistar's relief from stay motion and Fortistar is now seeking relief and review at the United States District Court for the Southern District of New York. NRG cannot predict the outcome of this dispute.

Fortistar RICO Claims/ Indemnity Requests

On Feb. 26, 2003, Fortistar Capital Inc. and Fortistar Methane, LLC filed a lawsuit in the Federal District Court for the Northern District of New York against Xcel and five present or former NRG or NEO officers and employees. In the lawsuit, Fortistar claims that the defendants violated the Racketeer Influenced and Corrupt Organizations Act ("RICO") and committed fraud by engaging in a pattern of negotiating and executing agreements "they intended not to comply with" and "made false statements later to conceal their fraudulent promises." The plaintiffs allege damages of some $350 million and also assert entitlement to a trebling of these damages under the provisions of RICO. The present and former NRG and NEO officers and employees have requested indemnity from NRG, which requests NRG is now examining. NRG cannot at this time estimate the likelihood of an unfavorable outcome to the defendants in this lawsuit.

***NEO Corporation, a Minnesota Corporation on Behalf of Itself and on Behalf of Minnesota Methane, LLC, a Delaware Limited Liability Company v. Fortistar Methane, LLC, a Delaware Limited Liability Company*, Hennepin County District Court**

NEO Corporation, a wholly owned subsidiary of NRG, brought this lawsuit in January of 2001. NEO asserted claims for breach of contract, breach of the covenant of good faith and fair dealing, fraudulent misrepresentations and omissions, defamation, business disparagement and derivative claims. Fortistar Methane, LLC denied NEO's claims and counterclaimed alleging breach of contract, fraud, negligent misrepresentation and breach of warranty. NEO denied Fortistar Methane's claims. Discovery has not been conducted. The parties entered into a conditional, confidential settlement of this matter and the Fortistar Capital action, described above. The agreement, however, was subject to necessary board and lender approvals. NEO was unable to obtain necessary approvals. Fortistar Methane has moved to enforce the settlement, seeking damages against NRG in excess of $35 million plus interest and attorneys' fees. NRG and NEO opposed Fortistar's motion on the grounds that conditions to contract performance were not met. No decision has been rendered on the pending motion. NRG cannot predict the likelihood of an unfavorable outcome.

***Connecticut Light & Power Company v. NRG Power Marketing Inc.*, Docket No. 3:01-CV-2373 (A WT), pending in the United States District Court, District of Connecticut**

This matter involves a claim by CL&P for recovery of amounts it claims are owing for congestion charges under the terms of a Standard Offer Services contract between the parties, dated October 29, 1999. CL&P served and filed its motion for summary judgment to which PMI filed a response on March 21, 2003. CL&P has offset approximately $30 million from amounts owed to PMI, claiming that it has the right to offset those amounts under the contract. PMI has counterclaimed seeking to recover those amounts, arguing among other things that CL&P has no rights under the contract to offset them. On May 14, 2003, PMI provided notice to CL&P of termination of the contract effective May 19, 2003. Pursuant to the request of the Attorney General of Connecticut and the Connecticut Department of Public Utility Control, on May 16, 2003, the Federal Energy Regulating Commission (FERC) issued an Order directing PMI to continue to provide service to CL&P under the contract, pending further order by FERC. PMI cannot estimate at this time the likelihood of an unfavorable outcome in this matter, or the overall exposure for congestion charges for the full term of the contract. Although the outcome of this litigation may have an affect on NRG Northeast, NRG Northeast is not a party to this litigation. Certain litigation between PMI and CL&P related to the Chapter 11 Case is detailed in Section V.D, below.

***The State of New York and Erin M. Crotty, as Commissioner of the New York State Department of Environmental Conservation v. Niagara Mohawk Power Corporation et al.*, United States District Court for the Western District of New York, Civil Action No. 02-CV-002S**

In January, 2002, NRG and Niagara Mohawk Power Corporation ("NiMo") were sued by the New York Department of Environmental Conservation in federal court in New York. The complaint asserted that projects undertaken at NRG's Huntley and Dunkirk plants by NiMo, the former owner of the facilities, required preconstruction permits pursuant to the Clean Air Act and that the failure to obtain these permits violated federal and state laws. In July, 2002, NRG filed a motion to dismiss. On March 27, 2003 the court dismissed the complaint against NRG with prejudice as to the federal claims and without prejudice as to the state claims. It is possible the state will appeal this dismissal to the Second Circuit Court of Appeals. In the meantime, on April 25, 2003, the state provided to NRG notice of intent to again sue NRG and various affiliates by filing a second amended complaint in this same action in the federal court in New York, asserting against the NRG Defendants violations of operating permits and deficient operating permits at the Huntley and Dunkirk plants. If the case ultimately is litigated to a judgment and there is an unfavorable outcome that could not be addressed through use of compliant fuels and/or a plant-wide applicability limit, NRG has estimated that the total investment that would be required to install pollution control devices could be as high as $300 million over a ten to twelve-year period, and NRG may be responsible for payment of certain penalties and fines.

On May 2, 2003, NRG representatives met with the New York Attorney General and commenced discussions aimed at a possible settlement of all outstanding issues respecting these matters.

***Niagara Mohawk Power Corporation v. NRG Energy, Inc., Huntley Power, LLC, and Dunkirk Power, LLC*, Supreme Court, State of New York, County of Onondaga, Case No. 2001-4372**

NRG has asserted that NiMo is obligated to indemnify it for any related compliance costs associated with resolution of the enforcement action. NiMo has filed suit in state court in New York seeking a declaratory judgment with respect to its obligations to indemnify NRG under the asset sales agreement. NRG has pending a summary judgment motion on its entitlement to be reimbursed by NiMo for the attorneys' fees NRG has incurred in the enforcement action.

Huntley Power LLC, Dunkirk Power LLC and Oswego Power LLC

All three of these facilities have been issued Notices of Violation with respect to opacity exceedances. NRG has been engaged in consent order negotiations with the New York State Department of Environmental Conservation ("DEC") relative to opacity issues affecting all three facilities periodically since 1999. One proposed consent order was forwarded by DEC under cover of a letter dated January 22, 2002, which makes reference to 7,890 violations at the three facilities and contains a proposed payable penalty for such violations of $900,000. On February 5, 2003, DEC sent to NRG a proposed Schedule of Compliance and asserted that it is to be used in conjunction with newly-drafted consent orders. NRG has not yet received the consent orders although NRG has been told by DEC that DEC is now seeking a penalty in excess of that cited in its January 22, 2002 letter. NRG expects to continue negotiations with DEC regarding the proposed consent orders, including the Schedule of Compliance and the penalty amount. NRG cannot predict whether those discussions with the DEC will result in a settlement and, if they do, what sanctions will be imposed. In the event that the consent order negotiations are unsuccessful, NRG does not know what relief DEC will seek through an enforcement action and what the result of such action will be.

***Niagara Mohawk Power Corporation v. Dunkirk Power LLC, et al.*, Supreme Court, Erie County, Index No. 1-2000-8681**

On October 2, 2000, plaintiff NiMo commenced this action against NRG to recover damages plus late fees, less payments received through the date of judgment, as well as any additional amounts due and owing, for electric service provided to the Dunkirk Plant after September 18, 2000. Plaintiff NiMo claims that NRG has failed to pay retail tariff amounts for utility services commencing on or about June 11, 1999 and continuing to September 18, 2000 and thereafter. Plaintiff has alleged breach of contract, suit on account,

violation of statutory duty, and unjust enrichment claims. On or about October 23, 2000, NRG served an answer denying liability and asserting affirmative defenses.

After proceeding through discovery, and prior to trial, the parties and the court entered into a stipulation and order filed August 9, 2002 consolidating this action with two other actions against NRG Northeast's Huntley and Oswego subsidiaries, both of which cases assert the same claims and legal theories for failure to pay retail tariffs for utility services.

On October 8, 2002, a Stipulation and Order was filed in the Erie County Clerk's Office staying this action pending submission of some or all of the disputes in the action to the FERC. NRG cannot make an evaluation of the likelihood of an unfavorable outcome. The cumulative potential loss could exceed $35 million.

***Niagara Mohawk Power Corporation v. Huntley Power LLC, NRG Huntley Operations, Inc., NRG Dunkirk Operations, Inc., Dunkirk Power LLC, Oswego Harbor Power LLC, and NRG Oswego Operations, Inc.*, case filed November 26, 2002 in Federal Energy Regulatory Commission Docket No. EL 03-27-000**

This is the companion action filed by NiMo at FERC, similarly asserting that NiMo is entitled to receive retail tariff amounts for electric service provided to the Huntley, Dunkirk and Oswego plants. The parties are currently engaged in settlement negotiations which, should they prove successful, will resolve both this FERC action and the above-referenced state court proceedings respecting amounts owing for electrical service provided to these three plants. At this stage of the proceedings, NRG cannot estimate the likelihood of an adverse determination. As noted above, the cumulative potential loss could exceed $35 million.

***Pointe Coupee Parish Police Jury and Louisiana Generating, LLC v. United States Environmental Protection Agency and Christine Todd Whitman, Administrator*, Adversary Proceeding No. 02-61021 on the docket of the United States Court of Appeals for the Fifth Circuit**

On December 2, 2002, a Petition for Review was filed to appeal the United States Environmental Protection Agency's approval of the Louisiana Department of Environmental Quality's ("DEQ") revisions to the Baton Rouge State Implementation Plan ("SIP"). Pointe Coupee and NRG's subsidiary, Louisiana Generating object to the approval of SIP Section 4.2.1. Permitting NOx Sources that purports to require DEQ to obtain offsets of major increases in emissions of nitrogen oxides (NOx) associated with major modifications of existing facilities or construction of new facilities both in the Baton Rouge Ozone Nonattainment Area and in four adjoining attainment parishes referred to as the Region of Influence, including Pointe Coupee Parish. The plaintiffs' challenge is based on DEQ's failure to comply with Administrative Procedures Act requirements related to rulemaking and EPA's regulations which prohibit EPA from approving a SIP not prepared in accordance with state law. The court granted a sixty (60) day stay of this proceeding on February 25, 2003 to allow the parties to conduct settlement discussions, which has now been further extended through the end of 2003, while the parties continue their settlement efforts. At this time, NRG is unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which NRG may be subject.

***In the Matter of Louisiana Generating, LLC*, Adversary Proceeding No. 2002-1095 1-EQ on the docket of the Louisiana Division of Administrative Law**

During 2000, DEQ issued a Part 70 Air Permit modification to Louisiana Generating to construct and operate two 240 MW natural gas-fired turbines. The Part 70 Air Permit set emissions limits for the criteria air pollutants, including NOx, based on the application of Best Available Control Technology ("BACT"). The BACT limitation for NOx was based on the guarantees of the manufacturer, Siemens-Westinghouse. Louisiana Generating sought an interim emissions limit to allow Siemens-Westinghouse time to install additional control equipment. To establish the interim limit, DEQ issued a Compliance Order and Notice of Potential Penalty, No. AE-CN-02-0022, on September 8, 2002, which is, in part, subject to the referenced administrative hearing. DEQ alleged that Louisiana Generating did not meet its NOx emissions limit on certain days, did not conduct all opacity monitoring and did not complete all record keeping and certification requirements. Louisiana Generating intends to vigorously defend certain claims and any future penalty assessment, while also seeking an amendment of its limit for NOx. An initial status conference has been held

with the Administrative Law Judge and quarterly reports will be submitted to describe progress, including settlement and amendment of the limit. The extension of an amended BACT analysis has been granted until December 31, 2003. In addition, NRG may assert breach of warranty claims against the manufacturer. With respect to the administrative action described above, at this time NRG is unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which the Company may be subject.

NRG Sterlington Power, LLC

During 2002, NRG Sterlington conducted a review of the Sterlington Power Facility's Part 70 Air Permit obtained by the facility's former owner and operator, Koch Power, Inc. Koch had outlined a plan to install eight 25 megawatt (MW) turbines to reach a 200 MW limit in the permit. Due to the inability of several units to reach their nameplate capacity, Koch determined that it would need additional units to reach the electric output target. In August 2000, NRG Sterlington acquired the remaining interests in the facility not originally held on a passive basis and sought the transfer of the Part 70 Air Permit along with a modification to incorporate two 17.5 MW turbines installed by Koch and to increase the total number of turbines to ten. The permit modification was issued February 13, 2002. During further review, NRG Sterlington determined that a ninth unit had been installed prior to issuance of the permit modification. In keeping with its environmental policy, it disclosed this matter to DEQ during April, 2002. Additional information was provided during July 2002. As DEQ has not acted to date to institute an enforcement proceeding, NRG suspects that it may not. However, as it is not time barred from doing so, NRG is unable at this time to predict the eventual outcome or potential loss contingencies, if any, to which NRG may be subject.

Stone & Webster, Inc. and Shaw Constructors, Inc. v. NRG Energy, Inc. et al.

On October 17, 2002, Stone & Webster, Inc. ("S&W") and Shaw Constructors, Inc. ("Shaw") filed a lawsuit in the United States District Court, Southern District of Mississippi, against NRG, Xcel, NRG Granite Acquisition LLC, Granite Power Partners II LP and two of Xcel's executives relating to the construction of a power plant in Pike County, Mississippi. Plaintiffs generally allege that they were not paid for work performed to construct the power plant, and have sued the parent entities of the company with which they contracted to build the plant in order to recover amounts allegedly owing. Plaintiffs assert claims for breach of fiduciary duty, piercing the corporate veil, breach of contract, tortious interference with contract, enforcement of an NRG guaranty, detrimental reliance, negligent or intentional misrepresentation, conspiracy, and aiding and abetting. The parties are engaged in global settlement negotiations respecting this lawsuit and the dismissal of the Mississippi Involuntary Case, described below.

The Mississippi Involuntary Case

On October 17, 2002, a petition commencing an involuntary bankruptcy proceeding pursuant to Chapter 7 of the Bankruptcy Code was filed in the United States Bankruptcy Court for the Southern District of Mississippi (the "Mississippi Bankruptcy Court") against LSP-Pike Energy, LLC ("Pike"), a subsidiary of NRG, by S&W and Shaw (the "Mississippi Involuntary Case"). In their petition filed with the Mississippi Bankruptcy Court, the joining petitioners sought recovery of allegedly unpaid contractual construction-related obligations in an aggregate amount of $73,833,328, which amount Pike has disputed. As set forth above, the parties are engaged in settlement negotiations respecting this matter.

The Minnesota Involuntary Case

On November 22, 2002, five former NRG executives filed an involuntary chapter 11 petition against NRG in the United States Bankruptcy Court for the District of Minnesota. On February 19, 2003, NRG announced that it had reached a settlement with the petitioners. On May 12, 2003, the United States Bankruptcy Court for the District of Minnesota issued an order abstaining from exercising jurisdiction over any aspect of the case and dismissed the case.

FirstEnergy Arbitration Claim

On November 29, 2001, The Cleveland Electric Illuminating Company, The Toledo Edison Company and FirstEnergy Ventures ("Sellers") entered into Purchase and Sale Agreements with NRG Able Acquisition LLC ("NRG Able"), guaranteed by NRG (together, "Purchasers"), for the purchase of certain power plants for approximately $1.5 billion. On August 8, 2002, Sellers terminated the agreements and asserted that Purchasers were liable for anticipatory breach of the Purchase and Sale Agreements on the grounds that they could not finance the purchases. On August 8, 2002, Purchasers provided notice that they disagreed with Sellers' assertion. After Sellers filed a motion in the Minnesota involuntary case (described in Section IV.D below) seeking a waiver of the automatic stay of Section 362(a) of the Bankruptcy Code, on February 21, 2003, Sellers, NRG, and NRG Northern Ohio Generating LLC, f/k/a/ NRG Able, stipulated to the United States Bankruptcy Court, District of Minnesota, that they would agree to a waiver of the automatic stay, thereby allowing Sellers to commence arbitration against Purchasers regarding their dispute. The collection of any award, however, would remain fully subject to NRG's automatic stay. The Minnesota Bankruptcy Court approved the stipulation. On February 26, 2003, Sellers commenced arbitration proceedings against Purchasers. The parties have selected the arbitration panel and have stipulated to lift the automatic stay respecting the Chapter 11 Case in order to allow the arbitration proceedings to go forward. The arbitration is scheduled to take place in February 2004. Sellers have stated publicly that they will seek an arbitration award of several hundred million dollars. NRG cannot presently predict the outcome of this dispute.

General Electric Company and Siemens Westinghouse Turbine Purchase Disputes

NRG and/or its affiliates have entered into several turbine purchase agreements with affiliates of General Electric Company ("GE") and Siemens Westinghouse Power Corporation ("Siemens"). GE and Siemens have notified NRG that it is in default under certain of those contracts, terminated such contracts, and demanded that NRG pay the termination fees set forth in such contracts. In prepetition negotiations GE made a claim against NRG in the amount of $120 million and Siemens also made a claim against NRG in the amount of approximately $45 million in cumulative termination charges. NRG has recorded a liability for the amounts it believes it owes under the contracts and termination provisions. NRG cannot estimate the likelihood of unfavorable outcomes in these disputes.

Itiquira Energetica, S.A.

NRG's indirectly controlled Brazilian project company, Itiquira Energetica S.A. ("Itiquira"), the owner of a 156MW hydro project in Brazil, is currently in arbitration with the former EPC contractor for the project, Inepar Industria e Construcoes ("Inepar"). The dispute was commenced by Itiquira in September, 2002 and pertains to certain matters arising under the former EPC contract. Itiquira principally asserts that Inepar breached the contract and caused damages to Itiquira by (i) failing to meet milestones for substantial completion; (ii) failing to provide adequate resources to meet such milestones; (iii) failing to pay subcontractors amounts due; and (iv) being insolvent. Itiquira's arbitration claim is for approximately US$40 million. Inepar has asserted in the arbitration that Itiquira breached the contact and caused damages to Inepar by failing to recognize events of force majeure as grounds for excused delay and extensions of scope of services and material under the contract. Inepar's damage claim is for approximately US $10 million. The parties submitted their respective statements of claims, counterclaims and responses, and a preliminary arbitration hearing was held on March 21, 2003. NRG anticipates that the current investigation process will be completed by late October, 2003. NRG cannot estimate the likelihood of an unfavorable outcome in this dispute.

Additional Litigation

In addition to the foregoing, NRG and its subsidiaries are parties to other litigation or legal proceedings, which may or may not be material. There can be no assurance that the outcome of such matters will not have a material adverse effect on NRG's business, financial condition or results of operations.

IV.

EVENTS LEADING TO THE CHAPTER 11 CASE AND RELATED POST-PETITION EVENTS

A. Background to the Restructuring

NRG was incorporated as a Delaware corporation on May 29, 1992. Beginning in 1989, NRG conducted business through its predecessor companies, NRG Energy, Inc. and NRG Group, Inc., Minnesota corporations, which were merged into NRG subsequent to its incorporation. NRG, together with its majority owned subsidiaries and affiliates, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products.

On June 5, 2000, NRG completed its initial public offering. Prior to its initial public offering, NRG was a wholly owned subsidiary of Northern States Power ("NSP"). In August 2000, NSP merged with New Century Energies, Inc. ("NCE"), a Colorado-based public utility holding company to form Xcel. Xcel owns or has interests in a number of non-regulated businesses, the largest of which is NRG. In March 2001, NRG completed a second public offering of 18.4 million shares of its common stock. Following this offering, Xcel indirectly owned a 74% interest in NRG's common stock and class A common stock, representing 96.7% of the total voting power of NRG's common stock and class A common stock. On June 3, 2002, Xcel completed its exchange offer for the 26% of NRG's shares that had been previously publicly held.

Beginning in the early 1990's, NRG pursued a strategy of growth through acquisitions. Starting in 2000, NRG added the development of new construction projects to this strategy. This strategy required significant capital, much of which was satisfied primarily with third party debt. As of December 31, 2002, NRG had approximately $9.4 billion of debt on its balance sheet at the corporate and project levels, comprising approximately $4.0 billion of total corporate debt, and $5.4 billion of consolidated project debt (including the debt at NRG FinCo). Due to a number of reasons, including the overall down-turn in the energy industry (see "Industry Dynamics" under Section III.A.2, above), NRG's financial condition has deteriorated significantly. As a direct consequence, in 2002 NRG entered into discussions with its creditors in anticipation of a comprehensive restructuring in order to become a more stable and conservatively capitalized company.

B. Ratings Downgrades of NRG Securities

In December 2001, Moody's placed NRG's long-term senior unsecured debt rating on review for possible downgrade. In response, Xcel and NRG put into effect a plan to preserve NRG's investment grade rating and improve its financial condition. This plan included financial support to NRG from Xcel; marketing certain NRG assets for sale; canceling and deferring capital spending; and reducing corporate expenses.

In response to the possible downgrade described above, during 2002, Xcel contributed $500 million to NRG, and NRG and its subsidiaries sold assets and businesses that provided NRG in excess of $286 million in cash and eliminated approximately $432 million in debt. NRG also cancelled or deferred construction of approximately 3,900 MW of new generation projects. On July 26, 2002, S&P downgraded NRG's senior unsecured bonds to below investment grade, and three days later Moody's also downgraded NRG's senior unsecured debt rating to below investment grade. Since July 2002, NRG senior unsecured debt, as well as the secured NRG Northeast Generating LLC bonds, the secured NRG South Central Generating LLC bonds and secured LSP Energy bonds were downgraded multiple times. After NRG failed to make payments due under certain unsecured bond obligations on September 16, 2002, both Moody's and S&P lowered their ratings on NRG's and its subsidiaries' unsecured bonds once again. Currently, NRG's unsecured bonds carry a rating of between CCC and D at S&P and between Ca and C at Moody's, depending on the specific debt issue.

As a result of the downgrade of NRG's credit rating, declining power prices, increasing fuel prices, the overall down-turn in the energy industry and the overall down-turn in the economy, NRG has experienced severe financial difficulties. These difficulties have caused NRG to, among other things, miss scheduled principal and interest payments due to its corporate lenders and bondholders (see Section IV.C below), be required to prepay for fuel and other related delivery and transportation services and provide performance collateral in certain instances. NRG has also recorded asset impairment charges of approximately $3.1 billion,

related to various operating projects, as well as projects that were under construction which NRG has stopped funding.

C. Events of Default and Negotiations with Creditors

NRG and its subsidiaries have failed to timely make the following interest and/or principal payments on its indebtedness:

Debt ($ in million)	Amount Issued or Drawn	Rate	Maturity	Interest Due	Principal Due	Date Due
Recourse Debt						
NRG ROARS	$ 250.0	8.700%	3/15/2005	$ 10.9	—	9/16/2002
	$ 250.0	8.700%	3/15/2005	$ 10.9		3/15/2003
NRG senior notes	$ 350.0	8.250%	9/15/2010	$ 14.4	—	9/16/2002
	$ 350.0	8.250%	9/15/2010	$ 14.4		3/17/2003
NRG senior notes	$ 350.0	7.750%	4/1/2011	$ 13.6	—	10/1/2002
	$ 350.0	7.750%	4/1/2011	$ 13.6	—	4/1/2003
NRG senior notes	$ 500.0	8.625%	4/1/2031	$ 21.6	—	10/1/2002
	$ 500.0	8.625%	4/1/2031	$ 21.6	—	4/1/2003
NRG senior notes	$ 240.0	8.000%	11/1/2003	$ 9.6	—	11/1/2002
	$ 240.0	8.000%	11/1/2003	$ 9.6	—	5/1/2003
NRG senior notes	$ 300.0	7.500%	6/1/2009	$ 11.3	—	12/1/2002
	$ 300.0	7.500%	6/1/2009	$ 11.3	—	6/1/2003
NRG senior notes	$ 250.0	7.500%	6/15/2007	$ 9.4	—	12/15/2002
	$ 250.0	7.500%	6/15/2007	$ 9.4		6/15/2003
NRG senior notes	$ 340.0	6.750%	7/15/2006	$ 11.5	—	1/15/2003
NRG senior debentures (NRZ Equity Units)	$ 285.7	6.500%	5/16/2006	$ 4.7	—	11/16/2002
	$ 285.7	6.500%	5/16/2006	$ 4.7	—	2/17/2003
	$ 285.7	6.500%	5/16/2006	$ 4.7	—	5/16/2003
NRG senior notes	$ 125.0	7.625%	2/1/2006	$ 4.8	—	2/1/2003
NRG 364-day corporate revolving facility	$ 1,000.0	Various	3/7/2003	$ 6.5	—	9/30/2002
	$ 1,000.0	Various	3/7/2003	$ 18.6	$ 1,000.0	12/31/2002
	$ 1,000.0	Various	3/7/2003	$ 17.8	—	3/31/2003
	$ 1,000.0	Various	3/7/2003	$ 18.1	—	6/30/2003
NRG Letter of Credit Facility(5)	$ 103.0	Various	Various	$ 1.9	—	Various
NRG FinCo Secured Revolver	$ 1,081.0	Various	5/8/2006	$ 67.2	$ 1,081.0	Various
Non-Recourse Debt						
NRG Northeast Generating LLC	$ 320.0	8.065%	12/15/2004		$ 53.5	12/15/2002
	$ 320.0	8.065%	12/15/2004		$ 17.5	6/15/2003
NRG South Central Generating LLC	$ 500.0	8.962%	3/15/2016	$ 20.2	$ 12.8	9/16/2002
	$ 500.0	8.962%	3/15/2016	—	$ 12.8	3/17/2003

(5) $14.2 million in letters of credit under the NRG Letter of Credit Facility have been drawn upon. While there is no interest due under the NRG Letter of Credit facility, there are fees of $1.9 million due as of June 30, 2003.

These missed payments may have also resulted in cross-defaults of numerous other non-recourse and limited recourse debt instruments of NRG. In addition, the following issues have been accelerated, rendering the debt immediately due and payable: on November 6, 2002, the lenders accelerated the approximately $1.1 billion of debt under the NRG FinCo Secured Revolver; on November 21, 2002, the bond trustee, on behalf of bondholders, accelerated the approximately $750 million of debt under the NRG South Central facility; and on February 27, 2003, ABN Amro, as administrative agent, accelerated the approximately $1.0 billion corporate revolver financing facility.

In addition to the missed payments detailed in the chart above, NRG has failed to fund certain obligations related to the NRG FinCo projects and has failed to post collateral requirements due under the equity support agreement.

Since September 2002, the following payments were made: on December 10, 2002, $16.0 million in interest, principal, and swap payments were made from restricted cash accounts in relation to the $325,000,000 Series A Floating Rate Senior Secured Bonds due 2019, issued by NRG Peaker Finance Company LLC; on December 27, 2002, NRG Northeast made the $24.7 million interest payment due on the NRG Northeast bonds but failed to make the $53.5 million principal payment; in January 2003, the NRG South Central bondholders unilaterally withdrew $35.6 million from a restricted revenue account relating to the September 15, 2002 interest payment and fees on March 17, 2003 NRG South Central bondholders were paid $34.4 million due in relation to the March semi-annual interest payment, but the $12.8 million principal payment was deferred: and NRG Northeast made a total of $24.8 million of interest payments due June 15, 2003 on its Series A, B, and C bonds.

Prior to the downgrades, many corporate guarantees and commitments of NRG and its subsidiaries required that they be supported or replaced with letters of credit or cash collateral within 5 to 30 days of a ratings downgrade below Baa3 or BBB- by Moody's or S&P, respectively. As a result of the downgrades on July 26 and July 29, 2002, NRG received demands to post collateral aggregating approximately $1.2 billion.

In response to the above developments, NRG in August 2002 retained financial and legal restructuring advisors to assist its management in the preparation of a comprehensive financial and operational restructuring. NRG and its advisors have been meeting regularly to discuss restructuring issues with an ad hoc committee of its bondholders and a steering committee of its bank lenders. While these discussions were in progress, NRG's unsecured bank lenders and noteholders refrained from exercising remedies against NRG and many project lenders also granted forbearance.

D. The Minnesota Involuntary Case

On November 22, 2002, five former NRG executives filed an involuntary chapter 11 petition against NRG in the United States Bankruptcy Court for the District of Minnesota. On February 19, 2003, NRG announced that it had reached a settlement with the petitioners. On May 12, 2003, the United States Bankruptcy Court for the District of Minnesota issued an order abstaining from exercising jurisdiction over any aspect of the case and dismissed the case.

E. The Xcel Settlement

1. The Relationship Between Xcel and NRG Energy

As described above, NRG is currently an indirect, wholly-owned subsidiary of Xcel. From the date of NRG's initial public offering in 2000, certain NRG officers and directors were also officers of Xcel, or its predecessor, NSP.

At various times, NRG and Xcel were parties to certain agreements and arrangements with one another, including, but not limited to:

- a Support and Capital Subscription Agreement (the "Support Agreement"), dated May 29, 2002, under which Xcel agreed to provide up to $300 million to NRG under certain circumstances;

- a Tax Allocation Agreement (the "TaxAllocation Agreement"), dated December 29, 2000, which called for Xcel, NRG, and their eligible affiliated corporations to join in the filing of consolidated federal income tax returns, and also set forth procedures for allocating tax benefits among the parties;

- a Services Agreement (the "Services Agreement") approved by the SEC pursuant to which Xcel Energy Services Inc. and other subsidiaries of Xcel provided NRG with certain administrative services, including benefits administration, engineering support, accounting, and other corporate services; and

- certain other intercompany agreements relating to various NRG operations.

In addition to the foregoing intercompany agreements, Xcel entered into certain third-party agreements for the benefit of NRG, including, but not limited to, the placement of several hundred million dollars of guaranties (each an "Xcel Guaranty" or collectively the "Xcel Guaranties"). The Xcel Guaranties were granted to a number of NRG's trading counterparties as credit support for NRG's trading transactions. The Xcel Guaranties generally secure the payment obligations of NRG under such trading contracts. Without this credit support, it is unlikely that NRG would have been able to enter into trading transactions to support its operations at their then-current levels.

The outstanding face amount of the Xcel Guaranties as of March 31, 2003 was approximately $226 million. Since then, $71 million (face amount) of Xcel Guaranties have expired or have been terminated and settled without any anticipated residual liabilities, while Xcel has made payments of $26.6 million to settle obligations under guaranties with a face value of $47 million. These payments are a liability of NRG under the Xcel Settlement Agreement. There are currently $108 million (face amount) of Xcel Guaranties outstanding. The Debtors anticipate that the outstanding Xcel Guaranties will result in minimal, if any, liability or payment obligation, based on, among other factors:

(i) *Current Mark-to-Market Values of Contracts.* The current mark-to-market values of the contracts which the Xcel Guaranties secure are positive to NRG. This means that the counterparty to the contract has a balance owing to NRG as of the valuation date. So, for example, if the counterparty is holding a $1 million Xcel Guaranty, but the contract has a positive value to NRG, none of the $1 million Xcel Guaranty is "at risk" of payment;

(ii) *Prepayments by NRG.* In some cases, NRG has agreed to prepay certain vendors for goods or services under contracts which are secured by an Xcel Guaranty. Again, because there is no balance owing to the counterparty in such cases, there is no risk of liability under the Xcel Guaranty;

(iii) *Absence of Trading Activity.* NRG has entered into some "master agreements" with trading parties, transactions under which are secured by an Xcel Guaranty. Some master agreements have no current underlying transactions and consequently, pose no potential liability under the Xcel Guaranty; and

(iv) *Expiration.* Most Xcel Guaranties have durations of approximately one year, and regularly expire in the ordinary course of business. To the extent an Xcel Guaranty expires, it will not be renewed by Xcel. However, NRG may be required to post a satisfactory form of collateral to replace the Xcel Guaranty.

2. Investigation of Claims Between Xcel and NRG

Upon the commencement of the restructuring process, the Global Steering Committee, the Noteholder Group and NRG expressed concerns about NRG's transactions with Xcel, as well the overall corporate relationship between Xcel and NRG. As a result of these concerns and discussions between the Global Steering Committee, the Noteholder Group and NRG, Kirkland & Ellis LLP, counsel to NRG, conducted

investigations into such transactions and the overall relationship between Xcel and NRG and provided periodic updates and reports on such investigation to the Global Steering Committee and Noteholder Group. As part of this investigation, NRG and its counsel, Kirkland & Ellis LLP, focused primarily on and reported to the Global Steering Committee and Noteholder Group with respect to the following:

- *Support Agreement Obligations.* NRG, the Global Steering Committee, and the Noteholder Group alleged that Xcel was obligated to make a $300 million contribution to NRG pursuant to the Support Agreement. In making this allegation, the parties relied on a series of documents dated September 13, 2002 in which Xcel acknowledged and agreed that ". . . due and proper demand for a drawing of $300,000,000 under the [Support Agreement] is deemed to have been made by the [Bank Group] Agents on behalf of NRG . . ."

- *Tax Matters.* NRG and certain of its subsidiaries were members of the Xcel affiliated group for federal income tax purposes until the March 2001 public offering of NRG shares. Until that time, NRG and its subsidiaries were also party to the Tax Allocation Agreement. NRG and certain subsidiaries became re-affiliated with Xcel in June 2002, when Xcel reacquired NRG's public shares, but Xcel took no steps to re-include NRG or its subsidiaries in Xcel's consolidated federal income tax returns. NRG and the creditors' representatives raised questions as to whether those steps could or should be taken.

- *Services Agreement Claims.* NRG, the Global Steering Committee, and the Noteholder Group alleged that Xcel charged NRG $30 million, which was paid by NRG to Xcel, for corporate services that NRG did not need or did not use for the period from 2000 to 2002. NRG did not sign the Services Agreement until 2002, when Xcel reacquired all of NRG's common stock, and the Services Agreement was signed by NRG's president, who was also an officer of Xcel. Immediately after executing the Services Agreement, NRG paid the $30 million to Xcel.

- *Other Claims.* Representatives of NRG also reviewed the course of conduct and dealing between NRG and Xcel to determine the existence of, among other things, any potential claims against Xcel for fraudulent transfers, breaches of fiduciary duty, illegal dividends paid by NRG to Xcel, any veil piercing or alter ego claims, unjust enrichment, fraud, misrepresentation, and violations of state or federal securities laws.

At all times during the investigation, Xcel vigorously maintained that all claims being investigated by NRG and being considered by NRG, the Global Steering Committee, or the Noteholder Group were without merit. In addition, during the same time period, Xcel was investigating potential causes of action against NRG for, among other things, breaches of fiduciary duty, unjust enrichment, fraud, misrepresentation, and violations of state or federal securities laws. Likewise, NRG maintained at all times that any claims being advanced by Xcel against it were without merit.

Following the investigation described above, NRG met with its counsel and advisors, and with members of the Global Steering Committee and Noteholder Committee (as representatives of in excess of $5 billion of the approximately $6 billion in unsecured Claims against NRG) to review and evaluate the potential claims against Xcel and the best ways to pursue such claims. As the potential claims by NRG against Xcel involved difficult questions of law and fact that would likely only be resolved after costly and extensive litigation against Xcel, NRG decided to explore with its creditors and Xcel whether a satisfactory settlement of such claims was possible. Subsequently, NRG and its creditors received an initial proposal from Xcel relating to a compromise and settlement of all claims. While such initial proposal was not acceptable to the parties, it did provide a basis for further discussions. As the parties continued to negotiate over the next four to five months and neared an agreement on the financial aspects of a settlement, NRG, in consultation with the members of the Global Steering Committee and the Noteholder Committee, determined that there were very few likely litigation scenarios in which NRG would receive materially more than the range of values then under discussion. However, the parties did envision scenarios in which NRG might receive substantially less than the then-proposed Xcel settlement amount, especially after taking into account litigation risk, expense, and the consequential damage of delaying the implementation of a comprehensive financial restructuring. On that basis NRG and its advisors determined that the terms of the proposed Xcel Settlement constitute a fair and

reasonable settlement of the claims against Xcel and is in the best interests of NRG's creditors. During the settlement negotiations, the parties did not allocate any portion of the potential settlement payment to claims related to tax issues or other specific obligations, with the exception of $250 million allocated to settle all Support Agreement obligations.

Independently from the above investigations and claims, the bank lenders to NRG and NRG FinCo asserted a number of claims (defined herein as the Separate Bank Claims) directly against Xcel that generally were based upon (a) alleged misrepresentations under the lenders' relevant credit documents by NRG in connection with advances made thereunder to NRG and NRG FinCo and (b) assertions that Xcel was directly liable to the Separate Bank Settlement Group for such misrepresentations. Xcel maintained that the Separate Bank claims were without merit but, nonetheless, in connection with the settlement of the claims held by NRG described above, determined that the Separate Bank Claims also should be resolved. Following several months of difficult negotiations between the banks, Xcel, and the Noteholders, the banks and Xcel agreed to the terms of the Separate Bank Settlement described herein. The entry by Xcel and the Separate Bank Settlement Group into the Separate Bank Release Agreement is a condition to effectiveness of the Plan but the receipt by the Separate Bank Settlement Group of the $112 million to be paid by Xcel thereunder (as set forth more fully below) is a payment by Xcel, not NRG, made independently of the Plan and does not constitute a distribution under the Plan.

3. Tentative Settlement; Plan Support Agreement and Term Sheet

Concurrently with, and following the investigation, advisors to NRG, the Global Steering Committee and the Noteholders engaged in extensive discussions and negotiations with Xcel over the terms and conditions of a comprehensive settlement of all claims between NRG and Xcel. On March 26, 2003, Xcel announced that its board of directors had approved a tentative settlement agreement with NRG, the Global Steering Committee, and the Noteholder Group in which Xcel agreed to make a contribution, consisting of: (i) $350 million in Cash (which includes $112 million to be paid to the Separate Bank Settlement Group) 90 days after the Confirmation Date or one Business Day after the Effective Date, whichever is later; (ii) $50 million in Cash or Xcel Common Stock (NYSE: XEL), expected to be made in the first quarter of 2004 in accordance with the Xcel Settlement Agreement; and (iii) up to $352 million in Cash, expected to be made on or about April 30, 2004. In agreeing to the settlement, Xcel expressly maintained (and continues to maintain) that it was not conceding the validity of any of the claims being released. Xcel also maintained (and continues to maintain) all of its rights with respect to claims it may assert against NRG, and all of the defenses with respect to any claims that may be asserted against Xcel, in the event that the settlement is not consummated.

Under the proposed terms of the settlement, the parties agreed that $250 million of the Xcel Contribution specifically would be designated for the release of potential claims arising out of Xcel's obligations pursuant to the Support Agreement. The parties further agreed that up to $390 million, plus a release of all of Xcel's potential Claims against NRG, would be contributed for a release of all potential claims against Xcel and any of its affiliates, officers, directors, and other agents by (i) NRG, (ii) its direct and indirect majority-owned subsidiaries, and (iii) at least 85% in principal amount of the unsecured claims against NRG.

As described above, Xcel agreed to pay, pursuant to or in connection with the Plan, $112 million of Cash to the Separate Bank Settlement Group through NRG as disbursing agent, but expressly subject to 100% of the members of the Separate Bank Settlement Group prior to that time having executed and delivered releases to Xcel. The Separate Bank Settlement Payment will not be property of NRG's Estate.

Following the March 26, 2003 announcement, Xcel, NRG, the Global Steering Committee and the Noteholder Group continued to negotiate the terms and conditions of the tentative settlement agreement. The negotiations also resulted in the parties reaching an agreement on the principal terms of the Plan. Ultimately, the good faith and arm's-length negotiations resulted in the preparation of the Plan Support Agreement and the Term Sheet. The Plan is attached to this Disclosure Statement as Exhibit A. A complete copy of the Plan Support Agreement, including signature pages, is attached to the Plan as its Exhibit B. A complete copy of the Term Sheet is attached to the Plan as its Exhibit A.

The Term Sheet sets forth the principal terms of a chapter 11 plan for NRG and its debtor subsidiaries. The Plan Support Agreement sets forth the terms and conditions pursuant to which any party executing that agreement would be required to support a chapter 11 plan that implements the Term Sheet. The Plan Support Agreement contained certain conditions to each party's obligations, including that the Plan Support Agreement be executed by holders of at least a majority in amount of the Notes and two-thirds in amount holding a majority in number of claims under the Lender Facilities. As of the Petition Date, Xcel, NRG, a holder of approximately 40% in principal amount of NRG's Notes, and two lenders who serve as co-chairs of the Global Steering Committee executed the Plan Support Agreement.

4. The Xcel Settlement Agreement

Following the commencement of the Chapter 11 Case, and notwithstanding the fact that the Plan Support Agreement was not effective, Xcel, NRG, the Committee, certain Noteholders (a number of whom are members of the Committee) and the Global Steering Committee continued to negotiate the terms and conditions of the settlement with Xcel. As a result, the NRG Entities and Xcel have tentatively negotiated a settlement agreement (the "Xcel Settlement Agreement") that memorializes the non-binding agreement reached between NRG, the Noteholder Group, and the Global Steering Committee set forth in the Term Sheet and incorporated into the Plan Support Agreement. NRG and Xcel will execute the Xcel Settlement Agreement if such agreement is approved by the Bankruptcy Court in connection with the confirmation of the Plan. The currently-proposed terms of the Xcel Settlement Agreement are provided below; however, the following description is subject in all respects to the actual terms of the Xcel Settlement Agreement, which will be included in a Plan Supplement to be filed on or before the commencement of solicitation.

The Xcel Settlement Agreement resolves (i) any and all claims existing between Xcel and NRG and/or NRG's creditors with respect to Xcel's funding obligations, if any, under the Support Agreement, and (ii) certain other disputes between Xcel and NRG and/or holders of Claims against NRG, the other Debtors and the Non-Plan Debtors, including various disputes relating to tax matters, service agreements and claims allegedly held by some of the NRG Entities' creditors against Xcel. Xcel vigorously denies (x) that it has any liability to NRG or its creditors under the Support Agreement, (y) that it has any liability to NRG relating to tax matters and service agreements, and (z) that it has any liability to any creditor of NRG or of any NRG Subsidiary in such creditor's capacity as such.

Subject to the terms and conditions of the Xcel Settlement Agreement, the Plan, the Confirmation Order, and all other agreements or documents contemplated by the Xcel Settlement Agreement, the Plan and the Confirmation Order, Xcel will contribute up to $640 million to NRG in three installments.

The initial installment will consist of $238 million and be paid in Cash on the later of (i) 90 days after the entry of the Confirmation Order on the docket of the Bankruptcy Court, and (ii) one Business Day after the Effective Date of the Plan. In the event that on the Confirmation Date the credit rating of Xcel's public debt has not retained at least the rating in effect on April 1, 2003 for a period of 120 consecutive days through and including such date, then Xcel, in its sole discretion, may pay up to $150 million of the initial installment in Xcel Common Stock (NYSE: XEL) no later than 10 Business Days after the later of (i) 90 days after the Confirmation Date, and (ii) one Business Day after the Effective Date of the Plan. In addition, the Global Steering Committee and the Committee have the right to cause Xcel to defer making the initial installment in Xcel Common Stock (NYSE: XEL) to permit Xcel's credit rating to return to its April 1, 2003 level for 120 days. If, within a certain time period, such credit rating returns to the April 1, 2003 level for 120 days, then Xcel will make the initial installment in Cash.

The second installment will consist of $50 million and be paid in Cash or, at Xcel's option, in Xcel Common Stock (NYSE: XEL) on the later of (i) January 1, 2004, (ii) 90 days after the Confirmation Date, and (iii) one Business Day after the Effective Date of the Plan.

The third installment will consist of up to $352 million and be paid in Cash, and Xcel will commence paying the third installment pursuant to the terms of the Release-Based Amount Agreement (as such term is defined below) on the later of (i) April 30, 2004, (ii) 90 days after the Confirmation Date, and (iii) one Business Day after the Effective Date of the Plan. The proposed terms of the Release-Based Amount

Agreement are described in more detail below. Xcel intends to fund the third installment with tax refunds it expects to receive on account of a worthless stock deduction it intends to claim with respect to its NRG stock after the Effective Date of the Plan. However, Xcel will be required to make the third installment regardless of whether Xcel ever receives any such tax refund or whether any Xcel tax benefit related to such worthless tax deduction is later reduced or eliminated on audit by a taxing authority.

In the event that on the later of (i) 90 days after the Confirmation Date, and (ii) one Business Day after the Effective Date of the Plan, the credit rating of Xcel's public debt has not retained at least the rating in effect on April 1, 2003 for a period of at least 120 consecutive days through and including the date that the initial portion of the third installment is due, then the due date for such portion of the third installment will be extended to the later of (i) June 30, 2004, (ii) 150 days after the Confirmation Date, and (iii) sixty days after the first Business Day after the Effective Date of the Plan. The amount of the third installment that Xcel shall be required to pay at any time starting on the dates listed above will be determined by the Release-Based Amount Agreement, which will be contained in a Plan Supplement to be filed on or before the commencement of solicitation.

In addition, Xcel will release all Claims or Causes of Action of any kind or nature (whether known or unknown) which Xcel has or may have against any of the NRG Entities or any officer, director, employee, affiliate or agent of any of the NRG Entities, in each case in their capacity as such (the "Xcel Released Causes of Action"), but excluding (1) the obligations of any of the NRG Entities to Xcel or any affiliate of Xcel under the Xcel Settlement Agreement, the Separate Bank Release Agreement, the Plan, the Confirmation Order, the Employee Matters Agreement, the Release-Based Amount Agreement, the Tax Matters Agreement, the Xcel Note or any document or agreement executed in connection with the Xcel Settlement Agreement, the Separate Bank Release Agreement, the Plan, or the Confirmation Order, and (2) any rights of subrogation which Xcel may have against any of the NRG Entities as a result of Xcel's payment of all or any part of the claim of any creditor of such NRG Entity. Such release will be deemed delivered to NRG and effective as of the Effective Date of the Plan.

Xcel's contribution will be allocated as follows: (1) $250 million (the "Support Agreement Amount") will be payable out of the entire initial installment and $12 million of the second installment on account of any claims related to Xcel's funding obligations, if any, under the Support Agreement, and (2) up to $390 million will be payable out of the entire third installment and $38 million out of the second installment (together, the "Release-Based Amount") in exchange for certain releases of Xcel and certain injunctions for the benefit of Xcel described below. The Release-Based Amount is being paid by Xcel pursuant to the Xcel Settlement Agreement solely to facilitate the Plan and the benefits to Xcel thereunder and is expressly not being paid as any concession as to the validity of any claims, whether or not being released, against the Released Parties (as defined below) pursuant to the Xcel Settlement Agreement.

In consideration for Xcel's contribution to the Plan, on the Effective Date, NRG and each of the other NRG Entities will release the NRG Released Causes of Action against the following parties (the "Released Parties"): (i) Xcel and any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent, or other party acting on behalf of Xcel or an affiliate of Xcel (other than NRG and the NRG Subsidiaries), in each case in their capacity as such (the "Xcel Released Parties"), and (ii) any other person or entity to the extent that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the parties listed in clause (i) in respect of any NRG Released Causes of Action.

If Xcel obtains a full third party release pursuant to a Final Order as proposed by the Plan, then Xcel will pay the entire $390 million of Release-Based Amount to NRG. If the third party release is not so approved, then Xcel would only consummate a settlement pursuant to a "check the box" release mechanism. Subject to the terms of an agreement between NRG and Xcel, in a form to be attached to the Xcel Settlement Agreement, which will specify how to calculate the Release-Based Amount payable by Xcel to NRG at any time (the "Release-Based Amount Agreement"), the Release-Based Amount will be distributable pro rata to each holder of an allowed claim in Class 5 that checks the appropriate box on the relevant Ballot indicating that such holder is releasing the Released Parties. Creditors not checking the box on their relevant Ballots will

not receive any portion of the Release-Based Amount; instead, the aggregate share of the Release-Based Amount of those creditors who did not check the box on their relevant Ballots which otherwise would have been payable to such creditors (if they had checked the box) will be credited against and deducted from Xcel's contribution as set forth in the Release-Based Amount Agreement. The Release-Based Amount will not be decreased by receipt of the Separate Bank Settlement Payment.

The Xcel Settlement Agreement also provides that on the Effective Date all Xcel Guaranties, equity contribution obligations, indemnification obligations, arrangements whereby Xcel has posted cash collateral, and all other credit support obligations with respect to any NRG Entity will either be terminated or Xcel and NRG shall enter into other satisfactory arrangements with respect to such obligations (with Xcel having no further liability for such obligations or arrangements) and all cash collateral posted by Xcel will be returned to Xcel on the Effective Date, other than the $11.5 million of cash collateral posted by Xcel for the Mid-Atlantic project, for which NRG will cooperate with Xcel in seeking the return at the earliest practical date after the current expiration of the relevant Mid-Atlantic agreement in July of 2003.

As part of the settlement, any pre- or postpetition claims of Xcel against any of the NRG Entities arising from the provision of intercompany goods or services to any of the NRG Entities or from payment by Xcel under any Xcel Guarantee will be paid in full in Cash by NRG in the ordinary course (including payment during the Chapter 11 Case) in the appropriate amount based on the underlying contracts or agreements between the parties, without any subordination or recharacterization of such Claims, except that the Claims which are to be paid in full in the ordinary course during the Chapter 11 Case will not include claims of Xcel arising under the Xcel Guaranties (such Claims, subject to the next sentence, to be paid in full in Cash on the Effective Date by NRG (or, if applicable, another Debtor) under the Plan without any subordination or recharacterization of such Claims). Notwithstanding the foregoing, (A) all claims arising or accruing on or prior to January 31, 2003 for the provision of intercompany goods or services under the Services Agreement between NRG and an Xcel affiliate and all claims for amounts paid by Xcel on or prior to January 31, 2003 under any Xcel Guarantee (collectively, the "Settled Claims") will not be paid until the Effective Date, at which time Xcel will receive, on account of and in full and final settlement of such claims, an unsecured, 2.5 year non-amortizing promissory note of NRG in favor of Xcel in the amount of $10 million bearing interest at the per annum rate of 3% (the "Xcel Note"); and (B) after January 31, 2003 NRG will only be responsible for amounts billed under the Services Agreement related to corporate insurance obtained for the benefit of NRG and other services requested by NRG (collectively, the "Reimbursable Claims"). NRG has agreed that it will not order services from Xcel under the Services Agreement or otherwise inconsistent with any provisions of the Xcel Settlement Agreement.

To the extent, if any, that intercompany claims of Xcel (other than Settled Claims and other than claims under the Services Agreement which are not Reimbursable Claims, but including claims for reimbursement of payments made by Xcel under Xcel Guaranties) are unpaid as of the Effective Date, such amounts will be paid in full in Cash on the Effective Date by the relevant NRG Entity under the Plan without any subordination or recharacterization of such Claims.

The foregoing paragraphs related to the payment of intercompany claims will not apply to any tax sharing agreements between NRG and Xcel. All tax sharing agreements, to the extent otherwise binding on Xcel and NRG, will terminate (without any residual or ongoing liability of either party to the other) as of the Effective Date for all taxable periods, past, present and future. On and after the Effective Date, tax matters between NRG, Xcel, and any affiliates thereof will be governed exclusively by a new Tax Matters Agreement which will be contained in the Plan Supplement.

To facilitate the releases, injunctions, and other provisions of the Xcel Settlement Agreement, the agreement requires that the Confirmation Order, which will be included in the Plan Supplement, include certain provisions and conditions, including, without limitation:

(a) That claims relating to the Support Agreement belong solely and exclusively to NRG and not to any creditor of NRG or of any other NRG Entity, and such claims are fully released as to all entities as of the Effective Date, subject to payment in full of the Support Agreement Amount.

(b) That Xcel's tax benefit related to the worthless stock deduction discussed above shall be the sole and exclusive property of Xcel, and the NRG Entities and any party claiming by or through them hereby release any right or interest that they might otherwise have in such tax benefit.

(c) That NRG and its direct and indirect subsidiaries shall not be (a) reconsolidated with Xcel or any of its other affiliates for tax purposes at any time after their March 2001 deconsolidation (except to the extent required by state or local tax law), or (b) treated as a party to or otherwise entitled to the benefits of any tax sharing agreement with Xcel, other than the Tax Matters Agreement.

(d) A provision approving and fully incorporating all provisions set forth in Sections 9.2 and 9.3 of the Plan.

(e) A provision mandating that the NRG Released Causes of Action are released.

(f) A provision approving the Xcel Settlement Agreement, the Employee Matters Agreement, the Release-Based Amount Agreement, the Tax Matters Agreement, the Xcel Note, and all other agreements and documents contemplated by the Xcel Settlement Agreement or the Separate Bank Release Agreement.

(g) A finding and holding that the right and obligation of any holder of a NRZ equity unit to purchase common shares of Xcel was terminated as of the Petition Date.

(h) A provision approving the assumption by the Debtors of those agreements between the Debtors and Xcel (or an Xcel affiliate) described on Schedule 8(m) to the Xcel Settlement Agreement (the "Assumed Agreements") and requiring the prompt payment by the Debtors in cash of all cure obligations under section 365(b) of the Bankruptcy Code with respect thereto (the "Cure Obligations") upon entry of the Confirmation Order.

(i) A provision mandating that any agreement between the Debtors and Xcel (or any affiliate) that is not an Assumed Agreement shall be rejected by the Debtors as of the Effective Date.

(j) A finding that the Xcel Settlement Agreement, and the payments by Xcel and releases provided by Xcel thereunder, constitute a direct benefit to NRG and an indirect benefit to each of the other NRG Entities including the Non-Plan Debtors.

(k) A finding that the Xcel Settlement Agreement is essential and integral to the NRG Plan.

(l) A provision approving a motion for approval of the Xcel Settlement Agreement and the provisions of sections 9.2, 9.3.B., 9.3.D., and 9.3.G. of the Plan under Bankruptcy Rule 9019 with respect to NRG Entities that are part of the Chapter 11 Cases but are not part of the NRG Plan (the "9019 Motion").

(m) A provision providing that the automatic stay in the Non-Plan Debtors' chapter 11 cases, to the extent applicable, be modified to the extent necessary to permit Xcel to exercise any and all rights it has with respect certain insurance policies covering director and officer liabilities set forth in the Xcel Settlement Agreement.

All obligations of Xcel under the Xcel Settlement Agreement, including the obligation of Xcel to make all or any part of the contribution described above, are expressly subject to the continuing satisfaction or waiver by Xcel of the following conditions:

(a) NRG shall have received the requisite votes in favor of confirmation of the Plan under section 1129(a) of the Bankruptcy Code from the holders of claims in Class 5 by the voting deadline for the Plan.

(b) NRG shall have received votes in favor of confirmation of the Plan from each of the creditors having signed the Plan Support Agreement by the voting deadline for the Plan, and no such vote will have been revoked or withdrawn.

(c) Unless the third party releases and injunctions for the benefit of the Released Parties set forth in sections 9.2 and 9.3 of the Plan are approved in their entirety pursuant to a Final Order of the Bankruptcy Court in form acceptable to Xcel, the following persons shall have released the Released Parties from all NRG Released Causes of Action by "checking the box" on their relevant Ballot(s) and causing NRG to receive such Ballot(s) no later than the Voting Deadline for the Plan and such releases shall be in full force and effect and shall not be stayed or modified:

(i) holders of a majority in number representing at least 85% in principal amount outstanding of the claims in respect of the Notes identified in Schedule B of the Xcel Settlement Agreement, including 100% of the noteholders having signed the Plan Support Agreement;

(ii) holders of 100% in principal amount outstanding of the Claims in respect of each of the NRG Unsecured Revolver, the NRG Letter of Credit Facility, and the NRG FinCo Secured Revolver; and

(iii) holders of at least 85% in amount of all claims in Class 5.

(d) The entry on the docket of the Bankruptcy Court of the Confirmation Order for 11 days (except to the extent such delay shall cause the Effective Date of the NRG Plan to occur after December 15, 2003), which Confirmation Order shall (i) fully incorporate all of the relevant provisions of the Xcel Settlement Agreement (including the releases and injunctions described herein) and any other matters agreed to in writing by Xcel, (ii) not contain any provisions inconsistent with the Xcel Settlement Agreement or such other matters (other than a provision to which Xcel has previously consented in writing), (iii) confirm the Plan under section 1129(a) of the Bankruptcy Code and approve the Xcel Settlement Agreement, and all other agreements and documents contemplated or referenced in the Xcel Settlement Agreement or the Plan, (iv) not approve any amendments or supplements to the Plan (other than amendments or supplements to which Xcel has previously consented to in writing) which Xcel determines to be adverse to it in its sole reasonable discretion, and (v) be in full force and effect and not be stayed or modified.

(e) The filing by the relevant NRG Entities of the 9019 Motion, and the entry on the docket of the Bankruptcy Court of the Confirmation Order which shall approve the 9019 motion.

(f) The receipt by Xcel and any required Xcel affiliate, and, to the extent applicable, NRG of all regulatory and other approvals (including any approvals from the FERC, the SEC and any state Public Utility Commission or under state law) necessary for Xcel or any such Xcel affiliate and, to the extent applicable, NRG to perform such obligations set forth for Xcel in the Xcel Settlement Agreement, the other agreements and documents contemplated or referenced in the Xcel Settlement Agreement and in the Plan and Confirmation Order.

(g) Each NRG Entity shall comply in all respects with every covenant, agreement, or other obligation under the Xcel Settlement Agreement applicable to it.

(h) All representations and warranties made by any NRG Entity under the Xcel Settlement Agreement being true and correct in all material respects when made and as of the Effective Date.

(i) Each of NRG's lenders that also has a claim against Xcel under any Xcel credit facility (the "Cross-Over Lenders") shall have approved, without payment of any special fee or expense, any waiver or amendment that Xcel and the administrative agent under such credit facility believe is necessary under such credit facility to implement the Xcel Settlement Agreement, the Plan, and any of the transactions contemplated thereby or by agreements referenced in the Xcel Settlement Agreement (an "Xcel Credit Waiver"), except that if other lenders to Xcel under any credit facility shall receive a special fee or expense for their waiver or amendment, the Cross-Over Lenders shall be entitled to the same pro rata fee or expense, and, in any case, all Xcel Credit Waivers having been fully obtained by Xcel and being in full force and effect.

(j) Xcel (or to the extent applicable, any affiliate of Xcel) shall have received full payment or satisfaction of all intercompany Claims in accordance with the provisions of Section 5(b) of the Xcel Settlement Agreement.

(k) (i) the Bank Group shall have executed and delivered to Xcel the Separate Bank Release Agreement, (ii) NRG shall have executed and delivered to Xcel the Release-Based Amount Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Xcel Plan Note, and all other agreements and documents contemplated by the Xcel Settlement Agreement and the Separate Bank Release Agreement simultaneously with the execution and delivery of the Xcel Settlement Agreement, and (iii) the Xcel Settlement Agreement, the Separate Bank Release Agreement, the Release-Based Amount Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Xcel Plan Note, all such other agreements and documents, the Plan, the Confirmation Order, and any other orders contemplated by any of the foregoing agreements or documents shall be in full force and effect and shall not have been stayed or modified.

(l) Such procedures as are acceptable to Xcel will have been approved by the order approving this Disclosure Statement and will have been fully instituted and followed so as to permit Xcel to determine (i) all parties holding or who have held NRG's public notes and who have released Xcel pursuant to the Plan, and (ii) all parties holding or who have held NRG's public notes to whom NRG should pay the requisite Release-Based Amount at any time.

(m) The Confirmation Order shall approve the assumption by the Debtors of the Assumed Agreements, and the Debtors shall have satisfied for the benefit of Xcel (or any applicable Xcel affiliate) all Cure Obligations. To the extent the Assumed Agreements are between Xcel or its affiliates and an NRG Entity which is not a Debtor, NRG will cause such NRG Entity (i) to pay any and all amounts due to Xcel or its affiliates under such Assumed Agreements and will ensure that such NRG Entity's obligations under such Assumed Agreements remains current, and (ii) to seek an order in a form acceptable to Xcel from the Bankruptcy Court authorizing the assumption of such Assumed Agreements in the event that such NRG Entity subsequently commences a case under the Bankruptcy Code.

(n) There shall have been no amendments or supplements to the Confirmation Order, the Plan, the Bar Date Order, Disclosure Statement, or the Disclosure Statement Order, other than those amendments or supplements approved by Xcel in writing.

(o) The Effective Date for the Plan, and the satisfaction of all of the other conditions set forth in Section 8 of the Xcel Settlement Agreement, shall have occurred by no later than December 15, 2003.

Should the Effective Date of the Xcel Settlement Agreement not occur, all obligations of the parties set forth therein shall be null and void ab initio and all Xcel Released Causes of Action, NRG Released Causes of Action, and any other Claims, Causes of Action, remedies, defenses, setoffs, rights or other benefits of the parties or any of their respective affiliates shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever. Upon Xcel's determination, which may not be unreasonably delayed, that each of the foregoing conditions has been satisfied in accordance with the terms of the Xcel Settlement Agreement, Xcel shall deliver a written notice to NRG stating as such and that the effective date of the Xcel Settlement Agreement has occurred. For purposes of any agreement or document contemplated by the Xcel Settlement Agreement, including the Plan, the "Effective Date" of the Xcel Settlement Agreement shall be the date on which Xcel delivers to NRG such written notice. The "Effective Date" of the Xcel Settlement Agreement shall not occur unless and until such written notice has been delivered to NRG by Xcel.

If all of the conditions set forth in section 8 of the Xcel Settlement Agreement shall not have occurred by December 15, 2003, the Xcel Settlement Agreement shall terminate on December 31, 2003 unless Xcel on or prior to such date shall have waived any such conditions or shall have extended such termination date, in each case by written notice delivered by Xcel to NRG. Upon the termination of the Xcel Settlement Agreement, all obligations of the parties thereunder shall terminate and shall be of no further force and effect; *provided, however*, that any claim of any party for breach of the Xcel Settlement Agreement shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way.

NRG shall, for itself and on behalf of each of the NRG Subsidiaries, and as agent for each NRG Subsidiary, indemnify, defend (or, where applicable, pay the reasonable defense costs for) and hold harmless the Released Parties from and against any and all liabilities that any entity seeks to impose upon the Released Parties, or which are imposed upon the Released Parties, if and to the extent such liabilities relate to, arise out of or result from the failure of any NRG Subsidiary to pay its creditors in full except to the extent provided for in the Plan and except with respect to (i) LSP-Pike Energy, LLC, (ii) LSP-Nelson Energy, LLC, and (iii) NRG Audrain Generating LLC, or the failure to have the provisions of sections 9.2, 9.3.B., 9.3.C., and 9.3.G. of the Plan be fully applicable pursuant to a Final Order of the Bankruptcy Court to any Non-Plan Debtor or any NRG Subsidiary which subsequently becomes part of the Chapter 11 Case or other bankruptcy cases or proceedings.

Xcel, in connection with the Plan, also will enter into the Separate Bank Release Agreement with the Separate Bank Settlement Group, dated as of the date of entry of the Confirmation Order, which among other things, provides for the payment of the Separate Bank Settlement Payment by Xcel to the Separate Bank Settlement Group in exchange for the release of the Separate Bank Claims. The Separate Bank Settlement Payment will be paid to the Separate Bank Settlement Group through NRG as disbursing agent and then concurrently paid to the lenders party to the Separate Bank Release Agreement. The Separate Bank Settlement Payment under the Separate Bank Release Agreement will not consist of property of NRG's chapter 11 Estate and will not be available to NRG's other creditors. The Separate Bank Settlement Payment is being paid by Xcel solely to facilitate the Plan and the benefits to Xcel thereunder and is expressly not being paid as any concession of the validity of any claims being released.

5. The Release-Based Amount Agreement

As noted above, pursuant to the Release-Based Amount Agreement, Xcel will commence paying the portion of the third installment in Cash on April 30, 2004 ($38 million of the Release-Based Amount will be paid as part of the second installment). The maximum amount of the Release-Based Amount pursuant to the Xcel Settlement is $390 million. However, only creditors in Class 5 under the Plan who properly make the Release Election by the Voting Deadline are entitled to receive the Release-Based Amount absent entry of a Final Order binding such creditors to a release of the Released Parties under the Plan. Class 5 creditors not making the Release Election on their Ballots will not receive any portion of the Release-Based Amount; instead, the aggregate share of the Release-Based Amount which otherwise would have been payable to such creditors (if they had made the Release Election on their Ballots) will be credited against and deducted from the Release-Based Amount and retained by Xcel. As a result, the ultimate amount paid by Xcel may be substantially less than $390 million, although a condition of Xcel for the Xcel Settlement Agreement to become effective is that at least 85% of all Class 5 claims make the Release Election. Notwithstanding anything to the contrary herein, if the releases contemplated by the Plan and set forth in Section IV.E.6 below are granted by the Bankruptcy Court in a Final Order, the entire $390 million of the Release-Based Amount will be paid by Xcel and will be available for distribution to Class 5.

The timing of the payment by Xcel of the Release-Based Amount will be governed by the Release-Based Amount Agreement. As noted above, a portion of the payments will be made as part of the second installment and the remainder will commence on April 30, 2004 pursuant to the Xcel Settlement Agreement. However, Claims in Class 5 pursuant to the Plan which make the Release Election will only receive their Release-Based Amount once such Claims are Allowed. As a result, in some respects, the Release-Based Amount Agreement will create a mechanism similar to a Disputed Claims Reserve whereby the pro rata share of Release-Based Amount owing to Class 5 creditors who made the Release Election but whose Claims are not allowed will be retained by Xcel pending allowance of such Claims. Unlike a Disputed Claims Reserve, however, the full amount of the Release-Based Amount ($390 million) will not be paid by Xcel since Class 5 creditors who do not make the Release Election will not be entitled to their pro rata share of the Release-Based Amount. Instead, such amount will be retained by Xcel. As a result, the Release-Based Amount Agreement will provide various mechanisms, including reserves, to help ensure that Xcel does not, among other things, at any time pay more Release-Based Amount to holders of Allowed Claims than the ultimate pro rata share of the Release-Based Amount to which such Claims are entitled. The ultimate pro rata share of the Release-Based

Amount to which any allowed Class 5 Claims will be entitled cannot be known until all such Claims have been Allowed. As a result, to ensure that Xcel does not "overpay" Allowed Claims pending allowance of the remainder of the Class 5 Claims, the Release-Based Amount Agreement will provide that Xcel reserves for such yet to be Allowed Claims based upon the maximum reasonable amount of Release-Based Amount projected for Xcel to retain at any time.

The Release-Based Amount Agreement also specifies how to determine whether the condition of the Xcel Settlement Agreement that at least 85% of Class 5 Claims make the Release Election has been met. Again, since many Class 5 Claims will not be Allowed prior to the Effective Date of the Plan, there needs to be a mechanism to determine how to count such Claims in determining whether the 85% condition has been met. In addition, the Release-Based Amount Agreement provides for various procedures to estimate contingent or unliquidated Claims. Finally, Xcel has proposed that the Release-Based Amount Agreement provide for an indemnity of Xcel by NRG for (i) failure of NRG to make payments of the proper Release-Based Amount to a creditor once Xcel pays such amounts to NRG unless such creditor receives the amount agreed to in writing by Xcel, (ii) failure to provide a creditor with proper notice relating to the Chapter 11 Case, and (iii) the reporting of an "Allowed" Claim that is subsequently not allowed.

6. The Releases

As noted above, the Xcel Settlement Agreement provides for the release by NRG and the NRG Subsidiaries of the Released Parties from virtually all potential Claims and Causes of Action. The Xcel Settlement Agreement also requires that (1) at least 85% of the creditors in Class 5 have voluntarily released the Released Parties through the Release Election contained on their Ballots in connection with the Plan, and (2) to the maximum extent permitted by law, all holders of Claims against or Interests in NRG, the other Debtors and Non-Plan Debtors be deemed to have released the Released Parties as of the Effective Date, whether or not such holders voted to accept the Plan and whether or not such holders elected to release the Released Parties on their Ballots or otherwise.

As a result of the foregoing, Section 9.3 of the Plan contains the following provisions with respect to the release of the Released Parties by NRG and the NRG Subsidiaries and all holders of Claims against or Interests in NRG, the other Debtors and Non-Plan Debtors, which, among other things, causes a release of the Released Parties by each holder of Claims against or Interests in NRG, the other Debtors and Non-Plan Debtors regardless of whether such holder has voted to accept the Plan and regardless of whether such holder has elected to release the Released Parties on its Ballot in connection with the Plan:

(a) RELEASES BY DEBTORS AND ESTATES

AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, EACH OF THE DEBTORS, IN ITS INDIVIDUAL CAPACITIES AND AS DEBTORS IN POSSESSION, FOR AND ON BEHALF OF THE ESTATES AND ANY ENTITY THAT MAY ASSERT A CLAIM OR CAUSE OF ACTION DERIVATIVELY OR OTHERWISE, SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY,IRREVOCABLY AND FOREVER, (I) ANY AND ALL OF THE NRG RELEASED CAUSES OF ACTION AGAINST THE RELEASED PARTIES, AND (II) ANY AND ALL CAUSES OF ACTION INCLUDING WITHOUT LIMITATION ANY AVOIDANCE CLAIMS DESCRIBED IN SECTION 13.2 OF THE PLAN ACCRUING TO THE DEBTORS WHICH THE DEBTORS MAY HAVE AGAINST ANY HOLDER OF ANY NOTE, ANY MEMBER OF THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP OR THE GLOBAL STEERING COMMITTEE, IN EACH CASE IN THEIR CAPACITY AS SUCH AND IN THEIR CAPACITY AS COUNTERPARTIES TO ANY DERIVATIVE OR SWAP AGREEMENT TERMINATED PRIOR TO THE DATE OF THE PLAN.

(b) RELEASES BY NON-PLAN DEBTORS AND THEIR ESTATES

AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, EACH OF THE NON-PLAN DEBTORS, IN ITS INDIVIDUAL CAPACITY AND AS DEBTOR IN POSSESSION, FOR AND ON BEHALF OF ITS BANKRUPTCY ESTATE AND ANY ENTITIES THAT MAY

ASSERT A CLAIM OR CAUSE OF ACTION DERIVATIVELY OR OTHERWISE, PURSUANT TO A SEPARATE MOTION OF SUCH DEBTOR IN CONNECTION WITH CONFIRMATION OF THIS PLAN, SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY,IRREVOCABLY AND FOREVER, (I) ANY AND ALL OF THE NRG RELEASED CAUSES OF ACTION AGAINST THE RELEASED PARTIES, AND (II) ANY AND ALL CAUSES OF ACTION INCLUDING WITHOUT LIMITATION ANY AVOIDANCE CLAIMS DESCRIBED IN SECTION 13.2 HEREOF ACCRUING TO THE DEBTORS WHICH THE DEBTORS MAY HAVE AGAINST ANY HOLDER OF ANY NOTE, ANY MEMBER OF THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP OR THE GLOBAL STEERING COMMITTEE, IN EACH CASE IN THEIR CAPACITY AS SUCH.

(c) RELEASES BY THE NON-DEBTOR NRG SUBSIDIARIES

AS OF THE EFFECTIVE DATE, PURSUANT TO THE XCEL SETTLEMENT AGREEMENT FOR GOOD AND VALUABLE CONSIDERATION, EACH OF THE NRG SUBSIDIARIES THAT IS NOT A DEBTOR OR NON-PLAN DEBTOR SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER, ANY AND ALL OF THE NRG RELEASED CAUSES OF ACTION AGAINST THE RELEASED PARTIES.

(d) OTHER RELEASES

EACH HOLDER OF A CLAIM (WHETHER OR NOT ALLOWED) AGAINST, OR EQUITY INTEREST IN, THE DEBTORS OR THE NON-PLAN DEBTORS (INCLUDING A CLAIM ARISING AFTER THE PETITION DATE THROUGH THE EFFECTIVE DATE OF THE PLAN), AND EACH ENTITY PARTICIPATING IN EXCHANGES AND DISTRIBUTIONS UNDER OR PURSUANT TO THE PLAN, AND EACH ENTITY AFFIRMATIVELY MAKING THE RELEASE ELECTION, FOR ITSELF, AND ITS RESPECTIVE SUCCESSORS, ASSIGNS, TRANSFEREES, CURRENT AND FORMER OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES, IN EACH CASE IN THEIR CAPACITY AS SUCH, SHALL BE DEEMED TO HAVE RELEASED ANY AND ALL OF THE NRG RELEASED CAUSES OF ACTION AND SEPARATE BANK CLAIMS AGAINST THE RELEASED PARTIES

(e) SEPARATE BANK CLAIMS

NOTWITHSTANDING ANYTHING IN THE PLAN OR THE CONFIRMATION ORDER TO THE CONTRARY, THE RELEASE AND INJUNCTION OF THE SEPARATE BANK CLAIMS IS CONDITIONED ON THE PAYMENT OF THE SEPARATE BANK SETTLEMENT PAYMENT SUCH THAT IF THE SEPARATE BANK SETTLEMENT PAYMENT IS NOT MADE IN ACCORDANCE WITH THE TERMS OF THE SEPARATE BANK RELEASE AGREEMENT, THE SEPARATE BANK CLAIMS SHALL NOT BE RELEASED, DISCHARGED, ENJOINED OR OTHERWISE IMPAIRED IN ANY WAY BY THE PLAN, THE CONFIRMATION ORDER OR ANY OTHER ORDER IN THE CHAPTER 11 CASE.

(f) EACH HOLDER OF A CLAIM OR AN INTEREST, OR ANY OTHER PARTY IN INTEREST, OR ANY OF THEIR RESPECTIVE AGENTS, DIRECT OR INDIRECT SHAREHOLDERS, EMPLOYEES, DIRECTORS, FINANCIAL ADVISORS, ATTORNEYS OR AFFILIATES, OR ANY OF THEIR SUCCESSORS OR ASSIGNS SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY ANDFOREVER, ANY AND ALL CAUSES OF ACTION AGAINST THE DEBTORS, THE BANK GROUP, THE GLOBAL STEERING COMMITTEE, THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP ACTING IN A CAPACITY AS ADMINISTRATIVE AGENT, XCEL, OR ANY OF THEIR RESPECTIVE PRESENT OR FORMER MEMBERS, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, ADVISORS, ATTORNEYS OR AGENTS ACTING IN SUCH CAPACITY, FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THE CHAPTER 11 CASE, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, OR THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIB-

UTED UNDER THE PLAN, EXCEPT FOR THEIR WILLFUL MISCONDUCT, GROSS NEGLIGENCE, OR THEIR OBLIGATIONS PURSUANT TO THE PLAN.

(g) THE RELEASES SET FORTH IN SECTION 9.3 OF THE PLAN SHALL BE BINDING UPON ALL TRANSFEREES OF THE RELEASING PARTY. IN ADDITION, EACH PARTY TO WHICH SECTION 9.3 OF THE PLAN APPLIES SHALL BE DEEMED TO HAVE GRANTED THE RELEASES SET FORTH IN SECTION 9.3 OF THE PLAN NOTWITHSTANDING THAT IT MAY HEREAFTER DISCOVER FACTS IN ADDITION TO, OR DIFFERENT FROM, THOSE WHICH IT NOW KNOWS OR BELIEVES TO BE TRUE, AND WITHOUT REGARD TO THE SUBSEQUENT DISCOVERY OR EXISTENCE OF SUCH DIFFERENT OR ADDITIONAL FACTS, AND SUCH PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS THAT IT MAYHAVE UNDER ANY STATUTE OR COMMON LAW PRINCIPLE, INCLUDING SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH WOULD LIMIT THE EFFECT OF SUCH RELEASES TO THOSE CLAIMS OR CAUSES OF ACTION ACTUALLY KNOWN OR SUSPECTED TO EXIST AT THE TIME OF EXECUTION OF THE RELEASE. SECTION 1542 OF THE CALIFORNIA CIVIL CODE GENERALLY PROVIDES AS FOLLOWS: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

In addition, the Plan provides that the Confirmation Order shall contain various related injunctive provisions. As such, the Plan states that the Confirmation Order shall:

(i) PERMANENTLY ENJOIN ANY HOLDER OF A CLAIM OF ANY OF THE DEBTORS OR NON-PLAN DEBTORS FROM PURSUING ANY NRG RELEASED CAUSES OF ACTION OR SEPARATE BANK CLAIMS AGAINST ANY OF THE RELEASED PARTIES; and

(ii) PERMANENTLY ENJOIN ANY PERSON OR ENTITY THAT HOLDS, HAS HELD OR MAY HOLD A CLAIM OR CAUSE OF ACTION RELEASED UNDER THE PLAN FROM TAKING ANY OF THE FOLLOWING ACTIONS ON ACCOUNT OF ANY NRG RELEASED CAUSES OF ACTION OR THE SEPARATE BANK CLAIMS:

(a) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING;

(b) ENFORCING, ATTACHING, COLLECTING OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE OR ORDER;

(c) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE;

(d) ASSERTING ANY SETOFF, RIGHT OF SUBROGATION OR RECOUPMENT OF ANY KIND AGAINST ANY DEBT, LIABILITY OR OBLIGATION DUE TO ANY RELEASED PERSON OR ENTITY; AND

(e) COMMENCING OF CONTINUING ANY ACTION IN ANY MANNER, IN ANY PLACE, THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN.

For the avoidance of doubt, nothing in the release contained in Section 9.3D of the Plan shall be construed to be a release of any Claims or Causes of Action that a holder of a Claim or Interest may have against any Released Party and that is unrelated to and does not involve in any manner whatsoever NRG, any of the NRG Entities or any transaction or circumstance involving NRG or any of the NRG Entities. Notwithstanding anything to the contrary contained in Section 9.3D of the Plan, the releases therein shall not act to release any Released Party from a written and enforceable guarantee of the type and nature of the Xcel Guarantees between such Released Party and such holder.

The term "Released Parties" is defined in the Plan as: (i) Xcel and any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent, or other party acting on behalf of Xcel or an

affiliate of Xcel (other than NRG or the NRG Subsidiaries), in each case in their capacity as such, and (ii) any other person or entity to the extent that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the parties listed in clause (i).

The term "NRG Released Causes of Action" is defined in the Xcel Settlement Agreement as collectively, all Claims or Causes of Action of any kind or nature (whether known or unknown) which NRG, any of the NRG Subsidiaries, or any creditor of NRG, the Debtors or the Non-Plan Debtors directly or indirectly, has or may have as of the Effective Date against any of the Released Parties in respect of any matter relating to NRG or any of the NRG Subsidiaries, including, without limitation, the Specified Claims, but the NRG Released Causes of Action shall not include any Excluded Claims.

The term "Excluded Claims" is defined in the Xcel Settlement Agreement as any claims against Xcel under (i) the Xcel Settlement Agreement; (ii) the Employee Matters Agreement; (iii) the Tax Matters Agreement; (iv) the Assumed Agreements; and (v) any Separate Bank Claims and any claims reserved pursuant to section C. of the Separate Bank Release Agreement.

The term "Claims" is defined in the Xcel Settlement Agreement as having the meaning set forth in section 101(5) of Bankruptcy Code and is deemed to include any "Claim" arising on or after the Petition Date.

The term "Causes of Action" is defined in the Xcel Settlement Agreement as all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims whatsoever, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Case, including through the Effective Date.

The term "Specified Claims" is defined in the Xcel Settlement Agreement as (i) any Claim that is property of any Debtor's estate or Non-Plan Debtor's estate pursuant to section 541 of the Bankruptcy Code or otherwise; (ii) any preference, fraudulent conveyance and other actions under sections 510, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code or any state law equivalents; (iii) any Claim arising out of illegal dividends or similar theories of liability; (iv) any Claim asserting veil piercing, alter ego liability or any similar theory; (v) any Claim based upon unjust enrichment; (vi) any Claim for breach of fiduciary duty; (vii) any Claim for fraud, misrepresentation or any state or federal securities law violations; and (viii) any Claim that NRG or any NRG Subsidiary may have as a result of having been a member of the Xcel affiliated tax group or a signatory to an Xcel tax sharing agreement.

7. Essential Nature of Releases to the Plan and NRG's Restructuring

The releases described above applicable to NRG, the NRG Subsidiaries and the NRG creditors are an essential element of the Xcel Settlement. Without such releases, there would be no Xcel Settlement Agreement. The Xcel Settlement Agreement is an essential and integral part of the Plan. The Xcel Settlement Agreement provides for up to $640 million to be paid to NRG. Of such amount, the Xcel Settlement Agreement provides for NRG to pay up to $390 million (if the full third-party releases described in Section IV.E.6 above are granted by the Bankruptcy Court) to NRG's general unsecured creditors.

NRG's restructuring plan contemplates emergence from the Chapter 11 Case by December 15, 2003. To meet this target, it is essential that the Plan be confirmed. Absent approval of the releases of Xcel, NRG's ability to implement the restructuring set forth in the Plan could be in jeopardy.

8. Xcel Public Filings

Xcel is a public company and as such files periodic reports with the SEC. For information regarding Xcel's business, operating performance and financial condition, refer to Xcel's public filings with the SEC. NRG disclaims any responsibility for the information contained in Xcel's SEC filings. While there is no

specific SEC regulation that prohibits NRG from incorporating Xcel's public disclosures by reference. NRG has chosen not to because it is not in a position to take any responsibility for the accuracy or completeness of any of Xcel's public disclosures. NRG has neither the access to Xcel's financial information, nor the resources to evaluate it if it had such access. Under those conditions, NRG does not feel that it is appropriate for it to incorporate Xcel's disclosure by reference or to incur any potential liability associated therewith. It should be noted, however, that Xcel's public disclosure is readily available to any creditors who may choose to look at it on the SEC's website www.sec.gov.

V.

THE CHAPTER 11 CASE

On the Petition Date, the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, along with the Non-Plan Debtors. At such time, all actions and proceedings against the Debtors and all acts to obtain property from the Debtors and Non-Plan Debtors were stayed under section 362 of the Bankruptcy Code. The Debtors and Non-Plan Debtors will continue to conduct their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

A. Summary of Significant Motions

The following summarizes significant motions that have been filed in the Chapter 11 Case. You can view these motions at www.kccllc.net/nrg. On the Petition Date, the Debtors and/or Non-Plan Debtors filed the following critical first day motions:

- Motion For Order Authorizing Debtors To: (I) Continue To Use Existing Cash Management System And Bank Accounts; (II) Provide Administrative Priority Status To Postpetition Intercompany Claims; (III) Continue To Use Existing Checks And Business Forms; And (IV) Continue To Use Existing Investment Practices ("Cash Management Motion")

- Motion Of Entry Of (I) Interim And Final Orders Authorizing The Debtors To (A) Obtain Postpetition Financing From General Electric Capital Corporation, (B) Use Cash Collateral, and (C) Provide Adequate Protection To Secured Bondholders And (II) Order Scheduling A Final Hearing Pursuant To Bankruptcy Rule 4001 ("DIP Motion I")

- Interim Order Pursuant To 11 U.S.C. §§ 361, 362, And 364 And Fed. R. Bankr. P. 4001 Approving Debtors' Motion For Interim And Final Orders (I) Authorizing Debtors To Incur Postpetition Secured Indebtedness, (II) Granting Security Interests And Priority, (III) Modifying Automatic Stay and (IV) Modifying Cash Management Procedures ("DIP Motion II" together with DIP Motion I, the "DIP Motion")

- Motion For Order: (I) Authorizing Debtors to (A) Honor Outstanding Payroll And Expense Reimbursement Checks; (B) Pay Accrued Prepetition Wages, Salaries And Other Compensation; (C) Pay Prepetition Contributions To Employee Benefit Plans; (D)Honor Prepetition Employee Programs In The Ordinary Course Of Business; And (E) Pay All Costs And Expenses Incident Thereto; And (II) Directing Applicable Banks To Honor And Pay Checks And Other Transfers Relating Thereto

- Motion Of Debtors For Order Authorizing Them To Pay Prepetition Claims Of Certain Critical Trade Vendors

- Motion Of Debtors For An Order Determining Adequate Assurance Of Payment For Future Utility Services ("Utility Motion")

- Motion Of Debtors And Debtors In Possession For An Order Authorizing Them To (A) Continue Their Workers' Compensation Insurance Programs And (B) Pay Certain Prepetition Workers' Compensation Claims, Premiums And Related Expenses

- Motion Of Debtors For An Order Authorizing Them To Pay Certain Prepetition Property Tax Claims

- Motion Of Debtors And Debtors In Possession For An Order Authorizing Them To Continue Their Insurance Policies And Granting Related Relief

- Motion Of Debtors For An Order: (I) Authorizing Them To Pay Prepetition Trust Fund, Employment, Excise, Fuel, Franchise And Certain Other Taxes And Fees; And (II) Directing Financial Institutions To Honor And Process Related Checks and Transfers

- Motion Of NRG Power Marketing, Inc. Pursuant To Section 365(a) Of The Bankruptcy Code For Order Authorizing NRG Power Marketing, Inc. To Reject Certain Executory Contracts

- Motion Of Debtors Pursuant To Section 365 Of The Bankruptcy Code For Order Authorizing Them To Reject Certain Unexpired Leases Of Nonresidential Real Property

- Motion For An Order (I) Establishing Procedures For (A) Settlement Of Terminated Safe Harbor Agreements And (B) Determination Whether A Contract Constitutes A Safe Harbor Agreement And/ Or Whether Such Safe Harbor Agreement Has Been Validly Terminated And (II) Authorizing The Debtors To Enter Into Derivative Contracts And To Pledge Collateral Under Derivative Contracts ("Safe Harbor Motion")

The Bankruptcy Court has entered Orders approving the above-referenced motions.

In addition to the critical first-day motions, the Debtors and Non-Plan Debtors also obtained Bankruptcy Court Approval of the following additional orders to assist with the overall case administration:

- Motion Of Debtors And Debtors In Possession For An Order Establishing Procedures For Miscellaneous Asset Sales

- Motion Of Debtors For An Order Pursuant To Bankruptcy Rule 1015(b) Directing Joint Administration Of Related Chapter 11 Cases

- Application Of Debtors For Order (A) Appointing Kurtzman Carson Consultants LLC As Claims And Noticing Agent And (B) Approving Form And Manner Of Notice Of Section 341 Meeting

- Motion Of Debtors For An Administrative Order Establishing Procedures For Interim Compensation And Reimbursement Of And Reimbursement of Expenses for Professionals

- Motion Of Debtors For Order Enforcing The Automatic Stay And The Nondiscrimination Provisions Of The Bankruptcy Code

- Motion Of Debtors For Order Granting Extension Of Time For Filing Schedules And Statements

- Motion Of Debtors For An Order Authorizing Them To (A) Prepare Consolidated List Of Creditors In Lieu Of Matrix, And (B) File Consolidated List Of Their 80 Largest Unsecured Creditors

- Application For An Order Establishing A Deadline For Filing Proofs Of Claim And Approving The Form And Manner Of Notice Thereof

- Motion For Order Establishing Noticing Requirements And Omnibus Hearings With Respect To All Proceedings Herein And Scheduling Initial Case Conference

- Motion For Order (I) Scheduling Hearing On The Adequacy Of Disclosure Statement, (II) Approving Procedures And Materials Employed To Provide Notice Of The Disclosure Statement Hearing, And (III) Scheduling Hearing On Confirmation Of The Plan Of Reorganization

B. Appointment of the Official Committee

On May 22, 2003 the United States Trustee appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the "Committee"). The Committee is made up of the following nine entities:

Wilmington Trust Company, as Trustee
1100 North Market Street
Wilmington, DE 19890
Attn: James D. Nesci

Metropolitan Life Insurance Company
10 Park Avenue
Morristown, NJ 07692-1902
Attn: Lisa Glass, Esq.

New York Life Investment Management, LLC
51 Madison Avenue
Credit Administration
2nd Floor
New York, New York 10010
Attn: Ronald G. Brandon, VP

PPM America, Inc.
225 West Wacker Drive
Suite 1200
Chicago, IL 60606
Attn: James Schaeffer, VP

Matlin Patterson Global Opportunities Partners, L.P.
520 Madison Avenue
New York, New York 10022
Attn: Frank S. Plimpton and Ramon Betolaza

Credit Suisse First Boston
11 Madison Avenue
New York, New York 10010
Attn: Carol Flaton, Managing Director

ABN Amro Bank N.V.
350 Park Avenue, 2nd Floor
New York, New York 10022
Attn: Neil J. Bivona, SVP and Steven G. Wimpenny, GSVP

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020
Attn: Richard P. Heberton, Senior Managing Director

Niagara Mohawk Power Corporation
1125 Broadway
Albany, New York 12245
Attn: Gloria Kavanah

C. Debtor-In-Possession Financing

NRG and certain other Debtors have executed a Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement (the "DIP Agreement") with General Electric Capital Corporation ("GECC"), which was executed following the filing of the petition in the Chapter 11 Case. Under the DIP Agreement, GECC will make up to $250 million (the "DIP Facility") available for working capital and general corporate needs of the Debtors that comprise NRG's Northeast generating facilities, namely NRG Northeast Generating LLC, Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Middletown Power LLC, Montville Power LLC, Norwalk Power LLC, the Oswego Harbor Power LLC, Somerset Power LLC, and Berrians I Gas Turbine Power LLC (collectively, the "DIP Borrowers").

The DIP Facility will be secured by a first priority lien on substantially all of the assets of and equity interests in the DIP Borrowers and Northeast Generation Holding LLC and NRG Eastern LLC, the assets of PMI relating to the revenues of the DIP Borrowers. The DIP Facility bears an interest rate of 2.00% over the prime rate or 3.50% over the LIBOR rate and is currently set to expire on May 13, 2004; provided, however, that if certain governmental approvals are obtained, then the term of the DIP Facility shall be automatically extended to May 13, 2005.

The amount available under the DIP Facility may vary from time to time, depending on valuations of the collateral securing the DIP Facility and GECC's right to set aside certain reserves. The DIP Facility permits the DIP Borrowers to borrow up to $210 million upon entry of a final order approving the DIP Facility. The total availability may increase to $250 million upon the occurrence of certain subsequent events, including a favorable decision regarding the pending application by NRG with FERC for approval of a cost-of-service-rate at NRG's Connecticut facilities. A final order approving the DIP Facility was entered by the Bankruptcy Court on July 24, 2003. Such order provides, among other things, that the borrowers may not use DIP funds or cash collateral to make disbursements to, or for the benefit of CL&P, unless further agreed to by GECC, the

DIP lender, the Official Committee of Unsecured Creditors of NRG and the informal committee of holders of the three series of Senior Secured Bonds issued by NRG Northeast, or further order of the Bankruptcy Court.

A complete copy of the DIP Agreement is available for review at www.kccllc.net/nrg.

D. CL&P Litigation

On the Petition Date PMI filed the Motion of NRG Power Marketing Inc. Pursuant to Section 365 of the Bankruptcy Code for Order Authorizing NRG Power Marketing Inc. to Reject An Executory Contract (the "Rejection Motion") seeking to reject the CL&P Agreement. On May 15, 2003, with full knowledge of the commencement of PMI's reorganization case and the Rejection Motion, the Attorney General for the State of Connecticut (the "CTAG") and the Connecticut Department of Public Utility Control (the "CDPUC") filed a complaint (the "FERC Complaint") commencing a proceeding (the "FERC Proceeding") seeking entry of an order by the FERC staying termination of the CL&P Agreement and requiring PMI to continue to perform under the CL&P Agreement. The only issue for consideration under the FERC Complaint was whether PMI had the right to terminate the CL&P Agreement as a consequence of CL&P's failure to pay certain amounts due under the CL&P Agreement. On May 16, 2003, FERC issued an order (the "FERC Order"), which required PMI "to continue to provide service to CL&P pursuant to the rates, terms and conditions under the [CL&P Agreement] until the Commission has an adequate opportunity to evaluate its proposed termination of the contract and the opposition to such action."

On May 19, 2003, PMI commenced an adversary proceeding before the Bankruptcy Court (the "Adversary Proceeding") against CDPUC and CTAG seeking declaratory and injunctive relief pertaining to the FERC Proceeding. Following the commencement of the Adversary Proceeding, PMI rescinded its termination of the CL&P Agreement, thus mooting the only issue before FERC relating to the termination of the contract.

On May 22, 2003, CTAG and CDPUC filed the Clarification of Complaint with FERC. The Clarification of Complaint amended the FERC Complaint and asked that the "Commission make clear that the Order issued on May 16, 2003 in this proceeding applies not only to PMI's threatened termination of the [CL&P Agreement] but also to any other efforts to modify or terminate the [CL&P Agreement] by authorities other than the FERC." Clarification of Complaint at 6. In support thereof, CTAG and CDPUC argued: "Because the [CL&P Agreement] constitutes a filed rate schedule with the FERC, it cannot be unilaterally modified or terminated by any of the parties to the contract or by state or federal courts, including a bankruptcy court." Id. at 5 (emphasis added).

On May 23, 2003 CL&P filed The Connecticut Light and Power Company's Motion to Withdraw the Reference to the Bankruptcy Court (the "Withdrawal Motion") with the United States District Court for the Southern District of New York (the "District Court"), seeking to have the reference to the Bankruptcy Court withdrawn with respect to the Adversary Proceeding and the Rejection Motion. In addition, on May 23, 2003 CL&P filed the CL&P Stay Motion with the Bankruptcy Court seeking a stay of the proceedings with regard to the Adversary Proceeding and the Rejection Motion. On May 27, PMI filed its Motion of NRG Power Marketing Inc. for Summary Disposition by May 29, 2003 Vacating the May 16 Order, Dismissing the Amended Complaint, and Terminating the Proceeding with the FERC.

On June 2, 2003, at the conclusion of a hearing on the Rejection Motion, the Bankruptcy Court entered an order approving the Rejection Motion (the "Rejection Order") enabling PMI to reject the CL&P Agreement but did not give a ruling with respect to the Adversary Proceeding. On June 4, 2003 CL&P filed its Notice of Appeal (the "CL&P Appeal") of the Bankruptcy Court's order. Thereafter, PMI consented to the District Court's withdrawal of reference with respect to the Adversary Proceeding. In connection therewith, PMI filed an amended complaint pursuant to which CL&P was added as a party defendant in the Adversary Proceeding (collectively, CL&P, CDPUC and CTAG are the "Connecticut Parties"). On June 12, 2003, the District Court, pending a final determination on the matter, granted a temporary restraining order staying the Connecticut Parties from attempted enforcement of the FERC Order to require PMI's performance under the CL&P Agreement and permitting PMI to discontinue performance under the CL&P Agreement effective June 2, 2003.

On June 25, 2003, FERC entered an order which purports to require PMI to provide service to CL&P, pursuant to the rates, terms, and conditions of the CL&P Agreement pending a public hearing on the matter which FERC states will occur before October 3, 2003. The temporary restraining order granted by the District Court provides that any requirement for PMI to comply with a final exercise of FERC's regulatory jurisdiction preventing the cessation of PMI's performance under the CL&P Agreement, shall be stayed pending FERC's appearance in the bankruptcy proceeding and an opportunity for judicial review of such FERC action, if any, by a court of competent jurisdiction. Accordingly, notwithstanding the order issued by FERC, PMI believes that absent such required judicial review, it is not required to perform under the CL&P Agreement.

On June 30, 2003, the District Court, denied PMI's request for a preliminary injunction on the basis of lack of subject matter jurisdiction. On August 15, 2003, FERC entered two additional orders: one which served to uphold the CL&P Agreement and purported to require PMI to perform thereunder and the other denying PMI's prior rehearing request. PMI has appealed the District Court ruling to the United States Court of Appeals for the Second Circuit. PMI is considering its options in regard to filing an appeal of the August 15, 2003 FERC orders to the United States Court of Appeals for the District of Columbia Circuit. Meanwhile, the parties continue to engage in settlement negotiations in regards to all the foregoing litigation.

E. Change of the Board of Directors

Following the commencement of NRG's bankruptcy on May 14, 2003, all of the existing directors of NRG resigned from the board of directors. Scott J. Davido, Leonard J. LoBiondo and Ershel C. Redd, Jr., Senior Vice President, Commercial Operations, were named to the reconstituted board of directors. During the pendency of the Chapter 11 Case, Scott J. Davido will serve as Chairman of the Board and Leonard J. LoBiondo will serve as Chief Restructuring Officer. John R. Boken has been named interim President and Chief Operating Officer. John R. Boken and Leonard J. LoBiondo, both of whom are affiliated with KZC, were retained pursuant to the terms set forth in the Bankruptcy Court's Order Pursuant to Sections 105 and 363 of the Bankruptcy Code Approving the Services Agreement With Leonard LoBiondo, John R. Boken And Leonard LoBiondo, LLC. As set forth in Section IX.G.2 below, the Debtors have retained an executive search firm and are working with the executive search firm and the Committee to identify and retain a long-term chief executive officer and other executive officers to serve as the senior management of the Reorganized Debtors to replace John R. Boken and Leonard J. LoBiondo.

VI.

SUMMARY OF THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN (AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN).

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN THE DOCUMENTS REFERRED TO THEREIN AND/ OR ATTACHED THERETO. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED THEREIN AND/ OR ATTACHED THERETO, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENT OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN AND/ OR ATTACHED THERETO.

THE PLAN ITSELF AND THE DOCUMENTS ATTACHED THERETO AND/ OR REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS UNDER THE PLAN AND WILL, UPON THE OCCURRENCE OF THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND

EQUITY INTERESTS IN THE DEBTORS, THE DEBTORS' ESTATES, THE REORGANIZED DEBTORS, ALL PARTIES RECEIVING PROPERTY UNDER THE PLAN, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN AND/ OR SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

A. Procedural Consolidation

The Plan is premised upon the procedural consolidation of the Debtors solely for purposes of actions associated with the confirmation and consummation of the Plan, including for purposes of voting, confirmation and distribution, including for purposes of determining whether the requirements of 1129(a)(8) have been satisfied. As contrasted with procedural consolidation, substantive consolidation may affect the substantive rights and obligations of creditors and debtors, depending upon the nature of the requested consolidation.

The procedural consolidation contemplated by the Plan shall not affect any substantive rights or obligations of any of the creditors. Procedural consolidation shall save the Debtors certain administrative costs by permitting them to solicit votes on a single Plan instead of separately soliciting votes on Plan acceptance for each of the Debtors. The Debtors believe that an alternative result would confuse creditors and stockholders without adding to their ability to decide whether to accept or reject the Plan. Except as otherwise set forth herein, the Plan does not contemplate the merger or dissolution of any Debtor or the transfer or commingling of any asset of any Debtor.

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims and Equity Interests. Under the Plan, Claims against and Equity Interests in the Debtors are divided into different classes. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Effective Date or as soon as practicable thereafter, the Debtors will make distributions in respect of certain Classes of Claims and Equity Interests as provided in the Plan. The Classes of Claims against and Equity Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan and distributions to be made under the Plan are described below.

B. Classification and Treatment of Claims and Equity Interests

1. Summary of Claims Against All Debtors

(a) Administrative Expense Claims

Except as otherwise provided in the Plan, or to the extent that any Entity entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon as practicable thereafter, or on such other date as may be ordered by the Bankruptcy Court; *provided, however*, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors (including real and personal property taxes and franchise fees) or liabilities arising under loans or advances to or other obligations incurred by the Debtors shall be paid in full and performed by the Debtors in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions. Except as provided under applicable non-bankruptcy law, Post-Petition Interest will not be paid on Allowed Administrative Claims.

(b) Professional Compensation and Reimbursement Claims; Fee Applications

The holders of Professional Compensation and Reimbursement Claims shall file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date by no later than the date that is ninety (90) days after the Confirmation Date, or such other date as may be fixed by the Bankruptcy Court. If granted by the Bankruptcy Court, such award

shall be paid in full in such amounts as are Allowed by the Bankruptcy Court either (a) on the date such Professional Compensation and Reimbursement Claim becomes an Allowed Professional Compensation and Reimbursement Claim, or as soon as practicable thereafter, or (b) upon such other terms as may be mutually agreed upon between such holder of an Allowed Professional Compensation and Reimbursement Claim and the Debtors. The failure to timely file a Fee Application shall result in the Professional Compensation and Reimbursement Claim being forever barred and discharged.

(c) Priority Tax Claims

Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Priority Tax Claim, including Post-Petition Interest (if applicable), Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon as practicable thereafter.

(d) Convenience Claims

Holders of General Unsecured Claims (excluding Note Claims and Bank Claims) against any Debtor that otherwise would be included in Class 5 or Class 6, but with respect to each such Claim, the applicable Claim either (a) is equal to or less than $50,000.00 or (b) is reduced to $50,000.00, in full settlement of such Claim, pursuant to an election by such holder made on the Ballot (which election shall include granting the applicable releases described in Section 9.3D of the Plan) by the Voting Deadline, shall be treated in accordance with Section 4.6 of the Plan. For purposes of treatment under Class 2, multiple Claims of a holder against a particular Debtor arising in a series of similar or related transactions between such Debtor and the original holder of such Claims will be treated as a single Claim and no splitting of Claims will be recognized for purposes of distribution.

2. Summary of the Claims and Equity Interests against the Reorganizing Debtors

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Any default with respect to any Allowed Claim that existed immediately prior to the Petition Date shall be deemed cured upon the Effective Date.

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 1	Unsecured Priority Claims	*Unimpaired.* Each holder of a Class 1 Claim will receive Cash in an amount equal to the Allowed Amount of their Claim.	Not entitled to vote. Deemed to accept.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $—	100%	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 2	Convenience Claims	*Impaired.* Each holder of an Allowed Claim in Class 2 will receive Cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4 of the Plan).	Entitled to vote.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $1,710,000	100.0%	
Class 3	Secured Claims against Noncontinuing Debtor Subsidiaries	*Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of a Secured Claim classified in Class 3 (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such Allowed Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 3 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.	Entitled to vote
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $0	n.a.	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 4	Miscellaneous Secured Claims	*Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of an Allowed Miscellaneous Secured Claim (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an Allowed Miscellaneous Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 4 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.	Entitled to vote
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $0	n.a.	
Class 5	NRG Unsecured Claims, including NRG Terminated Guaranty Claims	*Impaired.* Subject to Section 10.2 of the Plan with respect to the NRG Letter of Credit Claims, each holder of an Allowed Claim in Class 5 will receive its Pro Rata Share of (a) on the Effective Date, the New NRG Senior Notes (subject to allocations to Class 6), (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan and by New NRG Common Stock allocated to Class 6, and (c) if such holder makes the Release Election on its Ballot, Cash equal to its Pro Rata Share of the Release-Based Amount pursuant to the terms of the Release-Based Amount Agreement, provided that if such holder is bound to the Releases set forth in Section 9.3(d) and (g) of the Plan by a Final Order, such holder shall receive Cash equal to its Pro Rata share of the Release-Based Amount.	Entitled to vote
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $6,422,439,000	50.7%	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
	This estimated aggregate Allowed amount consists of approximately: $5,156.4 million of bank and bond debt, $371.0 million of Guarantees, $779.0 million of litigation/ disputes, and $116.0 million of other Claims.	Assuming a creditor elects to receive the Release-Based Amount and does not participate in the Reallocation Process, 15.2% of the estimated recovery would be paid in New NRG Senior Notes which will be distributed on the Effective Date, 72.8% of the estimated recovery would be paid in New NRG Common Stock which will be distributed on the Effective Date and 12.0% of the estimated recovery would be paid in Cash which will paid in accordance with the Release-Based Amount Agreement.	
Class 6	PMI Unsecured Claims	*Impaired.* On the Effective Date, each holder of an Allowed Class 6 Claim will receive its Pro Rata Share calculated on the aggregate amount of the Allowed Claims in Class 5 and 6 of New NRG Senior Notes and shares of New NRG Common Stock allocated to Class 6 from Class 5.	Entitled to vote
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $85,042,000	44.6%	
		Assuming a creditor does not participate in the Reallocation Process, 17.2% of the estimated recovery would be paid in New NRG Senior Notes which will be distributed on the Effective Date and 82.8% of the estimated recovery would be paid in New NRG Common Stock which will be distributed on the Effective Date.	
Class 7	Unsecured Noncontinuing Debtor Subsidiary Claims	*Impaired.* Each holder of an Allowed Class 7 Claim shall receive no distribution under the Plan on account of such Class 7 Claims.	Not entitled to vote. Deemed to reject.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $1,273,048,000	0.0%	
Class 8A	NRG Cancelled Intercompany Claims (set forth in Exhibit L to the Plan)	*Impaired.* Each holder of an Allowed Class 8A Claim shall receive no distribution under the Plan on account of such Class 8A Claims.	Not entitled to vote. Deemed to reject.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $2,949,807,000	0.0%	

CLASS	TYPE OF CLAIM/INTEREST	TREATMENT	VOTING RIGHTS
Class 8B	NRG Reinstated Intercompany Claims (set forth in Exhibit M to the Plan)	*Unimpaired.* Each holder of an Allowed Class 8B Claim shall have its Claim reinstated in full on the Effective Date.	Not entitled to vote. Deemed to accept.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $1,159,969,000	100.0%	
Class 9	NRG Old Common Stock	*Impaired.* No property will be distributed to or retained by the holders of Allowed Equity Interests in Class 9. On the Effective Date, each and every Equity Interest in Class 9 shall be cancelled and discharged and the holders of Class 9 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.	Not entitled to vote. Deemed to reject.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $—	0.0%	
Class 10	PMI Old Common Stock	*Unimpaired.* NRG shall retain its 100% ownership interest in PMI.	Not entitled to vote. Deemed to accept.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $—	100%	
Class 11	Securities Litigation Claims	*Impaired.* Each and every Claim in Class 11 shall be cancelled and discharged and the holders of Class 11 Claims shall receive no distribution under the Plan on account of such Claims.	Not entitled to vote. Deemed to reject.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $—	0.0%	
Class 12	Noncontinuing Debtor Subsidiary Common Stock	*Impaired.* As indicated in Section IX.D hereof, the Noncontinuing Debtor Subsidiaries will be liquidated and following the completion of such liquidation, each and every Equity Interest in Class 12 shall be cancelled and discharged and the holders of Class 12 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.	Not entitled to vote. Deemed to reject.
		Estimated Percentage Recovery:	
	Estimated Aggregate Allowed Amount: $—	0.0%	

(a) **Class 1 — Unsecured Priority Claims.**

(i) Distributions. On the Effective Date, each holder of an Allowed Class 1 Claim will receive Cash in an amount equal to the Allowed Amount of its Claim.

(ii) Impairment and Voting. Class 1 is unimpaired under the Plan. Each holder of an Allowed Class 1 Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(b) **Class 2 — Convenience Claims.**

(i) Distributions. Each holder of an Allowed Class 2 Claim will receive Cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4 of the Plan).

(ii) Impairment and Voting. Class 2 is impaired under the Plan. Each holder of an Allowed Class 2 Claim against a Debtor is entitled to vote to accept or reject the Plan.

(c) **Class 3 — Secured Claims against Noncontinuing Debtor Subsidiaries.**

(i) Distributions. At the Debtors' option, the Debtors shall distribute to each holder of a Secured Claim classified in Class 3 (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such Allowed Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 3 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.

(ii) Impairment and Voting. Class 3 is impaired under the Plan. Each holder of an Allowed Class 3 Claim against a Debtor is entitled to vote to accept or reject the Plan.

(d) **Class 4 — Miscellaneous Secured Claims.**

(i) Distributions. At the Debtors' option, the Debtors shall distribute to each holder of an Allowed Miscellaneous Secured Claim (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an Allowed Miscellaneous Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 4 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Section 4.8 of the Plan.

(ii) *Impairment and Voting.* Class 4 is impaired under the Plan. Each holder of an Allowed Class 4 Claim against a Debtor is entitled to vote to accept or reject the Plan.

(e) **Class 5 — NRG Unsecured Claims, Including NRG Terminated Guaranty Claims.**

(i) *Distributions.* Subject to Section 10.2 of the Plan with respect to the NRG Letter of Credit Claims, each holder of an Allowed Claim in Class 5 will receive its Pro Rata Share of (a) on the Effective Date, the New NRG Senior Notes (subject to allocations under Class 6), (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan and by New NRG Common Stock allocated to Class 6, and (c) if such holder makes the Release Election on its Ballot, Cash equal to its Pro Rata Share of the Release-Based Amount pursuant to the terms of the Release-Based Amount Agreement, provided that if such holder is bound to the Releases set forth in Section 9.3(d) and (g) of the Plan by a Final Order, such holder shall receive Cash equal to its Pro Rata share of the Release-Based Amount.

(ii) *Impairment and Voting.* Class 5 is impaired under the Plan. Each holder of an Allowed Class 5 Claim is entitled to vote to accept or reject the Plan.

(iii) *Allocation.* Assuming a creditor elects to receive the Release-Based Amount, and does not elect to take part in the Reallocation Procedures, then approximately 15.2 percent of the estimated recovery would be paid in New NRG Senior Notes, which will be distributed on the Effective Date; approximately 72.8 percent would be paid in New NRG Common Stock, which will be distributed on the Effective Date, and approximately 12.0 percent would be paid in Cash, which would be distributed in accordance with the Release-Based Amount Agreement. Without limiting the generality of the foregoing, each $1,000 of Allowed Claim amounts in Class 5 meeting the above conditions would receive an estimated aggregate distribution of $507.00, distributed as follows: $61.00 in Cash, $77.00 in New NRG Senior Notes and $369.00 in New NRG Common Stock.

(iv) *NRG Undetermined Guarantees.* NRG Undetermined Guarantees shall be treated as NRG Terminated Guarantees unless or until such time that the Debtors determine, in their sole discretion to treat the NRG Undetermined Guarantees as NRG Reinstated Guarantees, or until such time as the Debtors and the beneficiary of the NRG Undetermined Guarantees shall agree on some different treatment therefore. If the NRG Undetermined Guarantee has not been converted to an NRG Reinstated Guarantee or otherwise treated in a manner that is mutually agreeable to the parties on or before the Voting Record Date, the holder of such NRG Undetermined Guarantee shall have an Allowed Claim for voting purposes only in the amount of such NRG Undetermined Guarantee, as set forth in Exhibit K to the Plan. To the extent that Debtors determine, in their sole discretion, to treat the NRG Undetermined Guarantee as an NRG Reinstated Guarantee, they shall give written notice of such treatment to the holder of such NRG Undetermined Guarantee not less than 10 days prior to the Voting Record Date. If the holder of such NRG Undetermined Guarantee does not receive such a notice, it should file a proof of claim relating to such guarantee in accordance with the rejection procedures approved by the Court in this case.

(f) **Class 6 — PMI Unsecured Claims.**

(i) *Distributions.* On the Effective Date, each holder of an Allowed Class 6 Claim will receive its Pro Rata Share calculated on the aggregate amount of the Allowed Claims in Class 5 and 6 of New NRG Senior Notes and shares of New NRG Common Stock allocated to Class 6 from Class 5.

(ii) *Impairment and Voting.* Class 6 is impaired under the Plan. Each holder of an Allowed Class 6 Claim is entitled to vote to accept or reject the Plan.

(iii) *Allocation.* Assuming a creditor does not elect to take part in the Reallocation Procedures, then approximately 17.2 percent of the estimated recovery would be paid in New NRG Senior Notes, which will be distributed on the Effective Date and approximately 82.8 percent would be paid in New NRG Common Stock, which will be distributed on the Effective Date. Without limiting the generality of the foregoing, each $1,000 of Allowed Claim amounts in Class 6 meeting the above conditions would receive an estimated aggregate distribution of $446.00, distributed as follows: $77.00 in New NRG Senior Notes and $369.00 in New NRG Common Stock.

(g) **Class 7 — Unsecured Noncontinuing Debtor Subsidiary Claims.**

(i) *Distributions.* Each holder of an Allowed Class 7 Claim shall receive no distribution under the Plan on account of such Class 7 Claims.

(ii) *Impairment and Voting.* Class 7 is impaired under the Plan. Each holder of an Allowed Class 7 Claim is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

(iii) Holders of General Unsecured Claims against Non-Continuing Debtor Subsidiaries (NRG Capital, NRG FinCo) will receive no distribution on account of their Claims. Specifically:

(a) *NRG Capital.* The only asset of NRG Capital is the stock that it holds in NRG FinCo. The stock of NRG FinCo has been pledged to secure the NRG FinCo Secured Revolver and has no value. Due to the fact that there is a large unsecured deficiency Claim against NRG FinCo in respect of which the holders of such Claim will receive no distribution, there will be no distribution in respect of such stock.

(b) *NRG FinCo.* There currently are in excess of $1 billion of Secured Claims against NRG Finco. The amount of the assets at NRG Finco are de minimis. In addition, all such assets are encumbered and are not sufficient to pay the holders of Secured Claims at NRG Finco in full. Accordingly, there will be no distribution to unsecured creditors of, or holders of Equity Interests in, NRG Finco.

(h) **Class 8A — NRG Cancelled Intercompany Claims.**

(i) *Distributions.* Each holder of an Allowed Class 8A Claim shall receive no distribution under the Plan on account of such Class 8A Claims. Included as an Allowed Class 8A Claim are: (i) net intercompany payables owed by a Debtor to controlled entities that are disregarded for federal income tax purposes and treated as divisions of such Debtors; (ii) net intercompany receivables due NRG (or entities that are disregarded and treated as divisions of NRG for federal income tax purposes) from Debtors (other than PMI); and (iii) all other net intercompany claims between Debtors (including Non-Continuing Debtor Subsidiaries) not classified as an Allowed Class 8B Claim, all of the above notwithstanding applicable GAAP or other applicable accounting practices. These intercompany balances are set forth on Exhibit L to the Plan.

(ii) *Impairment and Voting.* Class 8A is impaired under the Plan. Each holder of an Allowed Class 8A Claim is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

(i) **Class 8B — NRG Reinstated Intercompany Claims.**

(i) *Distributions.* Each holder of an allowed Class 8B Claim shall have its claim reinstated on the Effective Date. Included as an Allowed Class 8B Claim are: (i) net intercompany payables owed by NRG (or entities that are disregarded and treated as divisions of NRG Energy, Inc. for federal income tax purposes) to controlled subsidiaries (other than entities that are disregarded for and treated as divisions of NRG for federal income tax purposes); (ii) net intercompany claims between two controlled subsidiaries of NRG (other than (a) controlled subsidiaries that are disregarded and treated as divisions of NRG for federal income tax purposes or (b) situations where one controlled subsidiary owns, directly or indirectly, the equity interest in the other controlled subsidiary) and (iii) all net intercompany balances of PMI. Each holder of an Allowed Class 8B Claim shall have its Claim reinstated in full on the Effective Date and will be settled in a manner consistent with historical practices of the relevant Debtor(s), all of the above notwithstanding applicable GAAP or other applicable accounting practices. These intercompany balances are set forth on Exhibit M to the Plan.

(ii) Impairment and Voting. Class 8B is unimpaired under the Plan. Each holder of an Allowed Class 8B Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

(j) **Class 9 — NRG Old Common Stock.**

(i) *Distributions.* No property will be distributed to or retained by the holders of Allowed Claims in Class 9. On the Effective Date, each and every Interest in Class 9 shall be cancelled and discharged and the holders of such Interests in Class 9 shall receive no distribution under the Plan.

(ii) *Impairment and Voting.* Class 9 is impaired by the Plan and holders of Class 9 Interests shall not be entitled to vote on the Plan and, instead, shall be deemed to have rejected the Plan.

(k) **Class 10 — PMI Old Common Stock.**

(i) *Distributions.* NRG shall retain its 100% ownership interest in the Old Common Stock of PMI.

(ii) *Impairment and Voting.* Class 10 is unimpaired under the Plan. Each holder of a Class 10 Equity Interest shall not be entitled to vote on the Plan, and instead, shall be deemed to have accepted the Plan.

(l) **Class 11 — Securities Litigation Claims.**

Distributions. Each and every Claim in Class 11 shall be cancelled and discharged and the holders of Class 11 Claims shall receive no distribution under the Plan on account of such Claims.

(ii) *Impairment and Voting.* Class 11 is impaired by the Plan and holders of Class 11 Claims shall not be entitled to vote on the Plan and, instead, shall be deemed to have rejected the Plan.

(m) **Class 12 — Noncontinuing Debtor Subsidiary Common Stock.**

(i) *Distributions.* As indicated in Section IX.D below, the Noncontinuing Debtor Subsidiaries will be liquidated and following the completion of such liquidation, each and every Equity Interest in Class 12 shall be cancelled and discharged and the holders of Class 12 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.

(ii) *Impairment and Voting.* Class 12 is impaired by the Plan and holders of Class 12 Equity Interests shall not be entitled to vote on the Plan and, instead, shall be deemed to have rejected the Plan.

C. Reallocation Procedures

Each Eligible Reallocation Creditor will have the option of electing prior to the Effective Date to be either an Electing Equity Recipient or an Electing Cash and Debt Recipient. Such election may be made irrespective of whether such creditor has voted in favor of the Plan. If a creditor makes neither election, then the Reallocation Procedures in Article V of the Plan will not apply, and such creditor shall be entitled to receive the distributions it is entitled to receive in respect of its Allowed Claims in Class 5 or Class 6 under Article IV of the Plan. Any creditor holding a Disputed Claim in Class 5 or Class 6 as of the Voting Record Date shall be entitled, but not required, to make an election pursuant to Article V of the Plan; provided that any such creditor who makes an election on its Ballot must have an Allowed Claim on or before the Effective Date to take part in any reallocation pursuant to Article V of the Plan.

1. Electing Equity Recipient Election

By making an election to be an Electing Equity Recipient, an Eligible Reallocation Creditor agrees to contribute to the Reallocation Liquidity Pool some or all of the Cash (other than Cash representing the Separate Bank Settlement Payment) and New NRG Senior Notes comprising the respective Elected Cash Amount and Elected Debt Amount it would otherwise receive in respect of its Allowed Claims in Class 5 or Class 6 under Article IV of the Plan.

2. Electing Cash and Debt Recipient Election

By making the opposite election, to be an Electing Cash and Debt Recipient, a Creditor agrees to offer all of its New NRG Common Stock comprising the Elected Equity Amount it would otherwise receive in respect of its Allowed Claims in Class 5 or Class 6 under Article IV of the Plan, at the Standard Rate or at such lower Cash or debt price set forth on the Ballot as may be respectively specified by the Electing Cash and Debt Recipient in its election at its sole discretion.

3. Reallocation Administration

The Debtors will administer the reallocation as follows:

(a) First, all New NRG Common Stock that would otherwise have been distributed to Electing Cash and Debt Recipients pursuant to the terms of the Plan will first be reallocated so that such Electing Cash and Debt Recipients shall instead receive Cash from the Reallocation Liquidity Pool to the extent such Cash is available, starting with the lowest specified Cash price per share for New NRG Common Stock and moving upward until either all available Cash or all available New NRG Common Stock has been reallocated pursuant to the provisions of Article V of the Plan.

(b) Second, all New NRG Senior Notes in the Reallocation Liquidity Pool will be reallocated to Electing Cash and Debt Recipients in exchange for any available New NRG Common Stock offered for reallocation pursuant to the provisions of Article V of the Plan, starting with the lowest specified price (for consideration in the form of New NRG Senior Notes) until either all remaining New NRG Senior Notes in

the Reallocation Liquidity Pool or New NRG Common Stock made available by Electing Cash and Debt Recipients in return for New NRG Senior Notes are exhausted.

(c) Once the foregoing reallocations are completed, each Electing Cash and Debt Recipient will be entitled to receive under the Plan (A) Cash for its New NRG Common Shares, at the Cash price it has selected (or at the Standard Rate, if a lower price has not been selected), to the extent taken up in the reallocation in Section 5.1(c)(i) hereof, (B) New NRG Senior Notes at the debt price it has selected (or at the Standard Rate, if a lower price has not been selected), to the extent allocated in Section 5.1(c)(ii) of the Plan, and (C) its initially allocated New NRG Common Stock, to the extent not so allocated in any reallocation, in addition to the Cash and New NRG Senior Notes it was otherwise entitled to receive under the Plan.

(d) The Debtors shall calculate the Pro Rata Share of each Electing Equity Recipient based upon its initial contribution of Cash and New NRG Senior Notes to the Reallocation Liquidity Pool and such Electing Equity Recipient will receive a distribution of such Pro Rata Share of the New NRG Common Stock, and, if applicable, New NRG Senior Notes or Cash remaining in the Reallocation Liquidity Pool following the reallocation and distribution under Section 5.3(c)(iii), in addition to the New NRG Common Stock it was otherwise entitled to receive under this Plan.

(e) The Debtors shall be authorized to adopt such additional detailed procedures, not inconsistent with the foregoing, to efficiently administer the reallocation, including procedures for avoiding issuance of fractional shares of New NRG Common Stock or New NRG Senior Notes having denominations other than multiples of $1,000.00. If two or more Electing Cash and Debt Recipients shall each have made New NRG Common Stock available at the same price but there is an insufficient amount of Cash or New NRG Senior Notes available in the Reallocation Liquidity Pool to effect a reallocation for all such equity, the Exchange Agent shall endeavor to reallocate any available Cash or New NRG Senior Notes on a Pro Rata basis among such Electing Cash and Debt Recipients.

The Reallocation Procedure set forth above is completely voluntary, and no holder of Claims in Class 5 or 6 can be required or compelled to take part in the Reallocation Procedure. Holders who do not make any such election on their Ballot will not participate in the Reallocation Procedure, and will receive the distribution to which they are otherwise entitled pursuant to the distribution provisions of the Plan. The Reallocation Procedures will not have any impact or effect on the distribution made to holders of Allowed Claims who do not take part in the Reallocation Procedure. In addition, the following apply to the Reallocation Procedure:

- The Reallocation Procedure is set up so that people who are willing to give up cash or debt will pay the lowest possible price for the stock that is offered for exchange.
- The reallocation elections will occur simultaneously with the solicitation.
- The elections will not be made public.
- The New NRG Common Stock and New NRG Senior Notes will be distributed on the Effective Date.
- Cash will be distributed in accordance with the Release-Based Amount Agreement.

D. Treatment of Executory Contracts and Unexpired Leases

1. Assumption, Assignment or Rejection of Executory Contracts and Unexpired Leases

Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between or among the Debtors and any Person or Governmental Entity shall be deemed assumed by the Debtors as of the Effective Date, except that any executory contract or unexpired lease shall be deemed rejected by the Debtors as of the Effective Date (i) that has been rejected pursuant to a Final Order entered prior to the Confirmation Date, (ii) as to which a motion for approval of the rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date that results in a Final Order or (iii) that is set forth in the Plan Supplement; provided, however, that (1) Debtors

reserve the right, on or prior to the conclusion of the confirmation hearing, to amend the Plan Supplement so as to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be assumed by the Debtors or rejected, as the case may be, as of the Effective Date and (2) notwithstanding anything to the contrary in the Plan or the Confirmation Order, the assumption or rejection of any executory contract or unexpired lease between any Debtor and Xcel, or any affiliate of Xcel, will be governed by the Xcel Settlement Agreement. The Debtors will give notice of any such amendment to each counterparty to any executory contract the status of which is changed as a result of the amendment (i.e., any executory contract which is to be assumed, rejected or assumed and assigned as a result of the amendment). In the event that the counterparty opposes such proposed amendment, the Debtors will make all reasonable efforts to provide such counterparty a reasonable opportunity under the circumstances to object prior to the Confirmation Date and, to the extent that such counterparty had the right to vote on the Plan, or became entitled to vote on the Plan as a result of any amendments to the Plan, to provide such counterparty a reasonable time to cast a Ballot to accept or reject the Plan, or to amend its Ballot. The listing of a document in the Plan Supplement shall not constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

Pursuant to sections 365(f) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases specified in Exhibit B to the Plan Supplement shall be deemed assumed and assigned by the Debtors on the Effective Date to those entities as set forth in such schedules. Pursuant to section 1123(b)(2) of the Bankruptcy Code, a plan of reorganization may provide for the assumption or rejection of executory contracts. As a result of the timing involved in the filing of the Plan, it is possible that certain parties will not be aware of whether their respective executory contracts are going to be assumed or rejected prior to the Confirmation Hearing. As a result, those parties should consider this issue when voting to accept or reject this plan. **The Debtors believe that they have reserved a sufficient amount in the Liquidation Analysis set forth in Exhibit B to this Disclosure Statement in connection with potential claims for rejected executory contracts.**

2. Schedules of Rejected Executory Contracts and Unexpired Leases; Inclusiveness

Each executory contract and unexpired lease listed or to be listed in the Plan Supplement shall include (i) modifications, amendments, supplements, restatements or other similar agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed in the Plan Supplement, and (ii) executory contracts or unexpired leases appurtenant to the premises listed in the Plan Supplement, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements or vault, tunnel or bridge agreements, and any other interests in real estate or rights in rem relating to such premises to the extent any of the foregoing are executory contracts or unexpired leases, unless any of the foregoing agreements previously have been assumed or assumed and assigned by the Debtors.

3. Approval of Assumption, Assumption and Assignment or Rejection of Executory Contracts and Unexpired Leases

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to Section 7.1(a) of the Plan, (b) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtors may assume, assume and assign or reject the unexpired leases of non-residential property specified in Section 7.1(a) of the Plan through the date of entry of the Confirmation Order, (c) approval, pursuant to sections 365(f) and 1123(b)(2) of the Bankruptcy Code, of the assignment of the executory contracts and unexpired leases assigned pursuant to Section 7.1(b) and Article VII of the Plan, and (d) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to Section 7.1(a) of the Plan.

4. Cure of Defaults

Except as may otherwise be agreed to by the parties, within thirty (30) days after the Effective Date, the Debtors shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed, or assumed and assigned, by the Debtors pursuant to Sections 7.1(a) and (b) of the Plan, in accordance with section 365(b)(1) of the Bankruptcy Code. All disputed defaults that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Debtors' liability with respect thereto, or as may otherwise be agreed to by the parties.

5. Retiree Benefits

Payments, if any, due to any Person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical or hospital care benefits, or benefits in the event of sickness, accident, disability or death under any plan, fund or program (through the purchase of insurance or otherwise) maintained or established in whole or in part by the Debtors prior to the Petition Date shall be continued for the duration of the period the Debtors have obligated themselves to provide such benefits.

6. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan

Claims arising out of the rejection of an executory contract or unexpired lease pursuant to Section 7.1 of the Plan must be properly filed in the Chapter 11 Case and served upon the Debtors no later than 30 days after the Confirmation Date. All such Claims not filed within such time shall be forever barred from assertion against the Debtors, its Estates and its property.

E. Release, Injunctive and Related Provisions

1. Exculpation and Limitation of Liability

None of the Debtors, the Bank Group, the Global Steering Committee, the Committee, the Noteholder Group, any member of the Bank Group acting in a capacity as administrative agent, Xcel, or any of their respective present or former members, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity, shall have or incur any liability to, or be subject to any right of action by, any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, direct or indirect shareholders, employees, directors, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct or gross negligence, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan; *provided, however*, that nothing herein shall exculpate from any obligation of any Debtor to indemnify its current and former directors or officers under its organizational documents, by-laws, employee indemnification policies, state law, or any other agreement. The U.S. Attorney has requested, and Xcel is considering, the addition of the following provision immediately following the preceding sentence: "Notwithstanding anything contained in the Plan to the contrary, nothing in the Plan or the transactions contemplated and authorized pursuant to the Plan shall effect a release of any non-debtor from any claim of the United States of America or its agencies or subdivisions (the "United States"); nor shall anything in the Plan enjoin the United States from bringing any claim, suit, action or other proceeding against any non-debtor; nor shall anything in the Plan modify, alter, impair or in any way affect the claims and rights of the United States as to any person or entity other than the Debtors."

2. Injunction Related to Releases and Exculpation

EXCEPT AS OTHERWISE SET FORTH IN THE PLAN, THE CONFIRMATION ORDER SHALL PERMANENTLY ENJOIN THE COMMENCEMENT OR PROSECUTION BY ANY ENTITY, WHETHER DIRECTLY, DERIVATIVELY OROTHERWISE, OF ANY CLAIMS, OBLIGA-

TIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES RELEASED PURSUANT TO THE PLAN, INCLUDING BUT NOT LIMITED TO THE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES RELEASED OR SUBJECT TO EXCULPATION PURSUANT TO THE TERMS OF THE PLAN.

3. Other Releases

For a discussion of other releases to be granted in connection with the Plan, see Section IV.E.6 above.

F. Retention of Jurisdiction

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) to hear and determine applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of cure amounts and Claims resulting therefrom;

(b) to hear and determine any and all adversary proceedings, applications and contested matters;

(c) to hear and determine any objection to Administrative Expense Claims or Claims;

(d) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(e) to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(f) to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(g) to hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;

(h) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Xcel Settlement, any other Plan Documents or Confirmation Order;

(i) to hear and determine proceedings to recover assets of the Debtors and property of the Debtors' Estate, wherever located;

(j) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(k) to hear and determine matters concerning the Disputed Claims Reserve, if any, established pursuant to the terms of the Plan;

(l) to hear any other matter not inconsistent with the Bankruptcy Code; and

(m) to enter a final decree closing the Chapter 11 Case.

G. Conditions Precedent to Confirmation and Consummation of the Plan

1. Conditions Precedent to Confirmation

The Plan shall not be confirmed by the Bankruptcy Court unless and until the following conditions shall have been satisfied or waived pursuant to Section 12.4 of the Plan:

(a) the Bankruptcy Court shall have entered an order or orders, which may be the Confirmation Order, approving the Plan, authorizing the Debtors to execute, enter into and deliver the Plan, and to execute and implement the Plan Documents;

(b) the Confirmation Order includes a finding of fact that the Debtors, the Reorganized Debtors, Xcel, the Committee, the Global Steering Committee, the Noteholder Group and their respective present and former members, officers, directors, employees, advisors, attorneys, and agents acted in good faith within the meaning of and with respect to all of the actions described in section 1125(e) of the Bankruptcy Code and are, therefore, not liable for the violation of any applicable law, rule, or regulation governing such actions;

(c) the Confirmation Order shall be consistent with the Plan, the Xcel Settlement Agreement and the Separate Bank Release Agreement, and shall be in form and substance, acceptable to the Debtors, Xcel, the Global Steering Committee and the Committee;

(d) the Confirmation Order shall, among other things, approve in all respects the Xcel Settlement Agreement (which shall have been executed by the parties thereto) and the compromises and transactions contemplated thereby and contain findings and conclusions in support of the components thereof that are satisfactory to Xcel;

(e) the Xcel Settlement Agreement has been executed by NRG and Xcel;

(f) neither the Plan nor any documents comprising the Plan Supplement shall have been amended, altered or modified in any way from the Plan attached to the Disclosure Statement, and the Plan Supplement filed thereafter unless such amendment, alteration or modification has been consented to in accordance with Section 15.8 of the Plan;

(g) all Exhibits to the Plan and all documents comprising the Plan Supplement are in form and substance satisfactory to (i) the Debtors; (ii) the Committee; (iii) Xcel; and (iv) the Global Steering Committee; and

(h) all necessary regulatory approvals of the Plan have been obtained.

2. Conditions Precedent to Effectiveness

The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to Section 12.4 thereof:

(a) the Effective Date shall have occurred on or before December 15, 2003;

(b) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

(c) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are determined by the Debtors to be necessary to implement the Plan;

(d) the Confirmation Order shall have been entered, the Confirmation Date shall have occurred, and the Confirmation Order shall be in full force and effect and shall not have been stayed or modified;

(e) the Separate Bank Release Agreement has been executed by Xcel and each member of the Separate Bank Settlement Group;

(f) all conditions to Xcel's obligations under the Xcel Settlement Agreement shall have been satisfied or waived pursuant to the terms thereof, the Effective Date under the Xcel Settlement Agreement shall have occurred and the Xcel Settlement Agreement, and all agreements and documents referenced in the Xcel Settlement Agreement or to be executed in connection therewith, shall be in full force and effect;

(g) all Plan Documents and any amendments thereto shall be in a form and substance satisfactory to (i) the Debtor; (ii) the Committee; (iii) the Global Steering Committee and (iv) Xcel;

(h) the Plan shall not have been amended, altered or modified from the Plan as approved by the Confirmation Order, unless such amendment, alteration or modification has been consented to in accordance with Section 15.7 of the Plan; and

(i) the Global Steering Committee and the Committee shall be satisfied with the identity, composition and employment terms of the NRG senior management team, *provided however* that if such identity, composition and employment terms have been determined in connection with Section IX.C of the Term Sheet, this provision shall be deemed satisfied.

3. Effect of Failure of Conditions

In the event that one or more of the conditions specified in Section 12.2 of the Plan shall not have occurred or been waived pursuant to Section 12.4 thereof on or before December 15, 2003, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Order had never been entered and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any Person or Governmental Entity or to prejudice in any manner the rights of the Debtors or any Person or Governmental Entity in any further proceedings involving the Debtors; *provided, however*, that the amounts paid pursuant to Section 4.2 of the Plan on account of Post-Petition Interest may be recharacterized as a payment upon the applicable Allowed Claims, in the sole discretion of the Debtors, but the Debtors will not otherwise seek to recover such amounts.

4. Waiver of Conditions

Conditions to confirmation and effectiveness of the Plan may be waived only by the Debtors, with the written consent of (i) the Committee, (ii) the Global Steering Committee and (iii) Xcel.

VII.

VOTING PROCEDURE

The following is a brief summary regarding the acceptance and confirmation of the Plan. Holders of Claims and Equity Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys. Additional information regarding voting procedures is set forth in the notices accompanying this Disclosure Statement.

A. Voting Instructions

This Disclosure Statement, accompanied by a Ballot to be used for voting on the Plan, is being distributed to holders of Claims in Classes 2, 3, 4, 5 and 6. Only creditors in these Classes are entitled to vote to accept or reject the Plan and may do so by completing the Ballot and returning it in the envelope provided. ***In light of the benefits of the Plan for each Class of Claims, the Debtors recommend that holders of Claims in each of the Impaired Classes vote to accept the Plan and return the Ballot.***

The Debtors have engaged the Claims Agent and the Balloting Agent to assist in the voting process. The Agents will answer questions, provide additional copies of all materials and oversee the voting tabulation. The Agents will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan.

The Voting Deadline is 5:00 p.m., Eastern Time, November 12, 2003.

Claims OTHER than Notes or Credit Facilities	Claims of Noteholders and Credit Facilities
Ballots cast by any claimant OTHER than a Noteholder or Credit Facility claim holder must be received by the Claims Agent by the Voting Deadline at the following address: NRG Balloting c/o Kurtzman Carson Consultants LLC 5301 Beethoven Street, Suite 102 Los Angeles, California 90055-7066 If you have any questions on voting procedures, please call the Claims Agent at: (866) 381-9100 ext. 609 (toll-free) Ballots will NOT be accepted by facsimile or other electronic means.	Master Ballots cast by Nominees on behalf of Noteholders* and Ballots cast by Credit Facility Claim Holders must be received by the Balloting Agent by the Voting Deadline at the following address: NRG Balloting c/o Innisfree M&A Incorporated 501 Madison Avenue, 20th floor New York, New York 10022 If you have any question on voting procedures, please call the Balloting Agent at: (877) 750-2689 (toll-free) Nominees (212) 750-5833 Ballots will NOT be accepted by facsimile or other electronic means. ** Beneficial Owner Ballots should be returned to the Nominee in sufficient time for the Nominee to cast a Master Ballot before the Voting Deadline.*

BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES. IF YOU HAVE A QUESTION CONCERNING THE VOTING PROCEDURES, CONTACT THE APPLICABLE INTERMEDIARY OR AGENT.

ANY BALLOT WHICH IS PROPERLY EXECUTED BY THE HOLDER OF AN ALLOWED CLAIM OR ANY COMBINATION OF BALLOTS REPRESENTING CLAIMS IN THE SAME CLASS HELD BY THE SAME HOLDER BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR WHICH INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN SHALL NOT BE COUNTED AS EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN.

Please follow the specific instructions provided as part of each ballot.

Release Election

Holders of Claims in Class 5 have the opportunity to participate in the Release Election. Participants in the Release Election will be deemed to have authorized the Agents as well as its Nominee where applicable to submit their Ballot to Xcel for review. In addition any holder of a Note Claim participating in the Release Election will be deemed to have authorized its Nominee to tender its notes (by electronic means) by the Voting Deadline. As a result, these holders will be restricted from trading their Notes following such election.

Reallocation Election

Holders of Claims in Class 5 and Class 6 have the opportunity to attempt to alter the composition of their distribution under the Plan pursuant to the Reallocation Election more fully described in Section VI.C, regardless of whether such party votes to accept or reject the plan. Parties wishing to participate in the Reallocation Election should follow the detailed instructions for doing so provided with each Ballot. Any holder of a Note Claim electing to participate in the Reallocation Election will be deemed to have authorized its Nominee to tender its Notes (by electronic means) by the Voting Deadline. As a result, these holders will be restricted from trading their Notes following such election.

Nominees

With respect to holders of Notes Claims in Class 5, the Debtors will deliver Ballots to Nominees.

- The Nominees should deliver the Ballot and other documents relating to the Plan, including the Disclosure Statement, to each Beneficial Owner of Class 5 Claims and take any action required to enable each such Beneficial Owner to vote the Class 5 Claims held by such Beneficial Owner. With regard to any Ballot returned to the Nominee, in order to have the vote of the Beneficial Owner count, the Nominee must, not later than the Voting Deadline: (a) transfer the requested information from each such Ballot onto the attached Master Ballot, (b) execute the Master Ballot and (c) deliver the Master Ballot to the Balloting Agent listed on the Master Ballot. Nominees must keep any records of the Ballot received from the Beneficial Owner for one year after the Voting Deadline (or such other date as is set by subsequent Bankruptcy Court order). Nominees may be ordered to produce the Ballots to the Bankruptcy Court, the Debtors, or Xcel. **The Nominee must attach a copy of the Beneficial Owner Ballot of any holder who elects to Release the Released Parties**. **If the Nominee does not attach such copies, the release elections WILL NOT COUNT.**

- If a Master Ballot is received after the Voting Deadline, the votes and elections on such Master Ballot will not be counted. The method of delivery of a Master Ballot to be sent to the Balloting Agent is at the election and risk of each entity. Except as otherwise provided herein, such delivery will be deemed made only when the original executed Master Ballot is actually received by the Balloting Agent. Instead of effecting delivery by mail, it is recommended, though not required, that such entities use an overnight or hand delivery service. In all cases, sufficient time should be allowed to assure timely delivery. Delivery of a Master Ballot by facsimile, e-mail or any other electronic means will not be accepted. No Ballot should be sent to the Debtor, any indenture trustee, or the Debtor's financial or legal advisors.

- Nominees must provide appropriate information for each of the items on the Master Ballot, including, without limitation, identifying the votes to accept or reject the Plan and the elections made by the Beneficial Owners.

- The Master Ballot must be returned in sufficient time to allow it to be RECEIVED by the Balloting Agent by no later than 5:00 p.m., Eastern Time, on the Voting Deadline.

- Noteholders wishing to make the Reallocation Election or the Release Election must electronically transmit their securities by causing DTC to transfer the Notes to the Exchange Agent in accordance with DTC's ATOP procedures for transfer. DTC will then send an Agent's Message to the Exchange Agent. The term "Agent's Message" means a message transmitted by DTC, received by the Exchange Agent and forming part of the Book-Entry Confirmation. The "VOI" number must be included in the Master Ballot.

- The Exchange Agent will establish an account with respect to the Notes for purposes of the Plan, and any financial institution that is a participant in the DTC system may make book-entry delivery of the Notes by causing DTC to transfer such Notes into the Exchange Agent's account in accordance with DTC's procedure for such transfer. Timely book-entry delivery of the Notes pursuant to the Plan, however, requires a receipt of a Book-Entry Confirmation prior to 4:00 p.m., Eastern time. The Master Ballot together with any other required documents, must be delivered or transmitted to and received by the Balloting Agent prior to 5:00 p.m., Eastern Time, on the Voting Deadline. Votes and elections will not be deemed made until such documents are received by the Balloting Agent. **Delivery of documents to DTC does not constitute delivery to the Balloting Agent**.

The Debtors will publish the Confirmation Hearing Notice in at least the national edition of *The Wall Street Journal*, the *Star Tribune* (Minneapolis-St. Paul) and the *St. Paul Pioneer Press*, which will contain the Plan Objection Deadline and Confirmation Hearing Date, in order to provide notification to persons who may not otherwise receive notice by mail.

For all Holders

By signing and returning a Ballot, each holder of Claims in Classes 2, 3, 4, 5 and 6 will also be certifying to the Bankruptcy Court and the Debtors that no other Ballots with respect to such Claim have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such earlier Ballots are thereby revoked.

The New NRG Common Stock and New NRG Senior Notes being distributed pursuant to the Plan are not being distributed pursuant to a registration statement filed with the Securities and Exchange Commission or with any securities authority outside of the United States. It is expected that when issued pursuant to the Plan, such New NRG Common Stock and New NRG Senior Notes will be exempt from the registration requirements of the Securities Act by virtue of section 1145 of the Bankruptcy Code and, except with respect to entities deemed to be underwriters, may be resold by the holders thereof subject to the provisions of section 1145, as set forth more fully in Section XI.H hereof.

By returning a Master Ballot, the voter will be certifying to the Debtors and the Bankruptcy Court among other things that:

- it has received a copy of the Disclosure Statement, and other Solicitation Materials and has delivered the same to Beneficial Owners;
- it has received a completed and signed Ballot from each such Beneficial Owners;
- it is a bank, broker or other nominee (or agent thereof) and is the holder of the securities being voted on behalf of the Beneficial Owners identified on the Master Ballot;
- it has properly disclosed (a) the number of such Beneficial Owners, (b) the amount of the Notes owned by each such Beneficial Owner, (c) each Beneficial Owner's respective vote and election concerning the Plan, (d) the customer account, serial number and/or other identification number for each such Beneficial Owner;
- each such Beneficial Owner has certified to the Nominee that such Beneficial Owner is eligible to elect any of the elections such Beneficial Owner has chosen and that such Beneficial Owner has not submitted any other Ballots for such Class 5 Claims held in other accounts or other names, or, if it has submitted another Ballot held in other accounts or names, that the Beneficial Owner has certified to the undersigned that such Beneficial Owner has cast the same vote for such Class 5 Claims, and the undersigned has identified such other accounts or Owner and such other Ballots;
- it has been authorized by each such Beneficial Owner to vote on the Plan and to deliver an ATOP instruction in respect of such Beneficial Owner's Notes to The Depository Trust Company, preventing the transfer of such Notes until such time that the Plan becomes effective or is rejected and to take all necessary actions to ensure that the relevant instruction can be allocated to such Notes, and to execute and deliver any additional documents and/or do all such other things deemed by Debtors to be necessary or desirable to complete the exchange and cancellation of such Notes pursuant to the Plan;
- it has submitted ATOP instructions to DTC with respect to the securities for which elections are being made;
- it will maintain the original Beneficial Owner Ballot returned by each Beneficial Owner (whether properly completed or defective) for one year after the Voting Deadline (or such other date as is set by subsequent Bankruptcy Court order) for disclosure to the Bankruptcy Court, the Debtor, or Xcel if so ordered; and
- for any Beneficial Owner listed that has checked the *Release* box in Item 3 on their Beneficial Owner Ballot, a true and complete copy of such Ballot is appended to the Master Ballot.

B. Voting Tabulation

In tabulating votes, the following rules shall be used to determine the Claim amount associated with a creditor's vote:

- unless otherwise provided in the Tabulation Rules described below, a claim will be deemed temporarily allowed for voting purposes in an amount equal to the lesser of (i) the amount of such claim as set forth in the Debtors' Schedules of Assets and Liabilities as not contingent, unliquidated or disputed or (ii) the amount of such claim as set forth in a filed proof of claim;

- if a claim for which a proof of claim has been timely filed is not listed on the Schedules and no objection to such claim has been filed on or before the Voting Deadline, the claim shall be temporarily allowed for voting purposes in the amount set forth in the proof of claim;

- if a claim for which a proof of claim has been timely filed is, by its terms, contingent, unliquidated, or disputed, the claim shall be temporarily allowed for voting purposes in the amount of $1.00;

- if a claim is listed as contingent, unliquidated or disputed, either in the Schedules or in a proof of claim, the claim shall be temporarily allowed for voting purposes only in an amount equal to $1.00;

- notwithstanding any other Tabulation Rule, if a claim is deemed allowed in accordance with the Plan, such claim will be allowed for voting purposes in the deemed allowed amount set forth in the Plan;

- if the Debtors have served and filed an objection to a claim at least ten (10) days prior to the expiration of the period during which holders of claims may vote to accept or reject the Plan, such claim shall be temporarily allowed for voting purposes in amount equal to the greater of $1.00 or the undisputed amount of such claim;

- if a claim is listed in the Schedules as being a non-priority claim or is not listed in the Schedules and a proof of claim is filed as a priority claim (in whole or in part), such claim will be temporarily allowed for voting purposes as a nonpriority claim in an amount that such claim would have been so allowed in accordance with the other Tabulation Rules had such proof of claim been filed as a non-priority claim;

- if a claim is listed in the Schedules as being an unsecured claim or is not listed in the Schedules and a proof of claim is filed as a secured claim (in whole or in part), such claim will be temporarily allowed for voting purposes as an unsecured claim in an amount that such claim would have been so allowed in accordance with the other Tabulation Rules had such proof of claim been filed as an unsecured claim;

- notwithstanding any other Tabulation Rule except for paragraph 7.e, if a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim will be temporarily allowed for voting purposes in the amount so estimated or allowed by the Court (a stipulation as to voting amount may be filed by Notice of Presentment in accordance with Local Rule 9074-1(c) on five days' notice);

- if a claim relates to rejection damages under an executory contract or unexpired lease that has not been rejected as of the Voting Record Date, to the extent such claim is for rejection damages, such claim shall be temporarily disallowed by the Court for voting purposes and, to the extent such claim is solely for rejection damages, such Ballot shall not be counted as having voted for or against the Plan; and

- if a claim holder identifies a claim amount on its Ballot that is less than the amount otherwise calculated in accordance with the Tabulation Rules, the claim will be temporarily allowed for voting purposes in the lesser amount identified on such Ballot.

The Claim amount established through the above process controls for voting purposes only and does not constitute the Allowed amount of any Claim for distribution purposes.

To ensure that its vote is counted, each holder of a Claim must (a) complete a Ballot; (b) indicate the holder's decision either to accept or reject the Plan in the boxes provided in the respective Ballot; and (c) sign and return the Ballot to the address set forth on the envelope enclosed therewith (if included).

The Ballot does not constitute, and shall not be deemed to be, a proof of Claim or an assertion or admission of a Claim.

If a holder holds Claims in more than one Class under the Plan, the holder may receive more than one Ballot coded for each Class of Claims held by such holder.

Except to the extent the Debtors so determine or as permitted by the Bankruptcy Court, Ballots received after the Voting Deadline will not be accepted or counted by the Debtors in connection with the Debtors' request for confirmation of the Plan. **The method of delivery of Ballots to be sent to the Agents (or, in the case of the Noteholders, to the Nominee) is at the election and risk of each holder of a Claim.** Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot (or Master Ballot) is *actually received* by the Claims Agent. In all cases, sufficient time should be allowed to assure timely delivery. **Original executed Ballots are required. Delivery of a Ballot by facsimile, e-mail or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, any indenture trustee, or the Debtors' financial or legal advisors.** The Debtors expressly reserve the right to amend, at any time and from time to time, the terms of the Plan (subject to compliance with the requirements of section 1127 of the Bankruptcy Code and the applicable provisions of the Plan). If the Debtors make material changes in the terms of the Plan or if the Debtors waive a material condition, the Debtors will disseminate additional solicitation materials and will extend the solicitation, in each case to the extent directed by the Bankruptcy Court.

If multiple Ballots are received from or on behalf of an individual holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot.

If a Ballot is signed by a trustee, executor, administrator, guardian, attorney-in-fact, or other person acting in a fiduciary or representative capacity, such person shall be required to indicate such capacity when signing and must submit proper evidence satisfactory to the Debtors and Xcel to act on behalf of a Beneficial Owner; Notwithstanding the foregoing, by executing a Ballot, such signatory certifies that he or she has such authority and capacity, and shall provide evidence of such authority and capacity upon request.

The Debtors, in their sole discretion, subject to any contrary order of the Bankruptcy Court, may waive any defect in any Ballot at any time, either before or after the Voting Deadline, and without notice except to the extent that such waiver affects Xcel, in which case the written consent of Xcel shall be required. Except as otherwise provided herein, unless the Ballot being furnished is timely submitted on or prior to the Voting Deadline, the Debtors may, in their sole discretion, reject such Ballot as invalid and, therefore, not count it in connection with confirmation of the Plan.

In the event a designation is requested under section 1126(e) of the Bankruptcy Code, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

Any holder of Impaired Claims who has delivered a valid Ballot voting on the Plan may withdraw such vote solely in accordance with Bankruptcy Rule 3018(a).

Subject to any contrary order of the Court, the Debtors reserve the absolute right to reject any and all Ballots or Master Ballots not in proper form, the acceptance of which would in the opinion of the Debtors or their counsel not be in accordance with the provisions of this Order or the Bankruptcy Code, except that Xcel, subject to any contrary order of the Court, in its sole discretion shall have the right to reject the Release Election to release the Released Parties made on any and all Ballots not in proper form. With respect to Ballots received by the Agents prior to the Voting Deadline, the Debtors and Xcel will use reasonable efforts to notify the Agents of any such rejection no later than six days prior to the Confirmation Hearing. Upon receipt by the Agents of such notice that a Release Election made by a holder has been rejected, such Agents shall use reasonable efforts to notify the holder of the rejection no later than five days prior to the Confirmation Hearing. Notwithstanding Bankruptcy Rule 3018(a) or Local Rule 3018-1(b) in the event that the Agents are not able to notify a holder that a Release Election or Reallocation Election made by such holder has been rejected at least five (5) days prior to the Confirmation Hearing, such holder shall have ten (10) days from

the time notice is given to such holder to correct the rejected Release Election or Reallocation Election, and such extension of time shall constitute such holder's sole remedy for purposes of Bankruptcy Rule 3018 or Local Rule 3018-1.

If no votes to accept or reject the Plan are received with respect to a particular class, such class shall be deemed to have voted to accept the Plan;

Unless waived by the Debtors, and if such waiver affects Xcel or the other Released Parties, Xcel, or as ordered by the Court, any defects or irregularities in connection with the deliveries of the Ballots or Master Ballots must be cured by the Voting Deadline, and unless otherwise ordered by the Court, delivery of such Ballots or Master Ballots will not be deemed to have been made until such irregularities have been cured or waived; and

Except as may be provided by Local Rule 3018-1(b) with respect to a Ballot or Master Ballot received prior to the Voting Deadline neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots or Master Ballots nor will any of them incur liabilities for failure to provide such notification. Xcel shall have no liability with respect to a failure to provide such notification to a creditor and Xcel's obligation for purposes of Local Rule 3018-1(b), if any, shall be limited to providing such creditor with an opportunity to correct any defect or irregularity within ten (10) days of mailing of notice of such defect or irregularity, and if such defect or irregularity has been corrected, treating such creditor as having made a valid Release Election.

C. Voting Procedures

The Voting Record Date for purposes of determining which holders of Claims are entitled to vote on the Plan is September 29, 2003.

1. Beneficial Holders

Any Beneficial Holder of Claims holding as a record holder in its own name, shall vote on the Plan by completing and signing the Ballot and returning it to the Balloting Agent.

Any Beneficial Holder of Claims who holds in "street name" through a Nominee shall vote on the Plan by completing and signing the Ballot provided by the Nominee and returning it directly to the Nominee.

2. Nominees

Because of the complexity and difficulty associated with reaching beneficial owners of publicly traded securities, many of which hold their securities in brokerage accounts and through several layers of ownership, the Debtors are distributing a Ballot (a) to each record holder of Note Claims as of the Voting Record Date and (b) an appropriate number of copies to each bank or brokerage firm (or the agent or other Nominee therefor) identified by the Claims Agent as an entity through which beneficial owners hold the Note Claims. Each Nominee will be requested to immediately distribute a copy of this Disclosure Statement and accompanying materials including the Ballots to all Beneficial Holders for which it holds the Beneficial Holders Claims. These procedures will enable the Debtors to transmit materials to the holders of its publicly traded securities and afford Beneficial Holders of the Note Claims a fair and reasonable opportunity to vote. In order for votes to be counted, all Beneficial Owner Ballots must be returned to the Nominee in sufficient time for the Nominee to execute a Master Ballot summarizing the individual votes of its respective beneficial owners and deliver it to the Balloting Agent by the Voting Deadline.

If a Beneficial Holder holds the Note Claims through more than one Nominee, such Beneficial Holder should execute a separate Ballot for each block of Note Claims that it holds through any Nominee and return the Ballot to the appropriate Nominee.

If a Beneficial Holder holds a portion of its Note Claims through a Nominee and another portion directly or in its own name as the record holder, such Beneficial Holder should follow the procedures described in

Section VII.C.1 above to vote the portion held in its own name and the procedures described in this Section VII.C.2 to vote the portion held by the Nominee or Nominees.

VIII.

CONFIRMATION OF THE PLAN

A. The Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of the Plan.

The Bankruptcy Court has scheduled the Confirmation Hearing for November 21, 2003 at 2:30 p.m. Eastern Time before the Honorable Prudence Carter Beatty, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Southern District of New York, located at Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

B. Deadline to Object to Confirmation

Objections to confirmation of the Plan must be filed and served on or before November 12, 2003 at 4:00 p.m. Eastern Time in accordance with the Confirmation Hearing Notice accompanying this Disclosure Statement. **UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE APPROVAL ORDER, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

C. Requirements for Confirmation of the Plan

Among the requirements for the confirmation of the Plan are that the Plan (1) is accepted by all impaired Classes of Claims and Equity Interests, or if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (2) is feasible, and (3) is in the "best interests" of creditors and stockholder that are impaired under the Plan.

1. Requirements of Section 1129(a) of the Bankruptcy Code

The following requirements must be satisfied pursuant to section 1129(a) of the Bankruptcy Code before the Bankruptcy Court may confirm a plan of reorganization:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The proponents of the Plan comply with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made by the proponent, by the debtor or by a person issuing securities or acquiring property under a plan, for services or for costs and expenses in or in connection with the case, in connection with the plan and incident to the case, has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
- The proponent of the Plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan.
- The proponent of the Plan has disclosed the identity of any insider (as defined in section 101 of the Bankruptcy Code) that will be employed or retained by the reorganized debtor and the nature of any compensation for such insider.

- Any governmental regulatory commission with jurisdiction over the rates of the debtor has approved any rate change provided for in the plan, or such rate change is expressly conditioned on any such approval.

- With respect to each impaired class of Claims or Interests —

  - each holder of a Claim or Interest of such class (a) has accepted the plan; or (b) will receive or retain under the plan on account of such Claim or Interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or

  - if section 1129(b)(2) of the Bankruptcy Code applies to the Claims of such class due to its election to retain a lien, each holder of a Claim of such class will receive or retain under the plan on account of such Claim of property of a value, as of the effective date of the plan, that is not less than the value of such holder's Interest in the estate's Interest in the property that secures such Claims.

- With respect to each class of Claims or Interests such class has (i) accepted the plan; or (ii) such class is not impaired under the plan (subject to the "cramdown" provisions discussed below).

- Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the plan provides that:

  - with respect to a claim of a kind specified in sections 507(a)(1) and 507(a)(2) of the Bankruptcy Code, on the effective date of the plan, the holder of the Claim will receive on account of such Claim cash equal to the allowed amount of such Claim;

  - with respect to a class of claim of the kind specified in sections 507(a)(3), 507(a)(4), 507(a)(5), 507(a)(6) or 507(3)(7) of the Bankruptcy Code, each holder of a Claim of such class will receive (A) if such class has accepted the plan, deferred cash payments of a value, on the effective date of the plan, equal to the allowed amount of such Claim; or (B) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such Claim; and

  - with respect to a priority tax claim of a kind specified in section 507(a)(g) of the Bankruptcy Code, the holder of such Claim will receive on account of such Claim deferred cash payments, over a period not exceeding six years after the date of assessment of such Claim, of a value, as of the effective date of the plan, equal to the allowed amount of such Claim.

- If a class of Claims is impaired under the plan, at least one class of Claims that is impaired under the plan has accepted the plan, determined without including any acceptance of the plan by any "insider," as defined in section 101 of the Bankruptcy Code.

- Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any Successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

- All fees payable under 28 U.S.C. Section 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

- The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(i)(B) or (g) of section 1114 of the Bankruptcy Code, at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

NRG believes that the Plan meets all the applicable requirements of section 1129(a) of the Bankruptcy Code other than those pertaining to voting, which has not yet taken place.

2. Best Interest of Creditors

Notwithstanding acceptance of the Plan by each impaired Class, to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a claim or interest in any such impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the distribution that each such member would receive if the applicable Debtors were liquidated under chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each impaired Class of Claims would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if each of the reorganization cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor's assets were liquidated by a chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of a Debtor would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by any cash held by the Debtor.

The Liquidation Value available to holders of Claims or Interests would be reduced by, among other things: (a) the Claims of secured creditors to the extent of the value of their collateral; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's chapter 7 case; (c) unpaid Administrative Expense Claims of the reorganization cases; and (d) Priority Claims and Priority Tax Claims. The Debtors' costs of liquidation in chapter 7 cases would include the compensation of trustees, as well as of counsel and of other professionals retained by such trustees, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the operation of the Debtors during the pendency of the chapter 7 cases and all unpaid Administrative Expense Claims incurred by the Debtors during the reorganization cases that are allowed in the chapter 7 cases. The liquidation itself would trigger certain Priority Claims, such as Claims for severance pay, and would likely accelerate the payment of other Priority Claims and Priority Tax Claims that would otherwise be payable in the ordinary course of business. These Priority Claims and Priority Tax Claims would be paid in full out of the net liquidation proceeds, after payment of Secured Claims, before the balance would be made available to pay other Claims or to make any distribution in respect of interests. The Debtors believe that the liquidations also would generate a significant increase in Claims, such as tax and other governmental Claims.

Based on the liquidation analyses set forth in Exhibit B of this Disclosure Statement, the Debtors believe that holders of Claims will receive greater value as of the Effective Date under the Plan than such holders would receive under a chapter 7 liquidation.

In actual liquidations of the Debtors, distributions to holders of Claims or Interests would be made substantially later than the Effective Date assumed in connection with the Plan. This delay would materially reduce the amount determined on a present value basis available for distribution to creditors, including holders of unsecured Claims. The hypothetical chapter 7 liquidations of the Debtors are assumed to commence on June 1, 2003 and to be completed by November 30, 2004.

In summary, the Debtors believe that chapter 7 liquidations of the Debtors would result in substantial diminution in the value to be realized by holders of Claims, as compared to the proposed distributions under the Plan, because of, among other factors:

- the increased cost and expenses of liquidation under chapter 7 arising from fees payable to the chapter 7 trustee and the attorneys and other professional advisors to such trustee,

- additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the operations of NRG,

- the erosion of the value of the Debtors' assets in the context of an expedited liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail,

- the adverse effects on the salability of portions of the business that could result from the possible departure of key employees and the loss of customers and vendors,

- the cost and expense attributable to the time value of money resulting from what is likely to be a more protracted proceeding, and

- the application of the rule of absolute priority to distributions in a chapter 7 liquidation.

Consequently, the Debtors believe that confirmation of the Plan will provide a substantially greater ultimate return to holders of Claims than would chapter 7 liquidations.

3. Acceptance

Section 1126(c) of the Bankruptcy Code provides that a Class of Claims has accepted a plan if such plan has been accepted by creditors that hold at least 2/3 in amount and more than 1/2 in number of the Allowed Claims of such Class.

4. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization of the Debtors, or any successor to the Debtors (unless such liquidation or reorganization is proposed in the Plan). In connection with determining whether the Plan meets this requirement, the Debtors have analyzed their ability to meet their respective obligations under the Plan. As part of this analysis, the Debtors have prepared the Projections. See Article XIII, "Projected Financial Information." Based upon the Projections, the Debtors believe that Reorganized NRG will meet the feasibility requirements of the Bankruptcy Code. The feasibility of the Plan is not dependent on Reorganized NRG obtaining an exit facility and management believes that Reorganized NRG will emerge with sufficient cash on hand plus cash generated from operations during the Projection Period to fund its working capital requirements without access to an exit facility.

5. Requirements of Section 1129(b) of the Bankruptcy Code

The Bankruptcy Code permits confirmation of a plan even if it is not accepted by an impaired class so long as (a) the plan otherwise satisfies the requirements for confirmation, (b) at least one impaired class of claims has accepted the plan without taking into consideration the votes of any insiders in such class, and (c) the plan is "fair and equitable" and does not "discriminate unfairly" as to any impaired class that has not accepted the plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code.

"Fair and Equitable"

The Bankruptcy Code establishes different "cramdown" tests for determining whether a plan is "fair and equitable" to dissenting impaired classes of secured creditors, unsecured creditors and equity interest holders as follows:

(a) *Secured Creditors.* A plan is fair and equitable to a class of secured claims that rejects the plan if the plan provides: (i) that each of the holders of the secured claims included in the rejecting class (A) retains the liens securing its claim to the extent of the allowed amount of such claim whether the property subject to those liens is retained by the debtor or transferred to another entity, and (B) receives on account of its secured claim deferred cash payments having a present value, as of the effective date of the plan, at least equal to such holder's interest in the estate's interest in such property; (ii) that each of the holders of the secured claims included in the rejecting class realizes the "indubitable equivalent" of its allowed secured claim; or (iii) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of such liens, with such liens to attach to the proceeds' of the sale and the treatment of such liens on proceeds in accordance with clause (i) or (ii) of this paragraph.

(b) *Unsecured Creditors.* A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the plan provides that: (i) each holder of a claim included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan, equal to the amount of its allowed claim; or (ii) the holders of claims and interests that are junior to the claims of the rejecting class will not receive or retain any property under the plan.

(c) *Holders of Equity Interests.* A plan is fair and equitable as to a class of equity interests that rejects the plan if the plan provides that: (i) each holder of an equity interest included in the rejecting class receives or retains under the plan property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of (A) any fixed liquidation preference to which such holder is entitled, (B) the fixed redemption price to which such holder is entitled, or (C) the value of the interest; or (ii) the holder of any interest that is junior to the interests of the rejecting class will not receive or retain any property under the plan.

The Debtors believe the Plan is fair and equitable as to secured creditors, because the Plan provides that their Claims will be either unimpaired, or they will receive their entitlements under the Bankruptcy Code. The Debtors believe the Plan is fair and equitable as to unsecured creditors and holders of Equity Interests because the holders of Claims and Interests junior to the unsecured creditors (i.e., holders of NRG Equity Interests) will not receive or retain any property under the Plan on account of such Claims or Interests.

"Unfair Discrimination"

A plan of reorganization does not "discriminate unfairly" if a dissenting class is treated substantially equally with respect to other classes similarly situated and no class receives more than it is legally entitled to receive for its claims or equity interests. The Debtors do not believe that the Plan discriminates unfairly against any impaired Class of Claims or Equity Interests.

The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for nonconsensual confirmation of the Plan.

D. Valuation of Reorganized NRG

In conjunction with formulating the Plan, the Debtors determined that it was necessary to estimate the post confirmation going concern value of Reorganized NRG. Accordingly, such valuation is set forth below.

In calculating the value of Reorganized NRG a variety of factors were considered. The calculation was based on the business plan provided by management (the "Business Plan") which in turn relied on market price forecasts provided by ICF Consulting Group, Inc. ("ICF Consulting"). A Discounted Cash Flow ("DCF") calculation was used to develop the calculation of enterprise value of Reorganized NRG. The DCF valuation methodology equates the value of an asset or business to the present value of expected future economic benefits to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts all expected future economic benefits by a theoretical or observed discount rate determined by calculating the Weighted Average Cost of Capital ("WACC") of Reorganized NRG.

The WACC was calculated by weighting the required returns on interest-bearing debt and common equity capital in proportion to their estimated percentages in an expected capital structure. The cost of equity for Reorganized NRG was estimated using the Capital Asset Pricing Model ("CAPM") based on the risk-free rate of return on United States Treasury bonds, plus a market risk premium expected over the risk-free rate of return, multiplied by a market-derived "Beta". An after-tax cost of debt was calculated based on the market cost of debt and Reorganized NRG's expected corporate tax rate. Based on a WACC range of 10.75% to 11.25% and an assumed effective date of December 31, 2003, the calculated range of enterprise value for Reorganized NRG, on a consolidated basis on December 31, 2003 is between $5,457 million and $5,737 million, less debt (net of cash) at the projects of $3,227 million, for an equity value of ongoing projects between $2,230 million and $2,510 million.

These amounts were adjusted upward by $855 million and $1,016 million respectively to account for the range of values of assets held for sale and excess cash, net of the Xcel Settlement and collateral requirements.

This results in a Reorganized NRG value, net of project debt, of between $3,085 million and $3,526 million. Cash payments ($392 million) from Reorganized NRG paid as a part of the implementation of the Plan, as well as the Xcel Note ($10 million) and the New NRG Senior Notes ($500 million), reduce these values, resulting in a final range of equity values of between $2,183 million and $2,624 million.

This range of values for Reorganized NRG was prepared based on information available as of April 2003. This estimate was developed solely for purposes of formulation and negotiation of a plan of reorganization and analysis of implied relative recoveries to creditors thereunder. The calculation of value does not address any other aspect of the proposed restructuring or any related transactions and does not constitute a recommendation to any holder of outstanding securities of the Debtors as to how such security holder should vote or act on any matter relating to the restructuring or any related transaction. In addition, Kroll Zolfo Cooper's ("KZC") calculation of value does not constitute an opinion as to the fairness to holders of outstanding securities of the Debtors from any point of view, including a financial point of view of the consideration to be received by such security holders pursuant to the Plan. Estimates of reorganization equity value do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different from the amounts set forth herein.

In preparing its analyses, KZC, among other things:

(i) reviewed publicly available financial statements of the Debtors;

(ii) reviewed certain internal financial and operating data of the Debtors, including the Business Plan prepared and provided by the Debtors' management relating to its business and its prospects;

(iii) met with certain members of senior management of the Debtors to discuss the Debtors' operations and future prospects;

(iv) considered certain economic and industry information relevant to the operating business;

(v) reviewed certain other financial projections prepared by the Debtor and/or ICF Consulting;

(vi) discussed historic, current and prospective operations of the operating business with the Debtors and ICF Consulting;

(vii) conducted discussions with ICF Consulting relating to, but not limited to, industry supply, demand, pricing and investment;

(viii) considered certain information of publicly traded companies believed to be reasonably comparable to the operating business of the Debtors;

(ix) reviewed such other information and conducted such other studies, analyses, inquiries, and investigations as deemed appropriate.

In preparing its analysis, KZC relied upon the accuracy and completeness of all of the financial and other information, including the Business Plan, available to it from public sources and the Debtors or their representatives and has not assumed any responsibility for independent verification of such information. With respect to the Business Plan, KZC assumes it is accurate and has been prepared in good faith and on a basis reflecting the best currently available estimates and judgments of the Debtors and ICF Consulting as to the future operating and financial performance of the Debtors. The projections assume the Debtors will operate its businesses as reflected in the Business Plan and such businesses will perform as reflected in the Business Plan. To the extent the Debtors operate more or fewer businesses during the projection period and to the extent that all or a portion of the businesses perform at levels inconsistent with those expected in the Business Plan, such adjustments may have a material impact on the operating projections and the calculation of value for Reorganized NRG as presented herein. Additionally, KZC assumed and relied upon the reasonableness and accuracy of management's and ICF Consulting's projections, and no independent valuation or appraisals of the Company were relied upon.

The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict, and will fluctuate with changes in factors affecting the financial condition and prospects of that business. As a result, the estimate of the components that ultimately derive the equity value of Reorganized NRG as described herein are not necessarily indicative of actual outcomes, and could be significantly more or less favorable than those set forth herein. Since such estimates are inherently subject to uncertainties, neither KZC, the Debtors nor any other person assumes responsibility for their accuracy.

THE ESTIMATED CALCULATION OF ENTERPRISE VALUE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS SET FORTH IN THE BUSINESS PLAN AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS, NONE OF WHICH ARE GUARANTEED AND MANY OF WHICH ARE OUTSIDE OF THE DEBTORS' CONTROL.

THE CALCULATIONS OF VALUE SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC OR PRIVATEMARKETS. THE EQUITY VALUE DESCRIBED HEREIN DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST REORGANIZATION MARKET VALUE. SUCH VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZEDEQUITY VALUE RANGES ASSOCIATED WITH THIS VALUATION ANALYSIS. NO RESPONSIBILITY IS TAKEN FOR CHANGES IN MARKET CONDITIONS AND NO OBLIGATION IS ASSUMED TO REVISE THIS CALCULATION OF VALUE OF REORGANIZED NRG TO REFLECT EVENTS OR CONDITIONS WHICH SUBSEQUENTLY OCCUR. THE CALCULATIONS OF VALUE DO NOT CONFORM TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OF THE APPRAISAL FOUNDATION. THE CALCULATIONS OF VALUE SET FORTH HEREIN SUPERCEDE IN THEIR ENTIRETY THE CALCULATIONS CONTAINED IN PRIOR VERSIONS OF THE DISCLOSURE STATEMENT.

E. Identity of Insiders

Within ten (10) days of the Voting Deadline, NRG will file with the Bankruptcy Court a list of its directors and officers, which list shall set forth the identity of any Insiders.

F. Regulatory Approval of Rate Change

No rate change approval is provided for in the Plan or required by the Plan.

G. Effect of Confirmation of the Plan

1. Term of Bankruptcy Injunction or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case under section 105 of the Bankruptcy Code or otherwise and in existence on the Confirmation Date, shall remain in full force and effect in accordance with the terms of such injunctions. Unless otherwise provided, the automatic stay provided under section 362(a) of the Bankruptcy Code shall remain in full force and effect until the Effective Date.

2. Claims Extinguished

As of the Effective Date, any and all avoidance claims accruing to the Debtors under sections 502(d), 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code and not then pending, shall be extinguished. As of the date hereof, the Debtors have not filed any avoidance actions, and both the Debtors and the Committee continue to investigate possible avoidance actions.

3. Discharge of Debtors

Except as otherwise provided in the Plan, the rights afforded therein and the treatment of all Claims and Equity Interests therein shall be in exchange for and in complete satisfaction, discharge and release of Claims

and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of its assets or properties. Except as otherwise provided in the Plan, (a) as of the Confirmation Date, all such Claims against and Equity Interests in the Debtors shall be satisfied, discharged and released in full and (b) all Persons and Governmental Entities shall be precluded from asserting against the Debtors, its successors, or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

4. Injunction

In addition to and except as otherwise expressly provided in the Plan, the Confirmation Order or a separate order of the Bankruptcy Court, all entities who have held, hold or may hold Claims against or Equity Interests in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest; (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Reorganized Debtors, or their respective subsidiaries or affiliates on account of any such Claim or Equity Interest; (c) creating, perfecting or enforcing any Lien of any kind against the Reorganized Debtors, or their respective subsidiaries or affiliates or against the property or interests in property of the Reorganized Debtors, or their respective subsidiaries or affiliates on account of any such Claim or Equity Interest; (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Reorganized Debtors, or their respective subsidiaries or affiliates or against the property or interests in property of the Reorganized Debtors, or their respective subsidiaries or affiliates on account of any such Claim or Equity Interest; and (e) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims or Causes of Action which are extinguished, dismissed or released pursuant to the Plan. The injunction shall also enjoin all parties in interest, including, without limitation, all entities who have held, hold or may hold Claims against or Equity Interests in the Debtors, from taking any action in violation of the Confirmation Order. Such injunction shall extend to successors of the Reorganized Debtors, or their respective subsidiaries or affiliates, their respective properties and interests in property. Except as provided by Article IX of the Plan, this Section VIII.G.4 shall not enjoin, bar or otherwise impair the commencement or prosecution of direct personal claims against any Person other than the Reorganized Debtors, and their respective subsidiaries or affiliates. Notwithstanding anything to the contrary in the Plan, nothing in the Plan shall be deemed to impair any Claims or other rights against Nondebtor Subsidiaries.

IX.

IMPLEMENTATION OF THE PLAN

A. Provisions Governing Distributions

1. Method of Distributions Under the Plan

(a) Disbursing Agent

All distributions under the Plan shall be made by the Debtors as Disbursing Agents or such other Entity designated by the Debtors as Disbursing Agent. A Disbursing Agent shall not be required to provide any bond, surety or other security for the performance of its duties, unless otherwise ordered by the Bankruptcy Court; and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond, surety or other security shall be borne by the Debtors.

(b) Distributions to Holders as of the Distribution Record Date

Subject to Bankruptcy Rule 9010 and Section 10.2 of the Plan, all distributions under the Plan shall be made (i) to the holder of each Allowed Claim or Equity Interest at the address of such holder as listed on the Debtors' Bankruptcy Schedules as of the Distribution Record Date, unless the Debtors have been notified in writing of a change of address, including by the filing of a timely proof of Claim by such holder that provides

an address for such holder different from the address reflected on the Debtors' Bankruptcy Schedules, or (ii) pursuant to the terms of a particular indenture of the Debtors or in accordance with other written instructions of a trustee under such indenture.

As of the close of business on the Distribution Record Date, the Claims register shall be closed and there shall be no further changes in the record holder of any Claim or Equity Interest. The Debtors shall have no obligation to recognize any transfer of any Claim. The Debtors shall instead be authorized and entitled to recognize and deal for all purposes of the Plan with only those record holders stated on the claims register as of the close of business on the Distribution Record Date.

(c) Distributions of Cash

Any payment of Cash made by the Debtors pursuant to the Plan shall, at the Debtors' option, be made to the appropriate bank administrative agents, trustees for the Notes or other creditors for distribution by check drawn on a domestic bank or wire transfer, and shall first be drawn proportionately from the segregated Cash accounts established pursuant to the terms of this Plan before any other Cash sources are used.

(d) Timing of Distributions

Except as otherwise set forth in the Plan or the Plan Documents, payments and distributions to holders of Allowed Claims shall be made pursuant to the timing designated in Sections 4.5 through 4.17 of the Plan, or as soon as practicable thereafter. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(e) Allocation of Plan Distributions

All distributions in respect of Allowed Claims shall be allocated first to the portion of such Claims representing interest (as determined for federal income tax purposes), second to the original principal amount of such Claims (as determined for federal income tax purposes), and any excess to the remaining portion of such Claims.

(f) Minimum Distributions

No payment of Cash less than one hundred U.S. dollars ($100.00) shall be made by the Debtors to any holder of a Claim unless a request therefor is made in writing to the Debtors.

(g)

(h) Unclaimed Distributions

All distributions under the Plan that are unclaimed for a period of one (1) year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and vested in the Reorganized Debtors and any entitlement of any holder of any Claim or Equity Interest to such distributions shall be extinguished and forever barred; provided that distributions to be made to the holders of Claims in Class 5 and Class 6 that are unclaimed for a period of one (1) year after distribution thereof shall be distributed to the holders of Claims in Class 5.

2. Objections to and Resolution of Administrative Expense Claims and Claims

Except as to applications for allowance of compensation and reimbursement of Professional Compensation and Reimbursement Claims under sections 330 and 503 of the Bankruptcy Code, the Reorganized Debtors shall, on and after the Effective Date, have the exclusive right to make and file objections to Administrative Expense Claims. Except as to applications for allowance of compensation and reimbursement of Professional Compensation and Reimbursement Claims under sections 330 and 503 of the Bankruptcy Code, on and after the Effective Date, the Reorganized Debtors shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to Administrative Expense Claims and Claims and compromise,

settle or otherwise resolve Disputed Administrative Expense Claims and Disputed Claims without the approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, (a) all objections to Claims (except for Administrative Expense Claims) shall be served and filed upon the holder of the Claim as to which the objection is made (and, as applicable, upon the Debtors, the Noteholder Group, the Global Steering Committee, and the Committee) and, if filed prior to the Effective Date, such objections will be served on the then-applicable service list in the Chapter 11 Case, and (b) all objections to Administrative Expense Claims shall be served and filed upon the holder of the Administrative Expense Claim as to which the objection is made (and, as applicable, upon the Debtors or the Reorganized Debtors, as the case may be, the Noteholder Group, the Global Steering Committee, the Committee) as soon as is practicable, but in no event later than ninety (90) days after the Effective Date.

3. Payment of Other Fees

Any reasonable unpaid fees and expenses accrued through the Confirmation Date (except for any unpaid fees and expenses previously disallowed by the Bankruptcy Court) of: (i) any trustees for any Notes or under any Note Indenture, if any, (acting in their capacities as trustees and, if applicable, acting in their capacities as Disbursing Agents), (ii) the Global Steering Committee and their respective professionals; provided that the Global Steering Committee shall not have more than one set of advisors; (iii) the Noteholders and their respective professionals for the period from the Petition Date until the appointment of counsel to the Committee; (iv) to the extent that the Debtors obtain exit financing, the reasonable attorney's fees of the agent bank for such financing, shall be paid by the Debtors within ten (10) days after the Effective Date. Any such fees and expenses accruing after the Effective Date shall be payable as provided in the applicable agreement providing for such payment, or, without the need for any additional court order, in the case of any exit financing the bank acting as administrative agent, in its capacity as administrative agent under the Exit Facility, at least quarterly. Upon payment of such fees and expenses, such Persons shall be deemed to have released their Liens securing payment of their fees and expenses for all fees and expenses accrued through the Effective Date.

4. Cancellation of Existing Securities and Agreements

Except as otherwise provided in the Plan, on the Effective Date, the Debtor's obligations under the promissory notes, bonds, debentures and all other debt instruments evidencing any Claim, including Administrative Expense Claims, other than those that are reinstated and rendered unimpaired or renewed and extended pursuant to Article IV of the Plan, or renewed and remain outstanding pursuant to Article IV of the Plan, respectively, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule and the obligations of the Debtors under the agreements and indentures governing such Claims, as the case may be, shall be discharged. Except as otherwise provided in the Plan, the Equity Interests shall be cancelled. Holders of promissory notes, bonds, debentures and any and all other debt instruments evidencing any Claim shall not be required to surrender such instruments; *provided, however*, that certain Notes and the indentures applicable thereto shall continue in effect solely for the purposes of (a) allowing the holders of such Notes to receive their distributions under the Plan, (b) allowing the Notes trustee to make the distributions, if any, to be made on account of such Notes, and (c) permitting such trustee, if applicable, to assert a charging Lien against any such distributions for payment of the trustee fee under the relevant Note indentures.

5. Controversy Concerning Impairment

If a controversy arises as to whether any Claim or Equity Interest, or any Class of Claims or Class of Equity Interests, is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy.

B. Procedures for Resolution of Disputed, Contingent and Unliquidated Claims or Equity Interests

1. Disputed Claims Reserve

(a) Funding of the Disputed Claims Reserve

On the Effective Date, the appropriate number of Reserved Shares, amount of Reserved Notes and amount of Reserved Cash will be placed in the applicable Disputed Claims Reserve by Reorganized NRG for the benefit of holders of Disputed Claims in Class 5 or Class 6 that subsequently become Allowed Claims.

(b) ANZ Letter of Credit Reserve

On the Effective Date, a Pro Rata Share of the Class 5 distributions allocable to the full face amount of NRG Letter of Credit Claims, in respect of which the underlying Letter of Credit has not been drawn as of the Effective Date, shall be placed into the ANZ Letter of Credit Reserve. In the event that an underlying Letter of Credit (or a renewal or extension thereof) is drawn on or after the Effective Date, then, within the earlier of five (5) Business Days of Reorganized NRG being notified of such drawing, or with respect to Cash only, and the payment of the Release-Based Amount, an amount equal to the Pro Rata Share of the Class 5 distributions allocable to the drawn amount of such Letter of Credit shall be distributed from the ANZ Letter of Credit Reserve to the then current holders of such NRG Letter of Credit Claims in accordance with the procedures for distribution contained in the Plan. In the event that an underlying Letter of Credit expires partially or fully undrawn and the holders of the relevant NRG Letter of Credit Claims no longer have any liability with respect to the expired undrawn portion of such Letter of Credit (or a renewal or extension thereof), then the holders of the relevant NRG Letter of Credit Claims shall no longer be entitled to a distribution with respect to the expired undrawn portion of such Claim and the Pro Rata Share (including any interest and dividends) of the Class 5 distributions allocable to the undrawn portion of the expired Letter of Credit shall be released from the ANZ Letter of Credit Reserve and shall be distributed in accordance with Section 4.9 of the Plan to the holders of Claims in Class 5, including the holders of NRG Letter of Credit Claims both drawn (as a distribution) and undrawn but not expired (as a reserve). Nothing contained in this Plan shall affect the subrogation rights if any of the financial institutions party to the NRG Letter of Credit Facility arising under any of the letters of credit issued under the NRG Letter of Credit Facility without prejudice to any of the Debtor's rights pursuant to section 502(e)(1) of the Bankruptcy Code.

(c) Property Held in Disputed Claims Reserve

Dividends and Distributions. Cash dividends and other distributions on account of Reserved Shares to be held in a Disputed Claims Reserve will be transferred to the respective Disputed Claims Reserve concurrently with the transfer of such dividends and other distributions to other holders of New NRG Common Stock. Cash held in a Disputed Claims Reserve as a result of such dividends and other distributions (i) will be deposited in a segregated bank account in the name of the applicable Disbursing Agent and held in trust pending distribution by the Disbursing Agent for the benefit of holders of the respective Class 5 or Class 6 Claims; (ii) will be accounted for separately; and (iii) will not constitute property of the Reorganized Debtors. The Disbursing Agent will invest the Cash held in the Disputed Claims Reserve in a manner consistent with the Reorganized Debtors' investment and deposit guidelines. From and after the Effective Date, the Cash portion of the Disputed Claims Reserve will earn interest at the same rate as if such Cash had been invested in either (A) money market funds consisting primarily of short-term U.S. Treasury securities or (B) obligations of, or guaranteed by, the United States of America or any agency thereof, at the option of the Debtors, and the New NRG Senior Notes will earn interest at their respective coupon rates, in either case, until the Disputed Claim becomes an Allowed Claim. The Disbursing Agent also will place in the Disputed Claims Reserve the Cash investment yield from such investment of Cash, and distributions on account of each Allowed Claim in Class 5 or Class 6 will include a Pro Rata Share of the Cash investment yield from such investment of Cash.

Disputed Claim Recovery Limitation. In the event that amounts in the Disputed Claims Reserve are insufficient to satisfy Disputed Claims that have become allowed, the holders of such Allowed Claims may have recourse to the relevant Reorganized Debtor to satisfy such Allowed Claims provided that such recourse

is limited such that no holder may recover a greater recovery on its Allowed Claim than it would have recovered if it had recovered its distribution from the Disputed Claims Reserve.

Voting of Reserved Shares. Reserved Shares in the Disputed Claims Reserve will not be voted.

2. Procedures For Resolving Disputed Claims

(a) Prosecution of Objections to Claims

Objections to Claims. Subject to Section 4.3 of the Plan, but in no event later than the Claims Objection Deadline, all objections to Claims must be filed and served on the holders of such Claims, and, if filed prior to the Effective Date, such objections will be served on the then-applicable service list in the Chapter 11 Case. If an objection has not been filed to a proof of Claim or a scheduled Claim by the Claims Objection Deadline, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. An objection is deemed to have been timely filed as to all Tort Claims, thus making each such Claim a Disputed Claim as of the Claims Objection Deadline. Each such Tort Claim will remain a Disputed Claim until it becomes an Allowed Claim.

Authority to Prosecute Objections. After the Effective Date, only the Reorganized Debtors or their successors will have the authority to settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures previously or hereafter approved by the Bankruptcy Court. After the Effective Date, the Reorganized Debtors or their successors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

(b) Treatment of Disputed Claims

Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim provided that if only a portion of a Claim is a Disputed Claim, distribution shall be made in respect of the portion of such Claim which is not a Disputed Claim. In lieu of distributions under the Plan to holders of Disputed Claims in Class 5 and Class 6 if allowed, the applicable Disputed Claims Reserve will be established on the Effective Date to hold property for the benefit of these Claim holders, as well as holders of Allowed Claims in Class 5 and Class 6. Reorganized NRG will fund each Disputed Claims Reserve with Reserved Cash, Reserved Shares and Reserved Notes as if such Disputed Claims were an Allowed Claim in the Face Amount unless the Claim has been estimated pursuant to Section 11.3 of the Plan.

(c) Estimation of Claims

Subject to Section 4.3 of the Plan, the Debtors or the Reorganized Debtors may, at any time and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors, the Reorganized Debtors, or the Committee (as applicable) previously objected to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or entity, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors, the Reorganized Debtors, or the Committee may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

(d) Distributions on Account of Disputed Claims Once Allowed

On each quarterly distribution date, the applicable Disbursing Agent will make all distributions on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter. Such distributions will be made pursuant to the provisions of the Plan governing the applicable Class.

(e) Tax Requirements for Income Generated by Disputed Claims Reserve

The recovery of holders of Allowed Claims in a division of Class 5 or Class 6 consists of the treatment set forth in the Plan and the post-Effective Date interest on the Cash portion of distributions in respect of such Claims, if any, at a rate determined by the Cash investment yield. Therefore, the Reorganized Debtors and the holders of Allowed Claims in Class 5 or Class 6 will treat Cash distributions of the Cash investment yield as interest for all income tax purposes, and the applicable Reorganized Debtor will cause such information returns to be issued to such holders consistent with this treatment as may be required by any Governmental Entity. The applicable Reorganized Debtor will include in its tax returns all items of income, deduction and credit of the particular Disputed Claims Reserve; *provided, however*, that no distribution will be made to the applicable Reorganized Debtor out of the Disputed Claims Reserves as a result of this inclusion. The applicable Disbursing Agent will pay, or cause to be paid, out of the funds held in the applicable Disputed Claims Reserve, any tax imposed on the Disputed Claims Reserve by any governmental unit with respect to income generated by the funds and New NRG Common Stock held in the Disputed Claims Reserve. The applicable Disbursing Agent will file or cause to be filed any tax or information return related to the applicable Disputed Claims Reserve that is required by any Governmental Entity.

C. The Business of Reorganized NRG

NRG is restructuring its operations to become a domestic based owner-operator of a fuel-diverse portfolio of electric generation facilities engaged in the sale of energy, capacity and related products. NRG is working toward this goal by selective divestiture of non-core assets, consolidation of management, reorganization and redirection of power marketing philosophy and activities and an overall financial restructuring that will improve liquidity and reduce debt. NRG does not anticipate any new significant acquisitions or construction, and instead will focus on operational performance and asset management. NRG has already made significant reductions in expenditures, business development activities and personnel. Power sales, fuel procurement and risk management will remain a key strategic element of NRG's operations. NRG's objective will be to optimize the fuel input and the energy output of its facilities within an appropriate risk and liquidity profile. Despite NRG's focus on domestic electric generation, NRG will continue to hold international assets until it can optimize the divestiture of such assets.

D. Liquidation of Non-Continuing Debtor Subsidiaries

NRG FinCo, NRGenerating and NRG Capital will be liquidated as of the Effective Date, as set forth in Exhibit B hereto. All of the NRG FinCo Assets and NRG Capital Assets will be sold and the proceeds thereof paid to the holders of NRG FinCo Secured Revolver Secured Claims. All Claims of the NRG FinCo Lenders against the NRG FinCo Secured Revolver Other Collateral shall be treated in accordance with Section IX. I of the Term Sheet. Holders of NRG FinCo Secured Revolver Recourse Claims shall be entitled to an Allowed Class 5 Claim against NRG in the amount of such NRG FinCo Secured Revolver Recourse Claim in accordance with Section V.A. of the Term Sheet, pursuant to Section 4.9 of the Plan. Holders of NRG FinCo Secured Revolver Deficiency Claims shall be entitled to an Allowed Class 7 Claim in accordance with Section 4.11 of the Plan. Intercompany Claims between NRG and NRG FinCo will be terminated subject to the NRG FinCo Secured Revolver Recourse Claim being Allowed as contemplated by the Plan. As set forth in Exhibit B, NRGenerating has minimal assets, which shall be sold and distributed to the creditors of NRGenerating as of the Effective Date.

E. Terms of New Securities and New Bank Debt to be Issued Pursuant to the Plan

1. New NRG Common Stock

The New NRG Common Stock shall consist of 100,000,000 shares of new voting common stock of Reorganized NRG with par value of $0.01 per share. The By-laws and Certificate (as such terms are defined below) of Reorganized NRG authorizing the issuance of New NRG Common Stock shall be contained in the Plan Supplement.

2. New NRG Senior Notes

The New NRG Senior Notes shall (i) be in an initial principal amount of $500,000,000.00; (ii) at the option of Reorganized NRG either (a) accrue interest commencing on the Effective Date payable semiannually in Cash at a rate of 10% per annum, or (b) accrue interest at a rate of 12% per annum payable in kind; *provided, however*, that any interest paid in kind shall be paid in Cash upon the earlier of the fifth anniversary of the Effective Date or the maturity date of the New NRG Senior Notes; and (iii) mature on the seventh anniversary of the Effective Date. The New NRG Senior Notes will be issued under the New NRG Senior Note Indenture. A form of the New NRG Senior Note Indenture shall be contained in the Plan Supplement.

3. Xcel Note

The Xcel Note shall (a) be a non-amortizing promissory note issued by NRG to Xcel in an initial principal amount of $10 million, (b) accrue interest at a rate of 3% per annum, and (c) mature two and one-half (2.5) years after the Effective Date. A form of Xcel Note shall be contained in the Plan Supplement.

4. Exit Facility

NRG will seek an exit facility on commercially reasonable terms to be used primarily as a letter of credit facility to replace the Cash that NRG is currently reserving to meet trading collateral needs. The Plan is in no way contingent on the ability of any Plan Debtor or Non-Plan Debtor to obtain an exit facility, nor would the failure to obtain an exit facility have any impact on the ability of the Plan Debtors to reorganize pursuant to the plan of reorganization set forth in the Plan. As set forth in Section VIII.C.4 above, the Projections do not account for an exit facility and management believes that the Debtors to this Plan will emerge with sufficient cash on hand plus cash generated from operations during the Projection Period to fund its working capital requirements.

F. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors

Except as otherwise provided in the Plan, after the Effective Date, each of the respective Reorganized Debtors shall continue to exist in accordance with the applicable laws in the respective jurisdictions in which they are organized and pursuant to their respective certificates of incorporation, articles of formation, by-laws or other governing document in effect prior to the Effective Date, except to the extent that such certificates of incorporation, articles of formation, or by-laws are amended under the Plan. In the event Class 6 rejects the Plan, PMI may be withdrawn from the Plan pursuant to Section 8.10 of the Plan, and may not be reorganized but rather could be liquidated. On and after the Effective Date, each of the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property and compromise or settle any claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, each of the Reorganized Debtors may pay the charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

G. Corporate Governance, Directors, Officers, and Corporate Action.

1. Description of New NRG Capital Stock and Registration Rights Agreement

(a) General Matters

Under the Amended and Restated Certificate of Incorporation to be adopted in connection with the restructuring described herein, the total amount of NRG's authorized capital stock will consist of 500,000,000 shares of New NRG Common Stock and 10,000,000 shares of preferred stock (the "Serial Preferred Stock"). At the completion of the restructuring, NRG anticipates that there will be 100,000,000 shares of New NRG Common Stock and no shares of Serial Preferred Stock outstanding. The following summary of certain provisions of NRG's capital stock describes certain provisions of, but does not purport to be complete and is subject to, and qualified in its entirety by, NRG's Amended and Restated Certificate of Incorporation (the "Certificate") and NRG's Amended and Restated By-laws (the "By-laws"), copies of which included in the Plan Supplement.

The Certificate and By-laws contain certain provisions that are intended to enhance the likelihood of continuity and stability in the composition of NRG's Board of Directors and which may have the effect of delaying, deferring or preventing a future takeover or change in control of NRG unless such takeover or change in control is approved by its Board of Directors.

(b) Common Stock

The shares of New NRG Common Stock to be issued in connection with the restructuring will be validly issued, fully paid and nonassessable. Subject to the prior rights of the holders of any outstanding Serial Preferred Stock, the holders of outstanding shares of New NRG Common Stock are entitled to receive dividends out of assets legally available therefor at such time and in such amounts as the Board of Directors may from time to time determine. NRG does not anticipate paying any dividends in the foreseeable future. The shares of New NRG Common Stock are not convertible and the holders thereof have no preemptive or subscription rights to purchase any of NRG's securities. Each outstanding share of New NRG Common Stock is entitled to one vote on all matters submitted to a vote of stockholders. There is no cumulative voting.

NRG will apply to have the New NRG Common Stock approved for inclusion on the Nasdaq National Market.

(c) Serial Preferred Stock

NRG's Board of Directors may, without further action by its stockholders, from time to time, direct the issuance of shares of Serial Preferred Stock in a series and may, at the time of issuance, determine the rights, preferences and limitations of each series. Satisfaction of any dividend preferences of outstanding shares of Serial Preferred Stock would reduce the amount of funds available for the payment of dividends on shares of New NRG Common Stock. Holders of shares of Serial Preferred Stock may be entitled to receive a preference payment in the event of any liquidation, dissolution or winding-up of NRG before any payment is made to the holders of shares of New NRG Common Stock. Under certain circumstances, the issuance of shares of Serial Preferred Stock may render more difficult or tend to discourage a merger, tender offer or proxy contest, the assumption of control by a holder of a large block of NRG's securities or the removal of incumbent management. Upon the affirmative vote of a majority of the total number of Directors then in office, the Board of Directors, without stockholder approval, may issue shares of Serial Preferred Stock with voting and conversion rights which could adversely affect the holders of shares of New NRG Common Stock. There are no shares of Serial Preferred Stock outstanding, and NRG has no present intention to issue any shares of Serial Preferred Stock.

(d) Certain Provisions of the Certificate of Incorporation and By-laws

The Certificate provides for the Board to be divided into three classes, as nearly equal in number as possible, serving staggered terms. Approximately one-third of the Board will be elected each year. Under the Delaware General Corporation Law, directors serving on a classified board can only be removed for cause. The

provision for a classified board could prevent a party who acquires control of a majority of NRG's outstanding voting stock from obtaining control of the Board of Directors until the second annual stockholders meeting following the date the acquiror obtains the controlling stock interest. The classified board provision could have the effect of discouraging a potential acquiror from making a tender offer or otherwise attempting to obtain control of NRG and could increase the likelihood that incumbent directors will retain their positions.

The Certificate provides that stockholder action can be taken only at an annual or special meeting of stockholders and cannot be taken by written consent in lieu of a meeting, subject to the rights of holders of any Series Preferred Stock then outstanding. The Certificate and the By-laws provide that, except as otherwise required by law, special meetings of the stockholders can only be called pursuant to a resolution adopted by the affirmative vote of the majority of the total number of Directors then in office, by the Chief Executive Officer of the Corporation or, if there is no Chief Executive Officer, by the most senior executive officer of the Corporation. Stockholders will not be permitted to call a special meeting or to require the Board of Directors to call a special meeting.

The By-laws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of NRG's stockholders, including proposed nominations of persons for election to the Board. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the Board or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given to the Secretary timely written notice, in proper form, of such stockholder's intention to bring that business before the meeting. Although the By-laws do not give the Board the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the By-laws may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or defer a potential acquiror from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of NRG.

The Certificate provides that the affirmative vote of holders of 66 2/3% of the total votes eligible to be cast in the election of Directors is required to amend, alter, change or repeal certain of their provisions. This requirement of a super-majority vote to approve amendments to certain provisions of the Certificate would enable a minority of NRG's stockholders to exercise veto power over any such amendments.

(e) Certain Provisions of Delaware Law

Following the adoption of the Certificate, NRG will be subject to the "Business Combination" provisions of the Delaware General Corporation Law. In general, such provisions prohibit a publicly held Delaware corporation from engaging in various "business combination" transactions with any "interested stockholder" for a period of three years after the date of the transaction in which the person became an "interested stockholder," unless:

- the transaction is approved by the Board of Directors prior to the date the "interested stockholder" obtained such status;

- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the "interested stockholder," owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to such date the "business combination" is approved by the Board of Directors and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the "interested stockholder."

A "business combination" is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of a corporation's voting stock.

The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to NRG and, accordingly, may discourage attempts to acquire NRG.

(f) Limitations on Liability and Indemnification of Officers and Directors

The Certificate limits the liability of Directors of NRG arising from a breach of fiduciary duty owed to the Corporation or its stockholders to the fullest extent permitted by the Delaware General Corporation Law. In addition, the Certificate provides that NRG will indemnify its Directors and officers to the fullest extent permitted by such law. The By-laws provide that the Corporation may indemnify persons other than Directors or officers (including employees and agents) when and as authorized by appropriate corporate action.

(g) Registration Rights Agreement

On or after the Effective Date, NRG will enter into a Registration Rights Agreement (the "Registration Rights Agreement") with holders of record of at least 1.0% of New NRG Common Stock outstanding upon consummation of the Plan (each, a "Holder" and, collectively, the "Holders"). The following description summarizes the expected terms of the Registration Rights Agreement. As the final terms of the Registration Rights Agreement have not been agreed upon with the Creditors' Committee, the final terms may differ from those set forth herein and, in certain cases, such differences may be significant. The Registration Rights Agreement will be filed in a Plan Supplement.

At any time after the first anniversary of the Effective Date, holders of record who, together with their affiliates, own 10% or more of New NRG Common Stock then outstanding ("10% Holders") may demand up to two underwritten offerings. Other Holders who collectively own 10% or more of New NRG Common Stock may demand one underwritten offering; provided, however, that at any time there ceases to be a 10% Holder and at least one of the 10% Holders' demand offerings has not been consummated, other Holders who collectively own 10% or more of New NRG Common Stock shall acquire the right to request an additional demand offering. NRG will not be required to effect any demand registration within 180 days after the effective date of a prior demand registration. Further, NRG will not be obligated to file a registration statement pursuant to the Registration Rights Agreement and may suspend the use of any effective registration statement for up to 90 days per year in the event the Board of Directors believes such a registration would have an adverse effect on any proposal or plan by NRG to engage in a public offering, acquisition, merger or similar transaction.

There are customary pro rata piggyback registration rights and "cutback" obligations in connection with demand registration requests initiated by Holders and public offerings initiated by NRG, as set forth in the Registration Rights Agreement. In addition, parties to the Registration Rights Agreement have agreed not to make any sale of their NRG common stock for a period beginning 10 days prior to the date on which a registration statement for an underwritten offering has become effective and continuing for a period of 180 days thereafter.

In connection with all such registrations effected pursuant to the Registration Rights Agreement, NRG has agreed to indemnify Holders against liabilities arising out of a registration statement, including liabilities under the Securities Act. NRG's obligations under the Registration Rights Agreement shall terminate on the fourth anniversary of the Effective Date; provided, however, that if on such date any Holder is a 10% Holder, then NRG's obligations with respect to such 10% Holder shall terminate when such 10% Holder ceases to be the record owner of at least 10% of New NRG Common Stock then outstanding. A Holder may elect to "opt out" of the Registration Rights Agreement at any time upon written notice to NRG.

2. Certificates of Incorporation and By-Laws

Effective on the Effective Date, NRG's certificate of incorporation shall be amended to be an Amended and Restated Certificate of Incorporation, and the existing organizational documents of the other Reorganized Debtors shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. The NRG Amended and Restated Certificate of Incorporation shall, among other things, authorize the issuance of the New NRG Common Stock, where applicable, in amounts not less than the amounts necessary to permit

the distributions required or contemplated by the Plan. After the Effective Date, the Reorganized Debtors may amend and restate their respective certificates of incorporation and by-laws as permitted by applicable law.

3. Directors and Officers of Reorganized NRG

Subject to any requirement of the Bankruptcy Court approval pursuant to § 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the officers of Reorganized NRG shall be identified to the Court not less than 10 days prior to the Confirmation Hearing. On the Effective Date, the operation of the business of the Reorganized Debtors shall become the general responsibility of their respective boards of directors subject to, and in accordance with, their respective certificates of incorporation or other such organizational documents. The board of directors for Reorganized NRG shall initially consist of the post-reorganization CEO and ten (10) other individuals, of which, six (6) directors shall initially be designated by the members of the Noteholder Group serving on the Committee and four (4) directors shall initially be designated by the members of the Bank Group. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order but shall not take office and shall not be deemed to be elected or appointed until the Effective Date. Those directors and officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order. As the terms of the directors expire, the holders of the New NRG Common Stock shall be entitled to vote to fill vacancies in accordance with the Certificate and By-laws of Reorganized NRG. The Debtors have retained an executive search firm and are working with the executive search firm and the Committee to identify and retain a chief executive officer and other executive officers to serve as the senior management of the Reorganized Debtors.

It is the position of the Debtors that the provision of the Plan allowing members of the Noteholder Group and Bank Group to designate directors to the board of Reorganized NRG does not violate § 1123(a)(4) of the Bankruptcy Code. The arrangement in no way alters the economic recovery of any member of that class or requires different consideration in exchange for a disproportionate recovery; nor does it not pertain to the treatment of the Noteholder Group or Bank Group as members of the class of unsecured creditors. Rather, the arrangement relates to the Noteholder Group's and the Bank Group's overall role in the Plan as a whole and results from settlement negotiations that are not merely allowed but encouraged under § 1123(a)(4). Certain parties have taken a contrary position.

4. Corporate Action

On the Effective Date, the adoption of the Amended and Restated Certificates of Incorporation, the amended and restated by-laws, and any necessary certificates of designation or similar constituent documents, the selection of members of the board of directors and officers for Reorganized Debtors, and all other actions contemplated by the Plan shall be authorized and approved in all respects (subject to the applicable provisions of the Plan). All matters provided for in the Plan involving the corporate structure of the Reorganized Debtors, and any corporate action required by the Debtors or Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect pursuant to applicable state law without any requirement of further action by the holders of the Equity Interests in the Debtors, where applicable, or members of the boards of directors of the Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors and members of the boards of directors of the Reorganized Debtors are authorized to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors.

5. Compensation and Benefit Programs

Subject to the Employee Matters Agreement to be included in the Plan Supplement and except or to the extent previously assumed or rejected by an order of the Bankruptcy Court, on or before the Confirmation Date, all employee compensation and benefit programs of the Debtors as amended or modified, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Commencement Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed except executory contracts or plans as have previously been rejected,

are the subject of a motion to reject or have been specifically waived by the beneficiaries of any plans or contracts; *provided, however*, that the Debtors may pay all retiree benefits as described in section 1114 of the Bankruptcy Code.

On the Effective Date, Reorganized NRG will adopt employment arrangements for its officers and executive employees, the general terms of which shall be set forth in the Plan Supplement. On the Effective Date, management and designated employees of reorganized NRG and the other Reorganized Debtors shall receive the benefits provided under such arrangements on the terms and conditions provided therein. At this time, the terms and conditions of a Management Incentive Plan have not been determined. The adoption and implementation of any Management Incentive Plan will be subject to the review and approval of the Board of Directors of the Reorganized Debtors.

X.

INTERCOMPANY RELATIONSHIPS AND PROPOSED TREATMENT OF INTERCOMPANY CLAIMS UNDER THE PLAN

Based upon certain tax considerations, at the Debtor's option, all Intercompany Claims will be divided into two Classes, 8A and 8B. All Class 8A Claims will be cancelled, and holders of such Class 8A Claims shall receive no distribution on account of their Class 8A Claims. All Class 8B Claims shall be reinstated on the Effective Date. The Debtors are utilizing the Bankruptcy Code to eliminate Intercompany Claims in a manner it believes will not give rise to negative tax consequences.

XI.

MISCELLANEOUS PROVISIONS RELATED TO THE PLAN

Certain additional miscellaneous information regarding the Plan and the Chapter 11 Case is set forth below.

A. Effectuating Documents, Further Transactions and Corporation Action

Each of the Debtors or the Reorganized Debtors, as appropriate, is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents, including the Plan Documents, and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

Prior to, on or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of the shareholders or directors of the Debtors or the Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to the applicable general corporation or limited liability company laws without any requirement of further action by the shareholders, directors or other constituency of the Debtors or the Reorganized Debtors.

B. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date.

C. Modification of the Plan and Plan Supplement

The Debtors may alter, amend or modify the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing, with the written consent of the Committee, the Global Steering Committee and Xcel. The Debtors may alter, amend or modify any Exhibits to the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing, with the written consent of the Committee, the Global Steering Committee and Xcel. After the Confirmation Date, and prior to substantial consummation of the Plan with respect to any Debtor as defined in section 1102 of the Bankruptcy Code, any Debtor may, with the written consent of the Committee, the Global Steering Committee and Xcel,

under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

Modification of or amendments or supplements to the Plan Supplement may be filed with the Bankruptcy Court no later than ten days before the Confirmation Hearing. Any such modification, amendment or supplement shall be considered a modification of the Plan and shall be made in accordance with Section 15.8 of the Plan. Upon its filing, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours. Holders of Claims and Equity Interests may obtain a copy of the Plan Supplement by contacting Kurtzman Carson Consultants LLC by phone at (310) 823-9000 or (866) 381-9100, ext. 609 (toll free), or on the internet at www.kccllc.net/ nrg. The documents contained in the Plan Supplement are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

D. Severability

At any time prior to the Confirmation Date, the Debtors reserve the right to remove PMI from the Plan and proceed with confirmation of the Plan as amended.

E. Revocation of Plan

The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any claims by or against the Debtors or any other Person or Governmental Entity or to prejudice in any manner the rights of the Debtors or any Person or Governmental Entity in any further proceedings involving the Debtors.

F. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person.

G. Reservation of Rights

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement or Plan Supplement, if any, shall be deemed to be an admission or waiver of any rights of Debtor with respect to the holders of Claims or Equity Interests prior to the Effective Date.

H. Section 1145 Exemption

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be offered and sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold claims against or interests in the debtor; and (iii) the securities must be issued in exchange (or principally in exchange) for the recipient's claims against or interests in the debtor. The Debtors believe that the offer and sale of the New NRG Common Stock and New NRG Senior Notes under the Plan satisfy the requirements of section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

To the extent that the New NRG Common Stock and New NRG Senior Notes are issued under the Plan and are covered by section 1145(a)(1) of the Bankruptcy Code, they may be freely resold by the holders thereof without registration unless, as more fully described below, the holder is an "underwriter" with respect to such securities. Generally, section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who: (i) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (ii) offers to sell securities offered under a plan for the holders of such securities; (iii) offers to buy such securities from the holders of such securities, if the offer to buy is: (A) with a view to distributing such securities; and (B) under an agreement made in connection with the plan, the consummation of the plan, or with the offer or sale of securities under the plan; or (iv) is an "issuer" with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

Under section 2(a)(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer. To the extent that Persons who receive New NRG Common Stock or New NRG Senior Notes pursuant to the Plan are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, resales by such Persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such Persons would, however, be permitted to sell such New NRG Common Stock, New NRG Senior Notes or other securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act or otherwise sell in a private placement. These rules permit the public sale of securities received by such Person if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met. Any person who is an "underwriter" but not an "issuer" with respect to an issue of securities is, however, entitled to engage in exempt "ordinary trading transactions" within the meaning of section 1145(b) of the Bankruptcy Code.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New NRG Common Stock and/ or New NRG Senior Notes to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular Person receiving New NRG Common Stock and/ or New NRG Senior Notes under the Plan would be an "underwriter" with respect to such New NRG Common Stock or New NRG Senior Notes.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any Person to trade in the New **NRG Common Stock or New NRG Senior Notes. The Debtors recommend that potential recipients of the New NRG Common Stock and New NRG Senior Notes consult their own counsel concerning whether they may freely trade New NRG Common Stock and/or New NRG Senior Notes in compliance with the Securities Act, the Exchange Act or similar state and federal laws.**

I. Section 1146 Exemption

Pursuant to section 1146(c) of the Bankruptcy Code, under the Plan, (i) the issuance, distribution, transfer or exchange of any debt, equity security or other Interest in the Debtors or Reorganized Debtors; (ii) the creation, modification, consolidation or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (iii) the making, assignment or recording of any lease or sublease; or (iv) the making, delivery or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale, assignments or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan shall not be subject to any document recording tax, mortgage recording tax, stamp tax or similar government assessment, and the appropriate state or local government official or agent shall be directed by the Bankruptcy Court to forego the collection of any such tax or government assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or government assessment.

All subsequent issuances, transfers or exchanges of securities, or the making or delivery of any instrument of transfer by the Debtors in the Chapter 11 Case, whether in connection with a sale under section 363 of the Bankruptcy Code or otherwise, shall be deemed to be or have been done in furtherance of the Plan.

J. Further Assurances

The Debtors, the Reorganized Debtors and all holders of Claims receiving distributions under the Plan and all other parties in interest may be required to, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan, in accordance with the provisions of the Plan.

K. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors or the Reorganized Debtors shall be sent by first class U.S. mail, postage prepaid to:

NRG Energy, Inc.
901 Marquette Avenue
Minneapolis, Minnesota 55402
Attn: General Counsel

with copies to:

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Attn: Matthew A. Cantor
Robert G. Burns

L. Transactions on Business Days

If the date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, then such transaction shall instead occur on the next succeeding Business Day.

M. Filing of Additional Documents

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

N. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

XII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords holders of Claims and Equity Interests the greatest opportunity for realization on the Debtors' assets and, therefore, is in the best interests of such holders. If the Plan is not confirmed, however, the theoretical alternatives include: (A) liquidation of the Debtors under chapter 7 of the

Bankruptcy Code or (B) alternative plans of reorganization or liquidation under chapter 11 of the Bankruptcy Code.

A. Liquidation Under Chapter 7

As noted in Section VIII.C.2 above, the Debtors believe that under the Plan each holder of Impaired Claims and Equity Interests will receive property of a value not less than the value such holder would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors' belief is based primarily upon extensive consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to holders of Claims and Interests, including, but not limited to (1) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a chapter 7 trustee and professional advisors to the trustee, including investment bankers, (2) the erosion in value of assets in a chapter 7 case in the context of the rapid liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail, (3) the adverse effects of the Debtors' businesses as a result of the likely departure of key employees, and (4) the reduction of value associated with a chapter 7 trustee's operation of the Debtors' businesses. The Debtors' belief is also based upon the Liquidation Analysis (annexed to this Disclosure Statement as Exhibit B). The Liquidation Analysis does not reflect the likely delay in distributions to holders of Claims and Interests in a liquidation scenario, which if considered, would only further reduce the present value of any liquidation proceeds. The Liquidation Analysis set forth in Exhibit B hereto supercedes in its entirety the Liquidation Analyses contained in prior versions of the Disclosure Statement.

The Debtors believe that any liquidation analysis is speculative as such an analysis is necessarily premised upon assumptions and estimates which are inherently subject to significant uncertainties and contingencies, many of which would be beyond the control of the Debtors. Thus, there can be no assurance as to values that would actually be realized in a chapter 7 liquidation, nor can there be any assurance that a bankruptcy court would accept the Debtors' conclusions or concur with such assumptions in making its determinations under section 1129(a)(7) of the Bankruptcy Code.

For example, the Liquidation Analysis necessarily contains an estimate of the amount of Claims that will ultimately become Allowed Claims. This estimate is based solely upon a review of the Debtors' books and records and the Debtors' estimates as to additional Claims that might be filed in the Chapter 11 Case or that would arise in the event of a conversion of the case from chapter 11 to chapter 7. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied upon for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims and Interests under the Plan. The annexed Liquidation Analysis is provided solely to disclose to holders the effects or a hypothetical chapter 7 liquidation of the Debtors, subject to the assumptions set forth therein.

To the extent that confirmation of the Plan requires the establishment of amounts for the chapter 7 liquidation value of the Debtors, funds available to pay Claims and the reorganization value of the Debtors, the Bankruptcy Court will determine those amounts at the Confirmation Hearing.

B. Alternative Plan to Reorganization or Liquidation

The Debtors may be liquidated pursuant to the provisions of a chapter 11 liquidating plan. In liquidations under chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in liquidations under chapter 7. Thus, a chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Because a trustee is not required in a chapter 11 case, expenses for professional fees could be lower than in a chapter 7 case, in which a trustee must be appointed. Any distribution to the holders of Claims and Equity Interests under a chapter 11 liquidation plan probably would be delayed substantially. Thus, the Debtors believe that chapter 11 liquidation would not produce distributions as favorable as those under the Plan.

XIII.

PROJECTED FINANCIAL INFORMATION

NRG has prepared the consolidated projected operating and financial results (the "Projections") for the five years ending December 31, 2008, which are attached to this Disclosure Statement as Exhibit C. The projections provide both summary NRG and consolidated financial statements for 2001 and 2002, as well as projected consolidated financial statements for Reorganized NRG for 2003 and for the five years after emergence beginning January 1, 2004 (the "Projection Period").

THE FINANCIAL PROJECTIONS DISCUSSED HEREIN AND ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT C CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKINGSTATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO ANUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF NRG, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED BELOW) AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND NRG UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS. (SEE "ARTICLE XIV, RISK FACTORS.")

THE PROJECTIONS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT C WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND THE RULES AND REGULATIONS OF THE SEC. NRG'S INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, NRG DOES NOT PUBLISH PROJECTIONS OF ITS ANTICIPATEDFINANCIAL POSITION OR RESULTS OF OPERATIONS. NRG AND REORGANIZED NRG ARE NOT OBLIGATED TO, BUT MAY, UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THEIR PREPARATION OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THE PROJECTIONS SET FORTH IN EXHIBIT C HERETO SUPERCEDE IN THEIR ENTIRETY THE PROJECTIONS CONTAINED IN OR IN EXHIBITS TO PRIOR VERSIONS OF THE DISCLOSURE STATEMENT.

NRG BELIEVES THAT THE PROJECTIONS ARE BASED ON ESTIMATES AND ASSUMPTIONS THAT ARE REASONABLE. THE ESTIMATES AND ASSUMPTIONS MAY NOT BE REALIZED, HOWEVER, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND NRG'S CONTROL. NO REPRESENTATIONS CAN BE OR ARE MADE AS TO WHETHER THE ACTUAL RESULTS WILL BE WITHIN THE RANGE SET FORTH IN THE PROJECTIONS. THEREFORE, ALTHOUGH THE PROJECTIONS ARE NECESSARILY PRESENTED WITH NUMERICAL SPECIFICITY, THE ACTUAL RESULTS OF OPERATIONS ACHIEVED DURING THE PROJECTION PERIOD WILL VARY FROM PROJECTED RESULTS. THESE VARIATIONS MAY BE MATERIAL.ACCORDINGLY, NO REPRESENTATION CAN BE OR IS BEING MADE WITH RESPECT TO THE ACCURACY OF THE PROJECTIONS OR THE

ABILITY OF THE REORGANIZED NRG TO ACHIEVE THE PROJECTIONS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE, AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR MAY BE UNANTICIPATED, AND THEREFORE MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THEPROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS. SEE THE FOLLOWING ARTICLE XIV, “RISK FACTORS.”

The Projections should be read in conjunction with the assumptions, qualifications and explanations set forth in Exhibit C and the historical consolidated financial statements, including the notes and schedules thereto, incorporated herein by reference to NRG’s Annual Report on Form 10-K for the year ended December 31, 2002 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2003.

The Projections set forth in Exhibit C have been prepared based on analyses done as of May 1, 2003 and based on the assumption that the Effective Date is December 31, 2003. Although the Debtors presently intend to seek to cause the Effective Date to occur as soon as practicable but not later than December 15, 2003, there can be no assurance as to when the Effective Date will actually occur. The balance sheet adjustments set forth in Exhibit C in the column captioned “Forecast Reorganization Entries” reflect the assumed effect of Confirmation and the consummation of the transactions contemplated by the Plan, including the settlement of various liabilities and securities issuances, incurrence of new indebtedness and cash payments as more thoroughly described in Exhibit C.

The Projections are based on, and assume, the successful implementation of Reorganized NRG’s business plan.

Principal Assumptions for the Projections

Income Statement

- Projects Included
  - Domestic — Batesville, Kendall, Louisiana Generating, the Mid-Atlantic projects, the Northeast Generating projects, the Peaker Financing projects, the Resource Recovery Projects, Rocky Road, the Thermal projects, and West Coast Power
  - International — Enfield, Flinders, Gladstone, Intiquira, Mibrag, and Schkopau
- Revenues from Wholly owned Operations
  - The revenues were derived through an independent due diligence analysis by ICF Consulting of NRG’s portfolio of power plants. The forecasts were made for the time period 2003 to 2012. ICF Consulting prepared an independent assessment of the forward power prices in each of the relevant markets for the portfolio of assets and reviewed NRG’s assessment of dispatch and revenues associated with ICF Consulting’s forward price forecast.
  - ICF Consulting worked with NRG to prepare the portfolio gross margin assessment. ICF Consulting provided to NRG forward price forecasts for spot wholesale power, spot fuel prices, and spot allowance prices (SO2 and NOx) based on a fundamental analysis of competitive supply and demand conditions. The only exception was 2003 where NRG used forward prices for power and fuel based on current market conditions. NRG then applied hourly price profiles to ICF Consulting’s monthly price projections to determine dispatch and revenues of each of the specific units in the portfolio. NRG also estimated revenues and gross margins based on current contracts, estimated out-of-merit/ RMR sales, and emission allowance allocations.

- The cost of energy is the variable fuel costs related to generating the electricity, which takes into consideration the forward market curve. The energy costs vary among the power plants due to different fuel sources and level of efficiency.

- Operating & Maintenance

  - Repair and Maintenance costs were developed on an individual plant level in light of the facility's age, past maintenance requirements, and scheduled maintenance requirements.

  - Other operating costs, such as labor, consultants, insurance, operator fees, were all based on a two year projection. The years 2005 and beyond were based on the 2004 projection in real USD, escalated by a 2.5% annual escalation rate with 2003 as the inflationary base year.

- Depreciation & Amortization was based on capital expenditure projections, and historical book values and estimated remaining life projections.

- Property & Other Taxes were based on historical tax rates.

- Equity in Earnings of Unconsolidated Affiliates takes into consideration NRG's forecast equity in net income for those investments in affiliates where the ownership structure prevents NRG from exercising a controlling influence over operating and financial policies of the projects. Net income forecasts for each project are based upon a combination of historical results, regional market forecasts of revenues of expenses, and project-specific contractual arrangements. Projects included in this category include Enfield, Gladstone, Mibrag, Rocky Road, and West Coast Power.

- FAS 133 Revenue projections were not included in Projections due to their complexity, subjectivity, and relative immateriality.

- General and Administrative include both general and administrative costs of the projects and NRG's corporate headquarters. Year 2003 forecast is based on year 2002 actual costs after giving consideration to cost containment initiatives. An inflationary increase of 2.5% per year is assumed thereafter.

- Reorganization Costs assume the current rate of $5.6 million per month continue until the Effective Date as described above. Rate is reduced to $1.0 million per month for all of 2004 and eliminated thereafter due to the reduced need for restructuring advisory services.

- Interest Expense assumes the existing project debt bears interest as described in the applicable financing documents. Debt with variable rates are based upon future spot rates implied by the appropriate yield curve. The New NRG Senior Notes bear interest at 10% per annum during the entire Projection Period and Xcel Notes bear interest at 3.0% per annum for 2.5 years.

- Income Tax Expense includes book tax expenses relating to appropriate foreign, domestic, and state taxing authorities. A 35% U.S. federal statutory rate is assumed. After taking into consideration various state taxes, the effective tax rate for domestic projects is assumed to be 38.9%. International taxes take into consideration the relevant tax law of the governing country. Taxes for investments using the equity method are not included as they are already assumed paid in the Equity in Earnings of Unconsolidated Affiliates section. The Projections assume that no amount of the Reorganized NRG's NOL carry forwards are used during the Projection Period.

Cash Flow Statement

- Working Capital needs are assumed to be directly correlated with increases in revenues. For every $1 increase (decrease) in revenue, working capital needs are assumed to increase (decrease) by $0.05.

- Asset Sales

  - Approximately $157 million are forecast as part of Cash from investing in year 2003 from the sale of various non-core assets

- Although NRG may continue to divest assets during the Projection Period, no proceeds from asset sales are assumed after 2003.

- Project Financings

  - All existing project financings were modeled using the current interest rate, amortization schedule and other principal debt terms including distribution restrictions related to debt service coverage ratios. Debt service reserves were assumed to be fully funded from project cash flow prior to any distributions from the projects. Debt service reserves were also utilized to meet any cash flow shortfalls for debt service or operating purposes before any equity infusions from NRG were needed. Any cash shortfalls beyond cash available at the project level were met with equity infusions from NRG.

  - Refinancing assumptions were consistent with the anticipated state of the project finance market and were used for Mid-Atlantic and Kendall projects which required refinancing as part of the original financing structure. Refinancing for Mid-Atlantic was sized on the basis of a fully merchant portfolio targeting an average debt service coverage ratio of over 3.50. Given that three out of four Kendall units are under long-term contracts for 100% of their output, an average debt service coverage ratios for its refinancing were targeted at a lower level of 2.20.

Exit Facility

As set forth in Section VIII.C.4 above, the Projections do not account for, and the feasibility of the Plan does not depend on, an exit facility and management believes that the Debtors to this Plan will emerge with sufficient cash on hand plus cash generated from operations during the Projection Period to fund its working capital requirements.

Balance Sheet

Fresh Start Accounting. The American Institute of Certified Public Accountants has issued a Statement of Position on Financial Reporting by Entities in Reorganization Under the Bankruptcy Code (the "Reorganization SOP"). The Projections have been prepared in accordance with the Fresh-Start reporting principles set forth in the Reorganization SOP, giving effect thereto as of December 31, 2003, subject to the significant simplifying assumptions noted below. The principal effects of the application of these Fresh-Start reporting principles are summarized below:

Application of the Reorganization SOP will require (a) a detailed valuation of all of Reorganized NRG's identifiable assets as of the Effective Date, including working capital assets, fixed assets and identifiable intangible assets such as third-party contracts, and revaluation of each of these assets at their fair values, and (b) a detailed revaluation of its remaining post-implementation liabilities at their fair values. Reorganization goodwill will then be calculated as the excess of the total reorganization enterprise value at the Effective Date over the resulting net assets.

For the purposes of the Projections, it has been assumed that the reorganization value of Reorganized NRG's liabilities and equity is approximately $6.5 billion, which is estimated to be $2.6 billion less than the estimated fair value of Reorganized NRG's net assets. In the Projections this has been reflected as deducted from plant, property and equipment.

The foregoing assumptions and resulting computations were made solely for purposes of preparing the Projections. Reorganized NRG will be required to determine the amount by which its reorganization enterprise value as of the Effective Date exceeds, or is less than, the fair value of its net assets as of the Effective Date. Such determination will be based upon the fair values as of that time, which could be materially higher or lower than the values assumed in the foregoing computations and may be based on, among other things, a different methodology with respect to the valuation of Reorganized NRG's reorganization enterprise value. In all events, such valuation, as well as the determination of the fair value of Reorganized NRG assets and the determination of its actual liabilities, will be made as of the Effective Date,

and the changes between the amounts of any or all of the foregoing items as assumed in the Projections and the actual amounts thereof as of the Effective Date may be material.

XIV.

RISK FACTORS

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH, REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE COMPANY, THE PLAN AND ITS IMPLEMENTATION.

A. Certain Bankruptcy Considerations

The Bankruptcy Filing May Further Disrupt Our Operations and the Operations of Our Subsidiaries.

The impact that the Chapter 11 Case may have on our operations and the operations of our subsidiaries cannot be accurately predicted or quantified. The continuation of the Chapter 11 Case, particularly if the Plan is not approved or confirmed in the time frame currently contemplated, could further adversely affect our operations and relationship with our customers, suppliers, employees, regulators, distributors and agents. If confirmation and consummation of the Plan do not occur expeditiously, the Chapter 11 Case could result in, among other things, increased costs for professional fees and similar expenses. In addition, a prolonged Chapter 11 Case may make it more difficult to retain and attract management and other key personnel and would require senior management to spend a significant amount of time and effort dealing with our financial reorganization instead of focusing on the operation of our business.

We May Not Be Able to Obtain Confirmation of the Plan.

We cannot assure you that we will receive the requisite acceptances to confirm the Plan. Even if we receive the requisite acceptances, we cannot assure you that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or equity holder might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that (i) the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes, (ii) confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and (iii) the value of distributions to non-accepting holders of Claims Equity and Interests within a particular Class under the Plan will not be less than the value of distributions such holders would receive if NRG were liquidated under chapter 7 of the Bankruptcy Code. While there can be no assurance that these requirements will be met, we believe that the Plan will not be followed by a need for further financial reorganization and that non-accepting holders within each Class under the Plan will receive distributions at least as great as would be received following a liquidation under chapter 7 of the Bankruptcy Code when taking into consideration all administrative claims and costs associated with any such chapter 7 case. We believe that holders of Equity Interests in NRG would receive no distribution under either chapter 11 or a liquidation pursuant to chapter 7.

The confirmation and consummation of the Plan are also subject to certain conditions described in Section VI.G above. If the Plan is not confirmed, it is unclear whether a restructuring of NRG could be implemented and what distributions holders of Claims or Equity Interests ultimately would receive with respect to their Claims or Equity Interests. If an alternative reorganization could not be agreed to, it is possible

that we would have to liquidate our assets, in which case it is likely that holders of Claims and Equity Interests would receive substantially less favorable treatment than they would receive under the Plan.

Our Valuation of Reorganized NRG May Not Be Adopted by the Bankruptcy Court.

The Debtors believe based on, among other things, the valuation included herein, that the approximate midpoint equity value of New NRG is $2,404 million. This is significantly less than the value that would be required to provide a recovery to the holders of Allowed Claims in Classes 5 and 6. The holders of Allowed Claims in Classes 5 and 6, among others, may oppose confirmation of the Plan alleging that value of New NRG is higher than $2,404 million and that the Plan thereby improperly extinguishes their rights to recoveries under the Plan. At the Confirmation Hearing, the Bankruptcy Court will hear evidence regarding the views of the Debtors and opposing parties (if any) with respect to the valuation of New NRG. Based on that evidence, the Bankruptcy Court will determine the appropriate valuation for New NRG for purposes of the Plan. The Debtors believe that $2,404 million is the appropriate valuation. We cannot, however, assure you that the Bankruptcy Court will adopt our valuation of New NRG.

NRG's Ability to Make Cash Distributions May Be Limited.

The Cash available for distribution is dependent on, among other things, achieving a certain amount of asset dispositions as well as distributions and payments from NRG's projects and subsidiaries. NRG's ability to make Cash distributions is also dependent on the Xcel Settlement.

Recovery for General Unsecured Claims Against NRG May Be Diluted.

Under the Plan, the Debtors propose to distribute all or substantially all of the New NRG Common Stock to holders of Classes 5 and 6. Disputed litigation claims, however, may materially impact the amount of General Unsecured Claims against NRG. In addition, there may be other Claims asserted by unknown parties. If such Claims are Allowed, they will dilute the percentage of shares distributed to holders of Classes 5 and 6.

To date, the Debtors have received over 1,243 proofs of claim. The face value of the Claims filed as General Unsecured Claims are approximately $2,058 million with respect to NRG and approximately $59 million with respect to PMI. The Bar Date for all creditors to file Claims against the Plan Debtors was July 14, 2003. The Debtors are reviewing and assessing these Claims, many of which appear to be duplicates, filed against the wrong entities, and/or claims of shareholders that may be subordinated under section 510(b) of the Bankruptcy Code. The Debtors will file appropriate objections in due course and attempt to reduce the total amount of General Unsecured Claims but there can be no assurance that the Debtors will be able to do so, particularly in light of the amount of the Claims asserted to date.

Parties in Interest May Object to Our Classification of Claims.

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. We believe that the classification of claims and interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

We May Object to the Amount or Classification of a Claim.

We reserve the right to object to the amount or classification of any Claim or Equity Interest. The estimates set forth in this Disclosure Statement cannot be relied on by any creditor or Equity Interest holder whose Claim or Equity Interest is subject to an objection. Any such holder of a Claim or Equity Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

We May Not Be Able to Liquidate PMI

In the event that NRG Marketing does not receive FERC approval for its application or otherwise cannot provide the fuel supply, power marketing and other services to NRG's generating facilities, NRG may be unable to liquidate PMI, the generating facilities may need to procure their own fuel, market their own power and engage in other related activities, or a third party would need to provide those services.

B. Factors Affecting the Value of the Securities to Be Issued Under the Plan

We May Not Be Able to Achieve Our Projected Financial Results.

We may not be able to meet our projected financial results or achieve the revenue or cash flow that we have assumed in projecting our future business prospects. If we do not achieve these projected revenue or cash flow levels, we may lack sufficient liquidity to continue operating as planned after the Effective Date. The Projections represent management's views based on currently known facts and hypothetical assumptions about our future operations. However, the Projections set forth on Exhibit C attached hereto do not guarantee our future financial performance.

A Liquid Trading Market for the New NRG Common Stock May Not Develop.

Although NRG intends to apply to list the New NRG Common Stock on NASDAQ, we cannot assure you that we will be able to obtain these listings or, even if we do, that liquid trading markets for the New NRG Common Stock will develop. The liquidity of any market for the New NRG Common Stock will depend, among other things, upon the number of holders of New NRG Common Stock, our financial performance, and the market for similar securities, none of which can be determined or predicted. Therefore, we cannot assure you that an active trading market will develop or, if a market develops, what the liquidity or pricing characteristics of that market will be.

The Trading Price for the New NRG Common Stock May Be Depressed Following the Effective Date.

Assuming confirmation of the Plan, the New NRG Common Stock will be issued substantially simultaneously to holders of Claims and Equity Interests who had originally purchased other securities of NRG or who purchased such securities before the need for the financial restructuring of NRG became manifest. Following the Effective Date, such holders may seek to dispose of the New NRG Common Stock in an effort to obtain liquidity, which could cause the initial trading prices for these securities to be depressed, particularly in light of the lack of established trading markets for these securities.

The Estimated Valuation of Reorganized NRG and the New NRG Common Stock, and the Estimated Recoveries to Holders of Claims and Equity Interests, Is Not Intended to Represent the Trading Values of the New NRG Common Stock.

The estimated valuation of NRG set forth in Section VIII.D above is based on certain generally accepted valuation analyses and is not intended to represent the trading values of Reorganized NRG's securities in public or private markets. This valuation analysis is based on numerous assumptions (the realization of many of which is beyond our control), including, among other things, our successful reorganization, an assumed effective date of December 31, 2003, our ability to achieve the operating and financial results included in the Projections, our ability to maintain adequate liquidity to fund operations and the assumption that capital and equity markets remain consistent with current conditions. Even if we achieve the Projections, the trading market values for the New NRG Common Stock could be adversely impacted by the lack of trading liquidity for these securities, the lack of institutional research coverage and concentrated selling by recipients of these securities.

Certain Holders of New NRG Common Stock May Hold Substantial Interests in Reorganized NRG, Including Interests in Excess of 5% .

During the pendency of the Chapter 11 Case, there is no limitation on the trading of Claims. Accordingly, upon consummation of the Plan, certain holders of Claims are likely to receive distributions of New NRG Common Stock representing a substantial amount of the outstanding shares of New NRG Common Stock. If holders of significant numbers of shares of New NRG Common Stock were to act as a group, such holders could be in a position to control the outcome of actions requiring stockholder approval, including, among other things, election of directors. This concentration of ownership could also facilitate or hinder a negotiated change of control of NRG and, consequently, impact the value of the New NRG Common Stock.

Further, the possibility that one or more holders of significant numbers of shares of New NRG Common Stock may determine to sell all or a large portion of their shares of New NRG Common Stock in a short period of time may adversely affect the market price of the New NRG Common Stock.

If an entity owning other energy assets were to acquire a significant stake in New NRG Common Stock, such other energy assets could be attributable to NRG for the purposes of FERC's regulation of NRG. Such an attribution could affect subsequent acquisitions by NRG and the scope of any restrictions on authority to sell energy at market based rates.

If a registered public utility holding company under PUHCA were to acquire more than 5% of New NRG Common Stock, NRG would become affiliated with, or a subsidiary of, such registered holding company. In such a case, the relationship between NRG and the 5% holding could be subject to regulation under PUHCA. These regulations include restrictions imposed upon aggregate investments by registered holding companies in EWGs and FUCOs that are financed by contributions or guarantees by the parent holding company. These investment restrictions, issued pursuant to SEC regulations, limit registered holding company investment in EWGs and FUCOs without prior SEC approval to 50% of the registered holding company's consolidated earnings.

The New NRG Common Stock May Be Issued in Odd Lots.

Holders of Allowed Claims may receive, where necessary, odd lot distributions (less than 100 shares) of New NRG Common Stock. Holders may find it more difficult to dispose of odd lots in the marketplace and may face increased brokerage charges in connection with any such disposition.

Certain Tax Consequences of the Plan Raise Unsettled and Complex Legal Issues and Involve Various Factual Determinations.

Some of the material consequences of the Plan regarding United States federal income taxes are summarized in Article XV hereof. Many of these tax issues raise unsettled and complex legal issues, and also involve various factual determinations, such as valuations, that raise additional uncertainties. No ruling from the Internal Revenue Service ("IRS") has been or will be sought regarding the tax consequences described herein. In addition, we cannot assure you that the IRS will not challenge the various positions we have taken, or intend to take, with respect to our tax treatment, or that a court would not sustain such a challenge. For a more detailed discussion of risks relating to the specific positions we intend to take with respect to various tax issues, please review Article XV.

C. Risks Related to Our Business and Industry

Our Revenues Are Not Predictable Because Many of Our Power Generation Facilities Operate, Wholly Or Partially, Without Long-Term Power Purchase Agreements.

Historically, substantially all revenues from independent power generation facilities were derived under power purchase agreements having terms in excess of 15 years, pursuant to which all energy and capacity was generally sold to a single party at fixed prices. Because of changes in the industry, the percentage of facilities, including ours, with these types of long-term power purchase agreements has decreased, and it is likely that over the next several years where there is an oversupply of generation capacity, most of our facilities will

operate without these agreements. Without the benefit of these types of power purchase agreements, we cannot assure you that we will be able to sell all of the power generated by our facilities or that our facilities will be able to operate profitably.

Because Wholesale Power Prices Are Subject to Extreme Volatility, the Revenues That We Generate Are Subject to Significant Fluctuations.

We must sell all or a portion of the energy, capacity and other products from many of our facilities into wholesale power markets. The prices of such energy products in those markets are influenced by many factors outside of our control, including fuel prices, transmission constraints, supply and demand, weather, economic conditions, and the rules, regulations and actions of the system operators and regulatory regimes in those markets. In addition, unlike most other commodities, power cannot be stored and therefore must be produced concurrently with its use. As a result, the wholesale power markets are subject to significant price fluctuations over relatively short periods of time and can be unpredictable.

We May Not Be Able to Successfully Manage the Risks Associated with the Wholesale Power Markets if a Sufficient Amount of Working Capital and Collateral Are Not Retained in the Business to Manage and Mitigate Operational and Market Risk.

We are exposed to market risks through our power marketing business, which involves the sale of power and capacity and the procurement of fuel and emission allowances. We sell forward contracts and options and sell on the spot market, our energy, capacity and other energy products that are not otherwise committed under long-term contracts. In addition, we procure fuel and emission allowances for our facilities on the spot market. Without a sufficient amount of working capital and collateral to post as performance guarantees or margin, we may not be able to effectively manage this price volatility, and may not be able to successfully manage the other risks associated with trading in energy markets, including the risk that counterparties may not perform.

A Substantial Portion of Our Net Income Is Derived from Our California Generation Assets. Due to the Liquidity Crisis Faced by Some California Utilities, We Cannot Assure You as to the Collectibility of All Amounts Owed to Our California Affiliates.

Our California generation assets consist primarily of a 50% interest in West Coast Power LLC, formed in 1999 with Dynegy. The West Coast Power facilities sold uncommitted power through the California Power Exchange ("PX") and the CA ISO to PG&E, Southern California Edison Company ("SCE"), and San Diego Gas and Electric Company ("SDG&E"), the three major California investor-owned utilities. Currently, the West Coast Power facilities sell uncommitted power through CA ISO to the California Department of Water Resources (the "CDWR").

The combination of rising wholesale electric prices, increases in the cost of natural gas, the scarcity of hydroelectric power and regulatory limitations placed on the rates that PG&E and SCE are able to charge their retail customers, caused both PG&E and SCE to default in their payments to the California PX, CA ISO and other suppliers, including us. In March 2001, the California PX filed for bankruptcy under chapter 11 of the Bankruptcy Code, and in April 2001, PG&E filed for bankruptcy under chapter 11 of the Bankruptcy Code.

In March 2001, certain affiliates of West Coast Power entered into a four-year contract with the CDWR pursuant to which the affiliates agreed to sell up to 1,000 MW to the CDWR for the remainder of 2001 and up to 2,300 MW from January 1, 2002 through December 31, 2004, any of which may be resold by the CDWR to utilities such as SCE, PG&E and SDG&E. The ability of the CDWR to make future payments is subject to the CDWR having a continued source of funding, whether from legislative or other emergency appropriations, from a bond issuance or from amounts collected from SCE, PG&E and SDG&E for deliveries to their customers. As a result of the present situation in California, all of our interests in California are exposed to the heightened risk of delayed payments and/or non payment regardless of whether the sales are made directly to PG&E, SCE or SDG&E or to CA ISO or the CDWR.

Construction, Expansion, Refurbishment and Operation of Power Generation Facilities Involve Significant Risks That Cannot Always Be Covered by Insurance or Contractual Protections.

The construction, expansion and refurbishment of power generation, thermal energy production and transmission and resource recovery facilities involve many risks, including:

- supply interruptions,
- work stoppages,
- labor disputes,
- social unrest,
- weather interferences,
- unforeseen engineering, environmental and geological problems, and
- unanticipated cost overruns.

The ongoing operation of these facilities involves all of the risks described above, in addition to risks relating to the breakdown or failure of equipment or processes and performance below expected levels of output or efficiency. New plants may employ recently developed and technologically complex equipment, especially in the case of newer environmental emission control technology. While we maintain insurance, obtain warranties from vendors and obligate contractors to meet certain performance levels, the proceeds of such insurance, warranties or performance guarantees may not be adequate to cover lost revenues, increased expenses or liquidated damages payments. Any of these risks could cause us to operate below expected capacity levels, which in turn could result in lost revenues, increased expenses, higher maintenance costs and penalties. As a result, a project may operate at a loss or be unable to fund principal and interest payments under its project financing agreements, which may result in a default under that project's indebtedness.

We Are Exposed to the Risk of Natural Gas and Liquid Fuel Cost Increases and Interruption in Fuel Supply Because Our Facilities Generally Do Not Have Long-Term Natural Gas and Liquid Fuel Supply Agreements.

Most of our domestic natural gas and liquid fuel fired power generation facilities that sell energy into the wholesale power markets purchase fuel under short-term contracts or on the spot market. Even though we attempt to hedge our known fuel requirements, we still may face the risk of supply interruptions and some fuel price volatility. The price we can obtain for the sale of energy may not rise at the same rate, or may not rise at all, to match a rise in fuel costs. This may have a material adverse effect on our financial performance.

We Often Rely on Single Suppliers and at Times We Rely on Single Customers at Our Facilities, Exposing Us to Significant Financial Risks if Either Should Fail to Perform Their Obligations.

We often rely on a single supplier for the provision of fuel, water and other services required for operation of a facility, and at times, we rely on a single customer or a few customers to purchase all or a significant portion of a facility's output, in some cases under long-term agreements that provide the support for any project debt used to finance the facility. The failure of any one customer or supplier to fulfill its contractual obligations to the facility could have a material adverse effect on such facility's financial results. Consequently, the financial performance of any such facility is dependent on the continued performance by customers and suppliers of their obligations under these long-term agreements and, in particular, on the credit quality of the project's customers and suppliers.

Because We Own Less Than 100% of Some of Our Project Investments, We Cannot Exercise Complete Control Over Their Operations.

We have limited control over the operation of some project investments and joint ventures because our investments are in projects where we beneficially own less than 50% of the ownership interests. We seek to exert a degree of influence with respect to the management and operation of projects in which we own less

than 50% of the ownership interests by negotiating to obtain positions on management committees or to receive certain limited governance rights such as rights to veto significant actions. However, we may not always succeed in such negotiations. We may be dependent on our co-venturers to construct and operate such projects. Our co-venturers may not have the level of experience, technical expertise, human resources management and other attributes necessary to construct and operate these projects. The approval of co-venturers also may be required for us to receive distributions of funds from projects or to transfer our interest in projects.

Our Access to the Capital Markets May Be Limited.

We may require access to additional capital from outside sources from time to time. Our ability to arrange financing, either at the corporate level or on a non-recourse project-level basis, and the costs of such capital are dependent on numerous factors, including:

- general economic and capital market conditions,
- credit availability from banks and other financial institutions,
- investor confidence in us, our partners and the regional wholesale power markets,
- maintenance of acceptable credit ratings,
- the success of current projects, and
- provisions of tax and securities laws that may impact raising capital in this manner.

We may not be successful in obtaining additional capital for these or other reasons. The failure to obtain additional capital from time to time may have a material adverse effect on our business and operations.

Our Holding Company Structure Limits Our Access to the Funds of Project Subsidiaries and Project Affiliates That We Will Need in Order to Service Our Corporate-Level Indebtedness.

Substantially all of our operations are conducted by our project subsidiaries and project affiliates. Our cash flow and our ability to service our corporate-level indebtedness when due is dependent upon our receipt of cash dividends and distributions or other transfers from our projects and other subsidiaries. The debt agreements of our subsidiaries and project affiliates generally restrict their ability to pay dividends, make distributions or otherwise transfer funds to us. In addition, a substantial amount of the assets of our project subsidiaries and project affiliates has been pledged as collateral under their debt agreements.

Our project subsidiaries and project affiliates are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts due under our indebtedness or to make any funds available to us, whether by dividends, loans or other payments, and they do not guarantee the payment of our corporate-level indebtedness.

Any right we may have to receive assets of any of our subsidiaries or project affiliates upon a liquidation or reorganization of such subsidiaries or project affiliates will be effectively subordinated to the Claims of any such subsidiary's or project affiliate's creditors, including trade creditors and holders of debt issued by such subsidiary or project affiliate.

There can be no assurance that Cash available from our domestic operations and the repayment to us of loans made by us to our foreign affiliates will be sufficient to make corporate-level debt payments, as and when due. If we elect to repatriate cash from foreign subsidiaries or affiliates to make these payments in case of such a shortfall, then we may incur United States taxes, net of any available foreign tax credits, on the repatriation of such foreign cash.

Our Degree of Leverage May Limit Our Financial and Operating Activities.

We will have significant indebtedness even after the Plan is consummated. Further, our historical capital requirements have been significant and our future capital requirements could vary significantly and may be

affected by general economic conditions, industry trends, performance, and many other factors that are not within our control. Recently, we have had difficulty financing our operations due, in part, to our significant losses and leveraged condition, and we cannot assure you that we will be able to obtain financing in the future. Even if the Plan is approved and consummated, we cannot assure you that we will not experience losses. Furthermore, upon consummation of the Plan we will have continuing capital needs for operational purposes, including repayment of the DIP Facility. Our profitability and ability to generate cash flow to meet this obligations will likely depend upon our ability to successfully implement our business strategy and meet or exceed the results forecasted in the Projections. However, we cannot assure you that we will be able to accomplish these results.

Our Risk Management Activities May Increase the Volatility in Our Monthly Financial Results.

We engage in commodity-related marketing and price-risk management activities in order to hedge our exposure to market risk with respect to electricity sales from our generation assets and emission allowances and fuel utilized by those assets. We generally attempt to balance our fixed-price physical and financial purchases and sales commitments in terms of contract volumes and the timing of performance and delivery obligations through the use of financial and physical derivative contracts. These derivatives are accounted in accordance with FAS 133 accounting pronouncement. As a result, most derivative contracts are marked-to-market and changes in their fair value, brought upon by fluctuations in the underlying commodity prices, flow through the income statement. As a result, we are unable to predict the impact that our risk management decisions may have on our monthly operating results or financial position.

Our Business Is Subject to Substantial Governmental Regulation and Permitting Requirements and May Be Adversely Affected by Any Future Inability to Comply with Existing or Future Regulations or Requirements.

In General. Our business is subject to extensive energy, environmental and other laws and regulations of federal, state and local authorities. We generally are required to obtain and comply with a wide variety of licenses, permits and other approvals in order to operate our facilities. We may incur significant additional costs because of our compliance with these requirements. If we fail to comply with these requirements, we could be subject to civil or criminal liability and the imposition of liens or fines. In addition, existing regulations may be revised or reinterpreted, new laws and regulations may be adopted or become applicable to us or our facilities, and future changes in laws and regulation may have a detrimental effect on our business. Furthermore, with the continuing trend toward stricter standards, greater regulation, more extensive permitting requirements and an increase in the assets we operate, we expect our environmental expenditures to be substantial in the future.

Energy Regulation. PUHCA and the Federal Power Act of 1935 ("FPA") regulate public utility holding companies and their subsidiaries and place certain constraints on the conduct of their business. PURPA provides to qualifying facilities ("QFs") exemptions from federal and state laws and regulations, including PUHCA and most provisions of the FPA. The Energy Policy Act of 1992 also provides relief from regulation under PUHCA to exempt wholesale generators ("EWGs") and foreign utility companies ("FUCOs"). Maintaining the status of our facilities as QFs, EWGs or FUCOs is conditioned on their continuing to meet statutory criteria, and could be jeopardized, for example, by the making of retail sales by an EWG in violation of the requirements of the Energy Policy Act. We are subject to regulation as a subsidiary of a registered holding company under PUHCA. These regulations include restrictions imposed upon aggregate investments by registered holding companies in EWGs and FUCOs that are financed by contributions or guarantees by the parent holding company. These investment restrictions, issued pursuant to SEC regulations, limit registered holding company investment in EWGs and FUCOs without prior SEC approval to 50% of the registered holding company's consolidated earnings.

In addition to implementing the statutory criteria for EWGs and QFs, FERC regulates the rates charged by independent power producers and power marketers. NRG's generating companies and PMI are authorized by FERC to make power sales at market-based rates. Market-based rate authority is granted by FERC upon a showing that the requesting entity lacks market power and cannot erect barriers to entry in the market in

which it operates. NRG's generating companies and PMI operate within a broad spectrum of transmission provider and market environments, all of which are also regulated by FERC. The markets range from the mature markets of the Northeast, such as PJM, ISO-NE, and NYISO; to developing markets, such as the Midwest ISO; to markets in great flux, such as CA ISO. The ISOs also provide independent transmission service to market participants. NRG owns certain entities in the Midwest and the South that operate outside the ISO environment, where there is no market, and no independent transmission provider.

While NRG's generating companies and PMI are authorized to make sales at market-based rates, all are also subject to the tariff and market rules of the markets in which they operate. In certain markets, such rules are evolving. For instance, in early 2003 ISO-NE implemented its new market design. The new design dramatically alters the previous pricing scheme by adopting locational marginal pricing (pricing that can vary by location rather than a single ISO-wide price). Market rules may also include price caps or "mitigation" measures that effectively limit the prices that can be charged under market-based rate authority.

General market rules established by FERC, and specific market rules established by the ISOs (and approved by FERC), play a significant role in determining the revenue potential of the NRG generating companies and PMI. For example, NRG believes that the current ISO-NE market design, while an improvement over the previous design, still provides insufficient opportunity for NRG to recover its reasonable costs and earn a reasonable return on investment. In response to this concern, in February 2003, NRG filed a proposed "cost of service" agreement with FERC for various of its Connecticut facilities. The filing proposed a more traditional method of establishing power prices for the Connecticut facilities. FERC did not accept the filing, however it did order an interim pricing mechanism to be effective until ISO-NE establishes other aspects of its market design that should alleviate the current pricing issues. Similarly, NYISO has a substantial restrictions on the prices for sale of capacity and energy in New York City.

We are continually in the process of obtaining or renewing federal, state and local approvals required to operate our facilities. We are also continually seeking to influence the development of market tariffs and rules to ensure a fair opportunity to operate NRG facilities profitably. Additional regulatory approvals may be required in the future due to a change in laws, regulations or market rules, a change in our customers, or other reasons. We may not always be able to obtain all required regulatory approvals, and we may not be able to obtain necessary modifications to existing regulatory approvals or market rules, or to maintain all regulatory approvals. As a result, the operation of our facilities or the sale of electricity to third parties could be prevented or subject to additional costs.

Environmental Regulation. In acquiring many of our facilities, we assumed on-site liabilities associated with the environmental condition of those facilities, regardless of when such liabilities arose and whether known or unknown, and in some cases agreed to indemnify the former owners of those facilities for on-site environmental liabilities. We may not at all times be in compliance with all applicable environmental laws and regulations. Steps to bring our facilities into compliance could be prohibitively expensive, and may cause us to be unable to pay our debts when due. Moreover, environmental laws and regulations can change, as detailed below.

Federal Regulatory Initiatives

Several federal regulatory and legislative initiatives are being undertaken in the U.S. to further limit and control pollutant emissions from fossil-fuel-fired combustion units. Although the exact impact of these initiatives is not known at this time, all of NRG's power plants will be affected in some manner by the expected changes in federal environmental laws and regulations. In Congress, legislation has been proposed that would impose annual caps on U.S. power plant emissions of nitrogen oxides (NOx), sulfur dioxide (SO2), mercury, and, in some instances, carbon dioxide (CO2). NRG is currently participating in the debates around such legislative proposals as a member of the Electric Power Supply Association. Federal legislation relating to NOx, SO2 and mercury is likely in the next two years. The prospects for passage of the legislation relating to CO2 is more uncertain. The U.S. Environmental Protection Agency (USEPA) is scheduled to propose in December 2003 and finalize in December 2004 rules governing mercury emissions from power plants. In support of this schedule, USEPA and critical stakeholders, some of which are aligned with NRG's

interests, are presently conducting a thorough review of existing power plant mercury emissions data. Since these mercury rules have not yet been proposed and legislation has not yet supplanted them, it is not possible for NRG to determine the extent to which the rules will affect its domestic operations.

USEPA has finalized federal rules governing ozone season NOx emissions across the eastern United States. These ozone season rules will be implemented in two phases. The first phase of restrictions will occur in the Ozone Transport Commission region during the 2003 and subsequent ozone seasons; all of NRG's existing, wholly owned generating units in the Northeast and Mid-Atlantic regions are included in this part of the program. The second phase of NOx reductions will extend to states within the Ozone Transport Assessment Group (OTAG) region and restrict 2004 and subsequent ozone season NOx emissions in most states east of the Mississippi River. These rules require one NOx allowance to be held for each ton of NOx emitted from any fossil fuel-fired stationary boiler, combustion turbine, or combined cycle system that (i) at any time on or after January 1, 1995, served a generator with a nameplate capacity greater than 25 MWe and sold any amount of electricity or (ii) has a maximum design heat input greater than 250 mmBtu/ hr. NRG's facilities that are subject to this rule in the Northeast and Mid-Atlantic Regions have been allocated NOx emissions allowances, but NRG expects that those allowances may not be sufficient for the anticipated operation of these facilities. Where insufficient allowances exist, NRG must purchase NOx allowances from sources holding excess allowances. The need to purchase these additional NOx allowances could have a material affect on NRG's operations in these regions.

During the first quarter of 2002, USEPA proposed new rules governing cooling water intake structures at existing power facilities. These rules are scheduled to be finalized by February 16, 2004. The proposed rules specify certain location, design, construction, and capacity standards for cooling water intake structures at existing power plants using the largest amounts of cooling water. These rules will require implementation of the best technology available for minimizing adverse environmental impacts unless a facility shows that such standards would result in very high costs or little environmental benefit. The proposed rules would require NRG facilities that withdraw water in amounts greater than 50 million gallons per day to submit with wastewater permit applications certain surveys, plans, operational measures, and restoration measures that combined would act to minimize adverse environmental impacts. These anticipated cooling water intake structure rules could have a material effect on NRG's operations.

Other federal initiatives that could affect NRG and that would govern regional haze, fine particulate matter, and ozone are underway, but under extended compliance implementation timeframes ranging from 2009 and beyond.

Regional U.S. Regulatory Initiatives

West Coast Region

The El Segundo and Long Beach Generating Stations are both regulated by the South Coast Air Quality Management District's (SCAQMD) Regional Clean Air Incentives Market (RECLAIM) program. This program, which regulates NOx emissions in the Los Angeles area, was amended on May 11, 2001, and mandated major changes with respect to air emissions control at power generation facilities in southern California. New RECLAIM Rule 2009 requires that all existing power generation facilities meet Best Available Retrofit Control Technology (BARCT) for NOx emissions from all utility boilers by January 1, 2003, and for all peaking units by January 1, 2004. Under the new rule, existing power generation facilities were required to submit compliance plans by September 1, 2001, listing how each unit at the stations would meet BARCT by the deadlines. El Segundo's compliance plan did not propose additional NOx controls to meet BARCT since Units 3 & 4 are already equipped with acceptable SCR technology (first installed on Unit 4 in 1995 and on Unit 3 in 2001). Further, NRG is planning to decommission Units 1 & 2 so that it can build a new 621 MW combined cycle plant. SCAQMD approved the El Segundo Rule 2009 Compliance Plan on October 17, 2002, indicating that the SCRs on Units 3 & 4 meet BARCT and requiring that Units 1 & 2 be retired on or before December 31, 2002. SCAQMD approved the Long Beach Generating Station Rule 2009 Compliance Plan on April 25, 2002, which proposed modifications to the Long Beach NOx control system by December 31, 2002, and specified a new NOx emission concentration limit of 16.6 parts per million. The Long

Beach plant completed all control system modifications and demonstrated compliance with 16.6 parts per million limit before the December 31, 2002 deadline. Therefore, all Long Beach and El Segundo units have met the Rule 2009 BARCT requirement, and NRG does not at this time anticipate additional material capital expenditures associated with the amended RECLAIM rules.

Eastern Region

Final rules implementing changes in air regulations in the states of Massachusetts and Connecticut were promulgated in 2000. The Connecticut rules required that existing facilities reduce their emissions of SO2 in two steps, the first of which took place on January 1, 2002. The second SO2 milestone occurred on January 1, 2003. The Plants in Connecticut have operated in compliance with the first phase rules and are now operating in compliance with the second phase rules. Connecticut's rules governing emissions of NOx were also modified in 2000 to restrict the average, non-ozone season NOx emission rate to 0.15 pound per million Btu heat input. Plans to comply with the new NOx rules, in part, through selective firing of natural gas, use of selective non-catalytic reduction (SNCR) technology presently installed at its Norwalk Harbor and Middletown Power Stations, improved combustion controls, use of emission reduction credits, and purchase of allowances. In 2002, the Connecticut legislature passed a law further tightening air emission standards by eliminating in-state emissions credit trading subsequent to January 1, 2005 as a means of meeting Department of Environmental Protection (DEP) regulatory standards for SO2 emissions from older power plants. The termination of SO2 emissions trading in Connecticut by 2005 could have a material effect on NRG's operations in that state.

The new Massachusetts rules set forth schedules under which six existing coal-fired power plants in-state were required to meet stringent emission limits for NOx, SO2, mercury, and CO2. The state has reserved the issue of control of carbon monoxide and particulate matter emissions for future consideration. On February 25th, 2003, NRG received from the Massachusetts Department of Environmental Protection (MADEP) a permit to install natural gas reburn technology to meet the NOx and SO2 limits specified in the new rule at its Somerset Generating Station. NRG is projected to incur total capital expenditures of approximately $5.4 million to implement the reburn technology at the Somerset Station, of which about $3.0 million remains to be spent during 2003. MADEP is evaluating the technological and economic feasibility of controlling and eliminating emissions of mercury from the combustion of solid fossil fuel in Massachusetts. Within six months of completing the feasibility evaluation, MADEP must propose emission standards for mercury, with a proposed compliance date of October 1, 2006. NRG believes it can comply with any future mercury reductions required by the rules through achieving early reductions of mercury via early implementation of the natural gas reburn technology and with its January 1, 2010 commitment to shutdown Somerset Station's existing boiler. NRG is still considering its options with respect to how it will address MADEP's CO2 emission standards. Such options include using early reductions of CO2 achieved through early implementation of the natural gas reburn technology or by filing a legal challenge with respect to MADEP's legal authority to regulate CO2 emissions.

New York proposed rules reducing allowable SO2 and NOx emissions from large, fossil-fuel-fired combustion units in New York State on February 20, 2002 (6NYCRR Part 237: Acid Deposition Reduction NOx Budget Trading Program and Part 238: Acid Deposition Reduction SO2 Budget Trading Program). As proposed, these rules would affect every NRG generator in-state. NRG provided testimony on the proposed rules in public hearings conducted in Buffalo and Albany on April 4, 2002, and May 20, 2002, respectively. In addition, NRG filed written comments on the proposed rules on May 28, 2002. NRG's comments focused on (i) material changes in electric markets that had occurred since the conduct of studies upon which the Department of Environmental Conservation (DEC) had based their proposal, (ii) the need to increase the quantity of upwind allowances for use in offsetting in-state emissions, and (iii) the disproportionately minimal reduction in in-state acid deposition that could be expected from the significant emissions reductions proposed. NRG has received a pre-publication version of the rules that will be considered by the New York State DEC's Environmental Board at the Board's March 26, 2003 meeting. Indications are that the rules will provide for increased use of upwind SO2 and NOx reductions and will continue to allow for the use of early emission reductions. NRG's strategy for complying with the new rules will be to generate early reductions of

SO2 and NOx associated with fuel switching and use such reductions to extend the timeframe for implementing technological controls, which could include the addition of flue gas desulfurization (FGD) and selective catalytic reduction (SCR) equipment. NRG anticipates that it could incur capital expenditures up to $300 million in the 2008 through 2012 timeframe to implement upgrades and modifications to its plants in New York to meet new state and federal regulatory requirements if NRG cannot address such requirements through use of compliant fuels and/or plantwide applicability limits.

While no material impending rule changes affecting NRG's existing facilities have been formally proposed. Delaware is considering in 2003 whether or not to develop Maximum Achievable Control Technology (MACT) standards for mercury. In support of this effort, the State is beginning to test large combustion sources for mercury emissions. In addition, the State is establishing Total Maximum Daily Loading (TMDL) standards for mercury in its watersheds. NRG is participating as a stakeholder in such policy-making efforts along with the Governor's Energy Task Force, legislators and the Delaware Department of Natural Resources and Environmental Control ("DNREC") to ensure that any rules promulgated adequately consider impacts on NRG's in-state sources.

Central Region

The Louisiana Department of Environmental Quality has promulgated State Implementation Plan revisions to bring the Baton Rouge ozone non-attainment area into compliance with National Ambient Air Quality Standards. NRG participated in development of the revisions, which require the reduction of NOx emissions at the gas-fired Big Cajun I Power Station and coal-fired Big Cajun II Power Station to 0.1 pounds NOx per million Btu heat input and 0.21 pounds NOx per million Btu heat input, respectively. This revision of the Louisiana air rules would appear to constitute a change-in-law covered by agreement between Louisiana Generating and the electric cooperatives allowing the costs of added combustion controls to be passed through to the cooperatives. The capital cost of combustion controls required at the Big Cajun II Generating Station to meet the State's NOx regulations will total about $10.0 million each for Units 1 & 2. Unit 3 has already made such changes.

Turmoil in the Energy Industry and Proposed Government Regulation May Affect Our Competitiveness and Profitability.

The turmoil and uncertainty in the energy industry and proposed government regulation described more fully in Section III.A.2 above may negatively impact our competitiveness and profitability.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF NRG, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, MAINTAINING GOOD EMPLOYEE RELATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES, NATURAL DISASTERS, ACTS OF TERRORISM OR WAR, INDUSTRY-SPECIFIC RISK FACTORS (AS DETAILED ABOVE) AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND NRG UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

XV.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain U.S. federal income tax consequences of the Plan to holders of Allowed Claims and Equity Interests and to Debtors. This summary is based on the Tax Code, Treasury Regulations issued thereunder, and administrative and judicial interpretations and practice, all as in effect on the date hereof and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained, Debtors do not intend to seek a ruling from the IRS as to any of such tax consequences, and there can be no assurance that the IRS will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to holders of Allowed Claims and Equity Interests that are not United States persons (as defined in the Tax Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, for example, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, regulated investment companies, and holders who hold Allowed Claims and Equity Interests as part of a hedge, straddle, constructive sale, or conversion transaction). The following discussion assumes that all holders of Allowed Claims and Equity Interests discussed herein hold such Allowed Claims and Equity Interests as "capital assets" within the meaning of Section 1221 of the Tax Code. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to Debtors and to holders of Allowed Claims and Equity Interests based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under state, local, and/ or foreign tax law.

The following summary is not a substitute for careful tax planning and advice based on the particular circumstances of each holder of Allowed Claims and/ or Equity Interests. All holders are urged to consult their own tax advisors as to the U.S. federal income tax consequences, as well as any applicable state, local, and/ or foreign tax consequences, of the Plan.

A. Certain U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed Claims and Equity Interests

1. Consequences to Holders of Secured Claims against Noncontinuing Debtor Subsidiaries

On the Effective Date, each holder of an Allowed Secured Claim against Noncontinuing Debtor Subsidiaries will receive the Collateral securing its Allowed Claim. The exchange by holders of Allowed Secured Claims against Noncontinuing Debtor Subsidiaries of their Claims for the Collateral securing such Claims, or for Cash in an amount equal to the proceeds actually realized from the sale of such Collateral, as set forth in the Plan, should be treated as a taxable exchange. In such case, holders should recognize gain or loss equal to the difference between (i) the fair market value of the Collateral received (or, as the case may be, the amount of Cash received from the sale of such Collateral) as of the Effective Date that is not allocable to accrued interest, and (ii) the holder's tax basis in the debt instruments constituting the surrendered Claim. Such gain or loss should be capital in nature and should be long-term capital gain or loss if the debts constituting the surrendered Claim were held for more than one year. To the extent that a portion of the Collateral received (or, as the case may be, the amount of Cash received from the sale of such Collateral) in the exchange is allocable to accrued interest, the holder may recognize ordinary income. See "Accrued Interest," below. A holder should obtain a tax basis in the Collateral equal to the fair market value of the Collateral on the Effective Date and should begin a holding period for the Collateral on the day following the Effective Date.

2. Consequences to Holders of NRG Unsecured Claims and PMI Unsecured Claims

Pursuant to the Plan, each holder of an Allowed NRG Unsecured Claim shall receive on the Effective Date on account of such Allowed Claim its Pro Rata Share of (a) New NRG Senior Notes and (b) 100,000,000 shares of New NRG Common Stock (subject to dilution as set forth in the Plan), subject to

the terms and conditions set forth in the Term Sheet. In addition, a holder of an Allowed NRG Unsecured Claim may receive, upon making the Release Election on its Ballot and pursuant to the conditions set forth in the Plan, Cash equal to its Pro Rata Share of the Release-Based Amount.

Each holder of an Allowed PMI Unsecured Claim shall receive on the Effective Date on account of such Allowed Claim its Pro Rata Share of the New NRG Senior Notes and New NRG Common Stock allocated to holders of Allowed PMI Unsecured Claims.

As described in the Plan, the New NRG Senior Notes will be issued under the New NRG Senior Note Indenture in an initial aggregate principal amount of $500,000,000, and, at the option of Reorganized NRG, will either accrue interest (a) commencing on the Effective Date payable semiannually in Cash at a rate of 10% per annum or (b) at a rate of 12% per annum payable in kind ("PIK"), provided, however, that any PIK interest shall be paid in Cash upon the earlier of the fifth anniversary of the Effective Date or the maturity date of the New NRG Senior Notes. The New NRG Senior Notes will mature on the seventh anniversary of the Effective Date.

The U.S. federal income tax consequences to a holder of Allowed NRG Unsecured Claims or Allowed PMI Unsecured Claims of the respective transactions described above will depend on whether (a) the debt instruments constituting the surrendered Claims and the New NRG Senior Notes are treated as "securities," and (b) such transaction qualifies as a tax-free reorganization under the Tax Code.

(a) Treatment of a Debt Instrument as a "Security"

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent, and whether such payments are made on a current basis or accrued.

(b) Treatment if the Exchange is a Reorganization

If a debt instrument constituting a surrendered Allowed NRG Unsecured Claim *and* the New NRG Senior Notes are both treated as securities, the exchange of a holder's Allowed NRG Unsecured Claim for New NRG Senior Notes, New NRG Common Stock and Cash, if any, should be treated as a recapitalization, and therefore a reorganization, under the Tax Code. Holders of surrendered Allowed NRG Unsecured Claims may recognize gain, but not loss, on the exchange. Specifically, holders may recognize (a) capital gain, subject to the "market discount" rules discussed below, to the extent of the *lesser* of (i) the amount of gain realized from the exchange *or* (ii) the amount of Cash received, if any, and (b) gain or loss with respect to accrued interest (see "Accrued Interest" discussion, below). In such case, a holder should obtain a tax basis in the New NRG Senior Notes and the New NRG Common Stock equal to the tax basis of the debt instrument constituting the Allowed NRG Unsecured Claim surrendered therefor (increased by the amount of any gain recognized and decreased by the amount of Cash received, if any), and should have a holding period for the New NRG Senior Notes and New NRG Common Stock that includes the holding period for the debt instrument constituting the surrendered Allowed NRG Unsecured Claim; *provided that* the tax basis of any New NRG Senior Note or share of New NRG Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New NRG Senior Note or share of New NRG Common Stock should not include the holding period of the debt instrument constituting the surrendered Allowed NRG Unsecured Claim.

If a debt instrument constituting a surrendered Allowed NRG Unsecured Claim, but *not* the New NRG Senior Notes are treated as securities, the exchange of a holder's Allowed NRG Unsecured Claim for New

NRG Senior Notes, New NRG Common Stock and Cash, if any, should be treated as a recapitalization, and therefore a reorganization, under the Tax Code. Holders of the surrendered Allowed NRG Unsecured Claims may recognize gain, but not loss, on the exchange. Specifically, holders may recognize (a) capital gain, subject to the "market discount" rules discussed below, to the extent of the *lesser* of (i) the amount of gain realized from the exchange *or* (ii) the amount of Cash received, if any, plus the issue price of the New NRG Senior Notes, and (b) ordinary income to the extent that the New NRG Senior Notes, New NRG Common Stock or Cash, if any, are treated as received in satisfaction of accrued interest on the debt instrument constituting the surrendered Allowed NRG Unsecured Claim. See "Accrued Interest" and "Issue Price of a Debt Instrument," below. In such case, a holder should obtain a tax basis in the New NRG Common Stock equal to the tax basis of the debt instrument constituting the Allowed NRG Unsecured Claim surrendered therefor (increased by the amount of any gain recognized and decreased by the amount of Cash received, if any, and the issue price of the New NRG Senior Notes received), and should have a holding period for the New NRG Common Stock that includes the holding period for the debt instrument constituting the surrendered Allowed NRG Unsecured Claim; *provided that* the tax basis of any share of New NRG Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such New NRG Common Stock should not include the holding period of the debt instrument constituting the surrendered Allowed NRG Unsecured Claim. A holder should obtain a tax basis in the New NRG Senior Notes equal to the issue price of the New NRG Senior Notes and should begin a holding period for the New NRG Senior Notes on the day following the Effective Date.

(c) Treatment if the Exchange is Not a Reorganization

If a debt instrument constituting a surrendered Allowed NRG Unsecured Claim is not treated as a security, a holder of such a Claim should be treated as exchanging its Allowed NRG Unsecured Claim for New NRG Senior Notes, New NRG Common Stock and Cash, if any, in a fully taxable exchange. Such treatment should apply to holders of Allowed PMI Unsecured Claims (without regard to whether the debts constituting such Claims are treated as securities). A holder of an Allowed NRG Unsecured Claim (or Allowed PMI Unsecured Claim, as the case may be) who is subject to fully taxable exchange treatment should recognize gain or loss equal to the difference between (i) the fair market value of the New NRG Common Stock as of the Effective Date plus the issue price of the New NRG Senior Notes and the Cash received, if any, as of the Effective Date that is not allocable to accrued interest, and (ii) the holder's basis in the debt instrument constituting the surrendered Allowed NRG Unsecured Claim (or Allowed PMI Unsecured Claim). Such gain or loss should be capital in nature (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the debts constituting the surrendered Allowed NRG Unsecured Claim (or Allowed PMI Unsecured Claim) were held for more than one year. To the extent that a portion of the New NRG Senior Notes, New NRG Common Stock or Cash received, if any, in the exchange is allocable to accrued interest, the holder may recognize ordinary income. See "Accrued Interest," below. A holder's tax basis in the New NRG Common Stock received should equal the fair market value of the New NRG Common Stock as of the Effective Date, and a holder's tax basis in a New NRG Senior Note received should equal its issue price. A holder's holding period for the New NRG Senior Notes and New NRG Common Stock should begin on the day following the Effective Date.

(d) Accrued Interest

To the extent that any amount received by a holder of a surrendered Allowed Claim under the Plan is attributable to accrued interest, such amount should be taxable to the holder as interest income. Conversely, a holder of a surrendered Allowed Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the debt instruments constituting such Claim was previously included in the holder's gross income but was not paid in full by Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

The extent to which the consideration received by a holder of a surrendered Allowed Claim will be attributable to accrued interest on the debts constituting the surrendered Allowed Claim is unclear. Treasury Regulations generally treat a payment under a debt instrument first as a payment of accrued and untaxed

interest and then as a payment of principal. Pursuant to the Plan, all distributions in respect of any Claim will be allocated first to the principal amount of such Claim, to the extent otherwise permitted and as determined for federal income tax purposes, and thereafter to the remaining portion of such Claim, if any.

(e) Issue Price of a Debt Instrument

The determination of "issue price" for purposes of this analysis will depend, in part, on whether the debt instruments issued to a holder or the debt instruments surrendered under the Plan are traded on an "established securities market" at any time during the sixty (60) day period ending thirty (30) days after the Effective Date. In general, a debt instrument (or the property exchanged therefor) will be treated as traded on an established market if (a) it is listed on (i) a qualifying national securities exchange, (ii) certain qualifying interdealer quotation systems, or (iii) certain qualifying foreign securities exchanges; (b) it appears on a system of general circulation that provides a reasonable basis to determine fair market value; or (c) the price quotations are readily available from dealers, brokers or traders. The issue price of a debt instrument that is traded on an established market (or that is issued for another debt instrument so traded) would be the fair market value of such debt instrument (or such other debt instrument so traded) on the issue date as determined by such trading. The issue price of a debt instrument that is neither so traded nor issued for another debt instrument so traded would be its stated principal amount (providing that the interest rate on the debt instrument exceeds the applicable IRS federal rate). Gain or loss, if any, recognized by holders who receive debt instruments under the Plan may be subject to the "market discount" rules, discussed below.

(f) Market Discount

Under the "market discount" provisions of Sections 1276 through 1278 of the Tax Code, some or all of the gain realized by a holder exchanging the debt instruments constituting its Allowed Claim for new debt instruments may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debts constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if its holder's adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or, (ii) in the case of a debt instrument issued with OID, its adjusted issue price, by at least a *de minimis* amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a holder on the taxable disposition of surrendered debts (determined as described above) that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the holder (unless the holder elected to include market discount in income as it accrued). To the extent that the surrendered debts that had been acquired with market discount are exchanged in a tax-free or other reorganization transaction for New NRG Senior Notes or New NRG Common Stock (as may occur here), any market discount that accrued on such debts but was not recognized by the holder may be required to be carried over to the New NRG Senior Notes received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such New NRG Senior Notes or New NRG Common Stock may thereby be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged debt instrument.

3. Consequences to Holders of Unsecured Noncontinuing Debtor Subsidiary Claims and Securities Litigation Claims

On the Effective Date, all Securities Litigation Claims and all Unsecured Noncontinuing Debtor Subsidiary Claims will be canceled and holders of such Claims will receive no distribution under the Plan. Section 166(a)(1) of the Tax Code permits a "worthless debt deduction" for any debt which becomes worthless within the taxable year, either in whole or in part, to the extent charged off within the taxable year. Thus, holders of Securities Litigation Claims or Unsecured Noncontinuing Debtor Subsidiary Claims should

be entitled to worthless debt deductions. The rules governing the timing and amount of worthless debt deductions place considerable emphasis on the facts and circumstances of the holder, the obligor, and the instrument with respect to which the deduction is claimed; holders are therefore urged to consult their tax advisors with respect to their ability to take such a deduction.

B. Certain U.S. Federal Income Tax Consequences of the Plan to Debtors

1. Receipt of Xcel Contribution

The Xcel Contribution should be treated as a contribution to the capital of NRG by Xcel. As such, no gain or loss should be recognized by Debtors upon receipt of the Xcel Contribution.

2. Cancellation of Indebtedness and Reduction of Tax Attributes

As a result of the Plan and the Xcel Contribution, Debtors' aggregate outstanding indebtedness will be substantially reduced. In general, absent an exception, a debtor will recognize cancellation of debt income ("CODI") upon discharge of its outstanding indebtedness for an amount less than its adjusted issue price. The amount of CODI, in general, is the excess of (a) the adjusted issue price of the indebtedness discharged, over (b) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of cash paid and the fair market value of any other consideration (including stock of Debtor(s)) given in exchange for such indebtedness at the time of the exchange.

A debtor is not, however, required to include any amount of CODI in gross income if such debtor is under the jurisdiction of a court in a Title 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding. Instead, as a price for such exclusion, Section 108 of the Tax Code requires the debtor to reduce (as of the first day of the next taxable year) its tax attributes by the amount of CODI which it excluded from gross income. As a general rule, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs"), (b) most tax credits, (c) capital loss carryovers, (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject), and (e) foreign tax credits. A debtor with CODI may elect first to reduce the basis of its depreciable assets under Section 108(b)(5) of the Tax Code.

The amount of CODI (and accordingly the amount of tax attributes required to be reduced), will depend, *inter alia,* on the issue prices of the debt instruments issued under the Plan, and on the fair market value of the New NRG Common Stock to be issued. These values cannot be known with certainty until after the Effective Date. Thus, although it is expected that a reduction of tax attributes will be required, the exact amount of such reduction cannot be predicted.

Pursuant to temporary regulations issued by the United Stated Treasury Department in August 2003, any required reduction in tax attributes of a member of a consolidated group applies first to any tax attributes attributable to the debtor realizing the CODI at issue. To the extent the debtor reduces its tax basis in the stock of another member of the consolidated group, such other member is required to reduce its tax attributes by an equivalent amount. In addition, if the amount of CODI exceeds the tax attributes subject to reduction attributable to such debtor, the regulations require the reduction of consolidated tax attributes (other than tax basis in assets) attributable to other members of the debtor's consolidated group. However, because NRG and its subsidiaries do not intend to file a consolidated return prior to the Effective Date, the temporary regulations are not expected to apply to the Debtors. Instead, each Debtor will reduce its own tax attributes by the amount of CODI realized by such Debtor in accordance with the rules described above.

3. Limitation of Net Operating Loss Carryovers and Other Tax Attributes

Section 382 of the Tax Code generally imposes an annual limitation on a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an ownership change) if a corporation undergoes an "ownership change." This discussion describes the limitation determined under Section 382 of the Tax Code in the case of an "ownership change" as the "Section 382 Limitation". The annual Section 382 Limitation on the use of pre-

change losses (the NOLs and built-in losses recognized within the five year post-ownership change period) in any "post change year" is generally equal to the product of the fair market value of the loss corporation's outstanding stock immediately before the ownership change multiplied by the long term tax-exempt rate in effect for the month in which the ownership change occurs. The long-term tax-exempt rate is published monthly by the IRS and is intended to reflect current interest rates on long-term tax-exempt debt obligations. Section 383 of the Tax Code applies a similar limitation to capital loss carryforward and tax credits. As discussed below, however, special rules may apply in the case of a corporation which experiences an ownership change as the result of a bankruptcy proceeding.

In general, an ownership change occurs when the percentage of the corporation's stock owned by certain "5 percent shareholders" increases by more than 50 percentage points in the aggregate over the lowest percentage owned by them at any time during the applicable "testing period" (generally, the shorter of (a) the 36-month period preceding the testing date or (b) the period of time since the most recent ownership change of the corporation). A "5 percent shareholder" for this purpose includes, generally, an individual or entity that directly or indirectly owns 5 percent or more of a corporation's stock during the relevant period and one or more groups of shareholders that own less than 5 percent of the value of the corporation's stock. Under applicable Treasury Regulations, an ownership change with respect to an affiliated group of corporations filing a consolidated return that have consolidated NOLs is generally measured by changes in stock ownership of the parent corporation of the group.

The issuance under the Plan of New NRG Common Stock, along with the cancellation of existing Equity Interests in NRG through the Plan, is expected to cause an ownership change to occur with respect to Debtors' consolidated group on the Effective Date. As a result, the Section 382 Limitation will be applicable to the utilization by Debtors' consolidated group of their NOLs and built-in losses following the Effective Date. This limitation is independent of, and in addition to, the reduction of tax attributes described in the preceding section resulting from the exclusion of CODI. Similarly, the ability of Debtors' consolidated group to use any remaining capital loss carryforwards and tax credits will also be limited.

Section 382(l)(5) of the Tax Code provides a special rule applicable in the case of a bankruptcy reorganization (the "Section 382(l)(5) Rule"). If a corporation qualifies for the Section 382(l)(5) Rule, the annual Section 382 Limitation will not apply to the corporation's NOL on account of an ownership change occurring as a result of the bankruptcy reorganization. The Section 382(l)(5) Rule does, however, require that the corporation's NOL and credit carryovers be computed without taking into account the aggregate amount of all interest deductions in respect of debt exchanged for the corporation's stock during the three prior taxable years and the portion of the current taxable year ending on the date of the ownership change (such interest hereinafter called "Disqualified Interest"). The corporation will qualify under the Section 382(l)(5) Rule if the corporation's pre-bankruptcy shareholders and holders of certain debt ("Qualifying Debt") own at least 50% of the stock of the corporation after the bankruptcy reorganization, and the corporation does not elect not to apply the Section 382(l)(5) Rule. Qualifying Debt is a claim which (i) was held by the same creditor for at least 18 months prior to the bankruptcy filing or (ii) arose in the ordinary course of a corporation's trade or business and has been owned, at all times, by the same creditor. Indebtedness will be treated as arising in the ordinary course of a corporation's trade or business if such indebtedness is incurred by the corporation in connection with the normal, usual or customary conduct of the corporation's business. For the purpose of determining whether a claim constitutes Qualifying Debt, special rules may in some cases apply to treat a subsequent transferee as the transferor creditor.

If the exchanges contemplated by the Plan qualify for tax treatment under the Section 382(l)(5) Rule, Debtors' NOL carryover will be available for future use without any Section 382 Limitation (after reduction of Debtors' NOLs by Disqualified Interest). However, under the Section 382(l)(5) Rule, if there is a second ownership change during the two-year period immediately following consummation of the Plan, the Section 382 Limitation after the second ownership change shall be zero. The determination of the application of the Section 382(l)(5) Rule is highly fact specific and dependent on circumstances that are difficult to assess accurately, and thus, Debtors are uncertain whether they will qualify for the Section 382(l)(5) Rule.

If the exchanges do not qualify for tax treatment under the Section 382(l)(5) Rule or Debtors elect not to utilize the Section 382(l)(5) Rule, Debtors' use of NOLs to offset taxable income earned after an ownership change will be subject to the annual Section 382 Limitation. Since Debtors are in bankruptcy, however, Section 382(l)(6) of the Tax Code will apply. Section 382(l)(6) of the Tax Code provides that, in the case of an ownership change resulting from a bankruptcy proceeding of a debtor, the value of the debtor's stock for the purpose of computing the Section 382 Limitation will generally be calculated by reference to the net equity value of debtor's stock immediately *after* the ownership change (rather than immediately before the ownership change, as is the case under the general rule for non-bankruptcy ownership changes). Accordingly, under this rule the Section 382 Limitation would generally reflect the increase in the value of a debtor's stock resulting from the conversion of debt to equity in the proceeding. Although it is impossible to predict what the net equity value of Debtors will be immediately after the exchanges contemplated by the Plan, Debtors' use of NOLs is expected to be substantially limited after those exchanges.

4. Alternative Minimum Tax

In general, an alternative minimum tax ("AMT") is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMT, certain tax deductions and other beneficial allowances are modified or eliminated. For example, except for alternative tax NOLs generated in or deducted as carryforwards in taxable years ending in 2001 and 2002 which can offset 100% of a corporation's AMTI, only 90% of a corporation's AMTI may be offset by available alternative tax NOL carryforwards. Additionally, under Section 56(g)(4)(G) of the Tax Code, an ownership change (as discussed above) that occurs with respect to a corporation having a net unrealized built-in loss in its assets will cause, for AMT purposes, the adjusted basis of each asset of the corporation immediately after the ownership change to be equal to its proportionate share (determined on the basis of respective fair market values) of the fair market value of the assets of the corporation (determined under Section 382(h) of the Tax Code) immediately before the ownership change.

Certain legislative proposals currently being considered by Congress would eliminate the AMT for corporations. As of the date hereof, it is unclear whether any such proposal will be enacted and, if enacted, have an effective date that applies to the Plan.

C. Certain U.S. Federal Income Tax Consequences as a Result of the Xcel Settlement

NRG and Xcel believe that the proposed Xcel Settlement provides the maximum tax benefits permitted under the applicable tax rules and allocates those benefits equitably.

When shares become worthless, the owner of the shares is generally entitled to a worthless stock deduction equal to the owner's tax basis in the shares. Xcel's tax basis in its NRG shares exceeds $2 billion. A worthless stock deduction, recognized upon cancellation of Xcel's shares pursuant to an effective Plan, is expected to produce a federal income tax benefit to Xcel of approximately $700 million. Xcel would receive a portion of that benefit as a cash refund of federal income taxes paid in earlier years. If NRG emerges from bankruptcy in 2003, Xcel would receive approximately $355 million in the first part of 2004. If NRG emerges in 2004, Xcel would receive an estimated $250 million in early 2005. Xcel would receive the balance of the tax benefit in the form of lower estimated tax payments in the year NRG emerges from bankruptcy and in later years, but only to the extent that Xcel generates taxable income in those years.

Under the proposed settlement, Xcel would retain the tax benefit generated by its worthless stock deduction but would use a substantial portion of the benefit to fund its payments to NRG. As partial consideration for those payments, NRG would relinquish certain tax claims against Xcel. Before the March 2001 public offering of NRG shares, NRG and its eligible subsidiaries were members of the Xcel consolidated federal income tax group and parties, with Xcel, to a tax allocation agreement dated as of December 2000. As a result of the March 2001 public offering, NRG and its subsidiaries ceased to be members of the Xcel consolidated federal income tax group. NRG and its eligible subsidiaries became eligible for re-inclusion in the Xcel group after Xcel repurchased the publicly-held NRG shares in June 2002. Under the tax rules,

however, a former member's re-inclusion in a consolidated tax group is neither mandatory nor automatic, and Xcel has taken no steps to re-consolidate NRG or its subsidiaries.

During the settlement negotiations discussed in Section IV.E.3 above, NRG claimed that Xcel was obligated to re-include NRG and its eligible subsidiaries in the Xcel federal consolidated group and to treat the December 2000 tax allocation agreement as applying to the allocation of federal income taxes as between Xcel and NRG. Xcel disputed, and continues to dispute, its obligation to take these actions. If NRG and its eligible subsidiaries were re-included in the Xcel group and the tax allocation agreement were treated as applying to the allocation of federal income taxes as between Xcel and NRG, NRG's tax losses from June 2002 through the effectiveness of the Plan would offset the taxable income of Xcel and other Xcel subsidiaries, the Xcel group's overall taxes would be reduced, and Xcel would pay NRG the federal income taxes saved from the use of NRG's losses. Xcel and NRG estimate that the payment for the period from June to December 2002 would be approximately $200 million and that the payment for calendar year 2003 would be approximately $180 million if the tax allocation agreement governed. If NRG and its eligible subsidiaries were re-included in the Xcel group as of June 2002, however, the tax rules would most likely prevent Xcel from claiming a worthless stock deduction with respect to its investment in NRG. Accordingly, Xcel would lose a significant tax benefit that it intended to use to fund the Xcel Contribution.

NRG is also expected to emerge from bankruptcy with tax benefits of its own, principally in the form of substantial net operating loss carryforwards. Those benefits could range from approximately $380 million to $560 million in present value terms depending upon the year of emergence and the bankruptcy tax rules that apply to NRG. To benefit from its loss carryforwards, NRG must generate taxable income in future years. (NRG's net operating loss carryforwards and the tax rules that may apply to them are discussed in Section XV.B.3 above). NRG's federal income tax loss carryforwards would be reduced if NRG and its subsidiaries were re-consolidated with Xcel by the amount of NRG losses used to offset the taxable income of Xcel and other Xcel subsidiaries. In addition, those carryforwards would be eliminated if Xcel claimed a worthless stock deduction before the year in which the Plan becomes effective. The proposed settlement prevents NRG's federal net operating loss carryforwards from being reduced or eliminated as the result of such events.

THE DISCUSSION IN THIS SECTION XV.C CONTAINS CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF NRG, INCLUDING BUT NOT LIMITED TO EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENTAL BODIES. THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE OR ACTUAL RESULTS. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND NRG UNDERTAKES NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

D. Backup Withholding and Reporting

Debtors will withhold all amounts required by law to be withheld from payments of interest and dividends. Debtors will comply with all applicable reporting requirements of the Tax Code.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

XVI.

RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described herein because it provides for a larger distribution to the holders than would otherwise result in a liquidation under Chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to the holders of Claims. ***Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan support confirmation of the Plan and vote to accept the Plan***.

Respectfully submitted,

NRG ENERGY, INC.

By: /s/ SCOTT J. DAVIDO

Name: Scott J. Davido
Title: Senior Vice President and General Counsel

NRG FINANCE COMPANY I, LLC

By: /s/ SCOTT J. DAVIDO

Name: Scott J. Davido
Title: Vice President

NRG CAPITAL LLC

By: /s/ SCOTT J. DAVIDO

Name: Scott J. Davido
Title: Vice President

NRG POWER MARKETING, INC.

By: /s/ SCOTT J. DAVIDO

Name: Scott J. Davido
Title: Vice President and Secretary

NRGENERATING HOLDINGS (NO. 23) B.V.

By: /s/ SCOTT J. DAVIDO

Name: Scott J. Davido
Title: Director

Dated: October 10, 2003

Prepared by:

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COUNSEL TO DEBTORS AND DEBTORS IN POSSESSION

UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF NEW YORK

In re:	**Chapter 11**
NRG ENERGY, INC., et al.:	**Case No. 03-13024 (PCB)** **(Jointly Administered)**
Debtors.	

THIS PLAN APPLIES TO:

	All Debtors
X	NRG Energy, Inc.
	Arthur Kill Power LLC
	Astoria Gas Turbine Power LLC
	Berrians I Gas Turbine Power LLC
	Big Cajun II Unit 4 LLC
	Connecticut Jet Power LLC
	Devon Power LLC
	Dunkirk Power LLC
	Huntley Power LLC
	Louisiana Generating LLC
	Middletown Power LLC
	Montville Power LLC
	Northeast Generation Holding LLC
	LSP-Nelson Energy, LLC
X	NRG Power Marketing Inc.
X	NRG Capital LLC
X	NRG Finance Company I LLC
	NRG Central U.S. LLC
	NRG Eastern LLC
X	NRGenerating Holdings (No. 23) B.V.
	NRG New Roads Holdings LLC
	NRG Northeast Generating LLC
	NRG South Central Generating LLC
	Oswego Harbor Power LLC
	Somerset Power LLC

	South Central Generation Holding LLC
	Norwalk Power LLC
	NRG McClain LLC
	NRG Nelson Turbines LLC

DEBTORS' SECOND AMENDED JOINT PLAN OF REORGANIZATION

PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Counsel to the Debtors and Debtors in Possession

Dated: October 10, 2003

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NRG Energy, Inc., a Delaware corporation ("NRG"), NRG Power Marketing Inc., a Delaware corporation ("PMI"), NRG Finance Company I LLC, a Delaware limited liability company ("NRG FinCo"), NRGenerating Holdings (No. 23) B.V., a Netherlands private company with limited liability ("NRGenerating"), NRG Capital LLC, a Delaware limited liability company ("NRG Capital"), as debtors and debtors-in-possession (collectively, the "Debtors"), propose the following second amended joint plan of reorganization for the Debtors under section 1121(a) of the Bankruptcy Code. *Exhibit A* annexed to the Plan is a Term Sheet and *Exhibit B* annexed to the Plan is a Plan Support Agreement, both of which reflect the terms of a proposed agreement and settlement among Xcel (NRG's parent company), an ad hoc committee of NRG's Noteholders, the Global Steering Committee of the holders of the NRG Unsecured Revolver Claims, NRG Letter of Credit Claims or the NRG FinCo Secured Revolver Claims and NRG. The actual settlement and agreement among the parties will be reflected in the Xcel Settlement Agreement and certain related documents, including the Release-Based Amount Agreement and the Separate Bank Release Agreement, as well as certain employee and tax matters agreements between Xcel and NRG, all of which will be contained in the Plan Supplement. In the event and to the extent there is any inconsistency between this Plan and the Xcel Settlement Agreement, the Release-Based Amount Agreement and the Separate Bank Release Agreement, the terms and provisions of the Xcel Settlement Agreement and such related agreements shall be controlling and shall supersede the terms of the Plan.

ARTICLE I.

DEFINITIONS AND CONSTRUCTION OF TERMS

1.1 *Definitions.* ALL DEFINITIONS FOR THE PLAN AND DISCLOSURE STATEMENT SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN PLAN SCHEDULE F ATTACHED HERETO.

1.2 *Interpretation; Application of Definitions and Rules of Construction.* Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified herein, all section, article, schedule or exhibit references in the Plan are to the respective Section in, Article of, Schedule to, or Exhibit to, the Plan. The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the construction of the Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan.

ARTICLE II.

DESCRIPTION OF SECURITIES TO BE ISSUED UNDER THE PLAN

The following securities will be distributed to the holders of Allowed Claims (as set forth herein):

2.1 *New NRG Senior Notes.* The New NRG Senior Notes shall (i) be in an initial principal amount of $500,000,000.00; (ii) at the option of Reorganized NRG either (a) accrue interest commencing on the Effective Date payable semiannually in Cash at a rate of 10% per annum, or (b) accrue interest at a rate of 12% per annum payable in kind; provided, however, that any interest paid in kind shall be paid in Cash upon the earlier of the fifth anniversary of the Effective Date or the maturity date of the New NRG Senior Notes; and (iii) mature on the seventh anniversary of the Effective Date. The New NRG Senior Notes will be issued under the New NRG Senior Note Indenture. A form of the New NRG Senior Note Indenture shall be contained in the Plan Supplement.

2.2 *New NRG Common Stock.* The New NRG Common Stock shall consist of 100,000,000 voting shares of new common stock of Reorganized NRG with par value of $0.01 per share. The bylaws of

Reorganized NRG authorizing the issuance of New NRG Common Stock shall be contained in the Plan Supplement.

2.3 *Xcel Note.* The Xcel Note shall (a) be a non-amortizing promissory note issued by NRG to Xcel in an initial principal amount of $10 million, (b) accrue interest at a rate of 3% per annum, and (c) mature two and one-half (2.5) years after the Effective Date. A form of Xcel Note shall be contained in the Plan Supplement.

2.4 *Exit Facility.* To provide exit financing and to enable the possible refinance of certain debt, NRG is exploring a variety of financing arrangements in which either NRG and/or a subsidiary or subsidiaries of NRG would issue between $1.3 billion and $3.2 billion in new debt. It is likely that any new debt would be a mix of both "bank" debt and "high yield" debt, would be guaranteed by the Reorganized Debtors (other than NRG) and substantially all of the domestic subsidiaries of NRG, would be secured by stock pledges and a lien or liens on substantially all of the assets of NRG and its subsidiaries, and would contain covenants mandating and restricting certain performance by the Reorganized Debtors usual and customary for facilities of this type and amount.

The proceeds of any new debt offering(s) would be used to accomplish some or all of the following: (i) retire the Northeast Notes and South Central Notes; (ii) retire the outstanding long-term debt of one or more continuing non-debtor subsidiaries (including, but not limited to the Mid-Atlantic and Kendall projects); (iii) establish a revolving credit and letter of credit facility for NRG (in lieu of a separate exit facility); and/or (iv) monetize the New NRG Senior Notes. In the event that NRG elects to monetize the New NRG Senior Notes, it would distribute to creditors holding Allowed Claims in Class 5 and Class 6, in cash, when received, their Pro Rata share of the $500 million in proceeds associated therewith, in lieu of the New NRG Senior Notes they would have otherwise received. In addition, to the extent NRG does establish a revolving credit or letter of credit, it may enable additional cash to be distributed to creditors holding Allowed Claims in Class 5. The Plan is in no way contingent on the ability of any Debtor to obtain any such refinancing, nor would the failure to obtain any such refinancing have a material adverse impact on the ability of the Debtors to reorganize pursuant to the Plan.

ARTICLE III.

TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS, PROFESSIONAL COMPENSATION AND REIMBURSEMENT CLAIMS, PRIORITY TAX CLAIMS AND CONVENIENCE CLAIMS

3.1 *Administrative Expense Claims.* Except as otherwise provided herein, or to the extent that any Entity entitled to payment of any Allowed Administrative Expense Claim agrees to a less favorable treatment, each holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on the later of the Effective Date and the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or as soon as practicable thereafter, or on such other date as may be ordered by the Bankruptcy Court; *provided, however,* that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors (including real and personal property taxes and franchise fees) or liabilities arising under loans or advances to or other obligations incurred by the Debtors shall be paid in full and performed by the Debtors in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions. Except as provided under applicable non-bankruptcy law, Post-Petition Interest will not be paid on Allowed Administrative Claims.

3.2 *Professional Compensation and Reimbursement Claims; Fee Applications.* The holders of Professional Compensation and Reimbursement Claims shall file their respective final applications for allowances of compensation for services rendered and reimbursement of expenses incurred through the Confirmation Date by no later than the date that is ninety (90) days after the Confirmation Date, or such other date as may be fixed by the Bankruptcy Court. If granted by the Bankruptcy Court, such award shall be paid in full in such amounts as are Allowed by the Bankruptcy Court either (a) on the date such Professional Compensation and Reimbursement Claim becomes an Allowed Professional Compensation and Reimbursement Claim, or as

soon as practicable thereafter, or (b) upon such other terms as may be mutually agreed upon between such holder of an Allowed Professional Compensation and Reimbursement Claim and the Debtors. The failure to timely file a Fee Application shall result in the Professional Compensation and Reimbursement Claim being forever barred and discharged.

3.3 *Priority Tax Claims.* Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Priority Tax Claim, including Post-Petition Interest (if applicable), Cash in an amount equal to such Allowed Priority Tax Claim on the later of the Effective Date and the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon as practicable thereafter.

3.4 *Convenience Claims.* Holders of General Unsecured Claims excluding Note Claims and Bank Claims against any Debtor that otherwise would be included in Class 5 or Class 6, but with respect to each such Claim, the applicable Claim either (a) is equal to or less than $50,000.00 or (b) is reduced to $50,000.00, in full settlement of such claim, pursuant to an election by such holder made on the Ballot (which election shall include granting the applicable releases described in 9.3D of the Plan) by the applicable voting deadline as specified in the Disclosure Statement, shall be treated in accordance with Section 4.6 herein. For purposes of treatment under Class 2, multiple Claims of a holder against a particular Debtor arising in a series of similar or related transactions between such Debtor and the original holder of such Claims will be treated as a single Claim and no splitting of Claims will be recognized for purposes of distribution.

ARTICLE IV.

CLASSIFICATION AND TREATMENT OF CLAIMS AND

EQUITY INTERESTS AND VOTING RIGHTS

4.1 *Summary.* Except to the extent that an Eligible Reallocation Creditor completes a Reallocation Transaction pursuant to Article V hereof, the categories of Claims and Interests listed below classify Allowed Claims and Allowed Interests as applicable for each Debtor for all purposes, including voting, confirmation, and distribution pursuant to the Plan. Except as otherwise provided in the Plan or the Confirmation Order or required by subsection 506(b) or section 1124 of the Bankruptcy Code, (a) Allowed Claims do not include interest or similar finance charges on such claims that accrue after the Petition Date, and (b) any Post-Petition Interest that is payable in respect of a Priority Tax Claim shall be calculated at the applicable Tax Rate. The charts set forth below are only intended as a summary description of the treatment of the described Claims and Interests and the terms of the debt and securities to be issued under the Plan. Sections 4.5 through 4.17 of this Article IV of the Plan control to the extent of any inconsistency between the provisions thereof and the following summary. In addition, Xcel shall be excluded from all Classes of Claims and Interests (other than Class 9) listed below.

Class	Type of Claim/Interest	Treatment	Voting Rights
Class 1	Unsecured Priority Claims	*Unimpaired.* Each holder of a Class 1 Claim will receive Cash in an amount equal to the Allowed Amount of their Claim.	Not entitled to vote. Deemed to accept.
Class 2	Convenience Claims	*Impaired.* Each holder of an Allowed Claim in Class 2 will receive Cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4 of the Plan).	Entitled to vote.

Class	Type of Claim/Interest	Treatment	Voting Rights
Class 3	Secured Claims against Noncontinuing Debtor Subsidiaries	*Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of a Secured Claim classified in Class 3 (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such Allowed Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 3 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.	Entitled to vote
Class 4	Miscellaneous Secured Claims	*Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of an Allowed Miscellaneous Secured Claim (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an Allowed Miscellaneous Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 4 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.	Entitled to vote

Class	Type of Claim/Interest	Treatment	Voting Rights
Class 5	NRG Unsecured Claims, including NRG Terminated Guaranty Claims	*Impaired.* Subject to Section 10.2 hereof with respect to the NRG Letter of Credit Claims, each holder of an Allowed Claim in Class 5 will receive its Pro Rata Share of (a) on the Effective Date, the New NRG Senior Notes [1] (subject to allocations to Class 6), (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan and by New NRG Common Stock allocated to Class 6, and (c) if such holder makes the Release Election on its Ballot, Cash equal to its Pro Rata Share of the Release-Based Amount pursuant to the terms of the Release-Based Amount Agreement, provided that if such holder is bound to the releases set forth in Sections 9.3(d) and (g) hereof by a Final Order, such holder shall receive Cash equal to its Pro Rata share of the Release-Based Amount.	Entitled to vote
Class 6	PMI Unsecured Claims	*Impaired.* On the Effective Date, each holder of an Allowed Class 6 Claim will receive its Pro Rata Share calculated on the aggregate amount of the Allowed Claims in Class 5 and 6 of New NRG Senior Notes [2] and shares of New NRG Common Stock allocated to Class 6 from Class 5.	Entitled to vote
Class 7	Unsecured Noncontinuing Debtor Subsidiary Claims	*Impaired.* Each holder of an Allowed Class 7 Claim shall receive no distribution under the Plan on account of such Class 7 Claims.	Not entitled to vote. Deemed to reject.
Class 8A	NRG Cancelled Intercompany Claims (set forth in Exhibit L)	*Impaired.* Each holder of an Allowed Class 8A Claim shall receive no distribution under the Plan on account of such Class 8A Claims.	Not entitled to vote. Deemed to reject.
Class 8B	NRG Reinstated Intercompany Claims (set forth in Exhibit M)	*Unimpaired.* Each holder of an Allowed Class 8B Claim shall have its Claim reinstated in full on the Effective Date.	Not entitled to vote. Deemed to accept.
Class 9	NRG Old Common Stock	*Impaired.* No property will be distributed to or retained by the holders of Allowed Equity Interests in Class 9. On the Effective Date, each and every Equity Interest in Class 9 shall be cancelled and discharged and the holders of Class 9 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.	Not entitled to vote. Deemed to reject.

[1] In the event that NRG elects to monetize the New Senior Notes as more fully set forth in Section 2.4 such holders would receive Cash.

[2] In the event that NRG elects to monetize the New Senior Notes as more fully set forth in Section 2.4 such holders would receive Cash.

Class	Type of Claim/Interest	Treatment	Voting Rights
Class 10	PMI Old Common Stock	*Unimpaired.* NRG shall retain its 100% ownership interest in PMI.	Not entitled to vote. Deemed to accept.
Class 11	Securities Litigation Claims	*Impaired.* Each and every Claim in Class 11 shall be cancelled and discharged and the holders of Class 11 Claims shall receive no distribution under the Plan on account of such Claims.	Not entitled to vote. Deemed to reject.
Class 12	Noncontinuing Debtor Subsidiary Common Stock	*Impaired.* Each and every Equity Interest in Class 12 shall be cancelled and discharged and the holders of Class 12 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.	Not entitled to vote. Deemed to reject.

4.2 *Payment of Interest.* Allowed Claims shall include amounts owed with respect to the period prior to the Petition Date and applicable interest, fees and other charges accrued and unpaid during such period. Unless otherwise provided herein, there shall not be any distributions on account of interest accrued from and after the Petition Date through the Effective Date ("Post-Petition Interest").

4.3 *Allowance of Bank Group and Note Claims.* All Note Claims, all NRG Letter of Credit Claims, all NRG FinCo Secured Revolver Claims, all NRG Unsecured Revolver Claims, and all recourse claims of any project lender against NRG (including the NRG FinCo Secured Revolver Recourse Claim), excluding in each case Post-Petition Interest, letter of credit fees and other similar post-petition charges not generally allowable under the Bankruptcy Code, shall in full constitute Allowed Claims, in accordance with the terms of the applicable documents that give rise to such Claims, without defense, offset, counterclaim, reduction, subordination or recharacterization. Notwithstanding the foregoing, such Claims can be objected to solely with regard to (i) the proper calculation of the amount of any such Claims in accordance with the relevant documentation for such Claims and (ii) solely in connection therewith, the proper interpretation of all such documents.

4.4 *Timing of Payments and Distributions.* Except as otherwise provided in the Plan and to the extent a holder of an Allowed Claim or Equity Interest has otherwise been paid all or a portion of such holder's Allowed Claim or Equity Interest prior to the Effective Date, each of the distributions specified in this Article IV with respect to each Allowed Claim or Equity Interest shall (i) occur on the later of the date such Allowed Claim or Equity Interest becomes an Allowed Claim or Equity Interest or the date specified in sections 4.5 through 4.17 hereof; or as soon as practicable thereafter and (ii) be in full and complete settlement, satisfaction and discharge of such Allowed Claim or Equity Interest.

4.5 *Class 1 — Unsecured Priority Claims*

(a) *Distributions.* On the Effective Date, each holder of an Allowed Class 1 Claim will receive Cash in an amount equal to the Allowed Amount of its Claim.

(b) *Impairment and Voting.* Class 1 is unimpaired under the Plan. Each holder of an Allowed Class 1 Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.6 *Class 2 — Convenience Claims.*

(a) *Distributions.* Each holder of an Allowed Class 2 Claim will receive Cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4).

(b) *Impairment and Voting.* Class 2 is impaired under the Plan. Each holder of an Allowed Class 2 Claim against a Debtor is entitled to vote to accept or reject the Plan.

4.7 *Class 3 — Secured Claims against Noncontinuing Debtor Subsidiaries.*

(a) *Distributions.* At the Debtors' option, the Debtors shall distribute to each holder of a Secured Claim classified in Class 3 (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such Allowed Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 3 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Article IV of the Plan.

(b) *Impairment and Voting.* Class 3 is impaired under the Plan. Each holder of an Allowed Class 3 Claim against a Debtor is entitled to vote to accept or reject the Plan.

4.8 *Class 4 — Miscellaneous Secured Claims.*

(a) *Distributions.* At the Debtors' option, the Debtors shall distribute to each holder of an Allowed Miscellaneous Secured Claim (a) the Collateral securing such Allowed Secured Claim, (b) Cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any Collateral securing such Allowed Secured Claim, less the actual costs and expenses of disposing of such Collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an Allowed Miscellaneous Secured Claim, on the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which such Claim becomes an Allowed Secured Claim, or as soon after such dates as is practicable. Each holder of an Allowed Claim in Class 4 shall retain the Liens securing such Claim as of the Confirmation Date until the Debtors shall have made the distribution to such holder provided for in Section 4.8 of the Plan.

(b) *Impairment and Voting.* Class 4 is impaired under the Plan. Each holder of an Allowed Class 4 Claim against a Debtor is entitled to vote to accept or reject the Plan.

4.9 *Class 5 — NRG Unsecured Claims, Including NRG Terminated Guaranty Claims*

(a) *Distributions.* Subject to Section 10.2 hereof with respect to the NRG Letter of Credit Claims, each holder of an Allowed Claim in Class 5 will receive its Pro Rata Share of (a) on the Effective Date, the New NRG Senior Notes (subject to allocations to Class 6), (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan and by New NRG Common Stock allocated to Class 6, and (c) if such holder makes the Release Election on its Ballot, Cash equal to its Pro Rata Share of the Release-Based Amount pursuant to the terms of the Release-Based Amount Agreement, provided that if such holder is bound to the releases set forth in Sections 9.3(d) and (g) hereof by a Final Order, such holder shall receive Cash equal to its Pro Rata share of the Release-Based Amount.

(b) *Impairment and Voting.* Class 5 is impaired under the Plan. Each holder of an Allowed Class 5 Claim is entitled to vote to accept or reject the Plan.

(c) *Allocation.* Assuming a creditor elects to receive the Release-Based Amount, and does not elect to take part in the Reallocation Procedures, then approximately 15.1 percent of the estimated recovery would be paid in New NRG Senior Notes, which will be distributed on the Effective Date; approximately 72.7 percent would be paid in New NRG Common Stock, which will be distributed on the Effective Date, and approximately 12.2 percent would be paid in Cash, which would be distributed in accordance with the Release-Based Amount Agreement. Without limiting the generality of the foregoing, each $1,000 of Allowed Claim amounts in Class 5 meeting the above conditions would receive an estimated aggregate distribution of $507, distributed as follows: $61 in Cash, $77 in New NRG Senior Notes and $369 in New NRG Common Stock.

(d) NRG Undetermined Guarantees shall be treated as rejected unless or until such time that the Debtors determine, in their sole discretion to treat the NRG Undetermined Guarantees as NRG Reinstated Guarantees, or until such time as the Debtors and the beneficiary of the NRG Undetermined Guarantees shall agree on some different treatment therefore. If the NRG Undetermined Guarantee has not been converted to an NRG Reinstated Guarantee or otherwise treated in a manner that is mutually agreeable to the parties on or before the Voting Record Date, the holder of such NRG Undetermined Guarantee shall have an Allowed Claim for voting purposes only in the amount of such NRG Undetermined Guarantee, as set forth in Exhibit K. To the extent that Debtors determine, in their sole discretion to treat the NRG Undetermined Guarantee as an NRG Reinstated Guarantee, it shall give written notice of such treatment to the holder of such NRG Undetermined Guarantee not less than 10 days prior to the Voting Record Date. If the Holder of such NRG Undetermined Guarantee does not receive such a notice, it shall file a proof of claim relating to such guarantee in accordance with the rejection procedures approved by the Court in this case.

4.10 *Class 6 — PMI Unsecured Claims.*

(a) *Distributions.* On the Effective Date, each holder of an Allowed Class 6 Claim will receive its Pro Rata Share calculated on the aggregate amount of the Allowed Claims in Class 5 and 6 of New NRG Senior Notes and shares of New NRG Common Stock allocated to Class 6 from Class 5.

(b) *Impairment and Voting.* Class 6 is impaired under the Plan. Each holder of an Allowed Class 6 Claim is entitled to vote to accept or reject the Plan.

(c) *Allocation.* Assuming a Creditor does not elect to take part in the Reallocation Procedures, then approximately 17.2 percent of the estimated recovery would be paid in New NRG Senior Notes, which will be distributed on the Effective Date and approximately 82.8 percent would be paid in New NRG Common Stock, which will be distributed on the Effective Date. Without limiting the generality of the foregoing, each $1,000 of Allowed Claim amounts in Class 6 meeting the above conditions would receive an estimated aggregate distribution of $446, distributed as follows: $77 in New NRG Senior Notes and $369 in New NRG Common Stock.

4.11 *Class 7 — Unsecured Noncontinuing Debtor Subsidiary Claims.*

(a) *Distributions.* Each holder of an Allowed Class 7 Claim shall receive no distribution under the Plan on account of such Class 7 Claims.

(b) *Impairment and Voting.* Class 7 is impaired under the Plan. Each holder of an Allowed Class 7 Claim is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

4.12 *Class 8A — NRG Cancelled Intercompany Claims.*

(a) *Distributions* Each holder of an Allowed Class 8A Claim shall receive no distribution under the Plan on account of such Class 8A Claims.

(b) *Impairment and Voting.*

Class 8A is impaired under the Plan. Each holder of an Allowed Class 8A Claim is conclusively presumed to have rejected the Plan and is not entitled to vote to accept or reject the Plan.

4.13 *Class 8B — NRG Reinstated Intercompany Claims*

(a) *Distributions*

Each holder of an Allowed Class 8B Claim shall have its claim reinstated on the Effective Date.

(b) *Impairment and Voting*

Class 8B is unimpaired under the Plan. Each holder of an Allowed Class 8B Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

4.14 *Class 9 — NRG Old Common Stock.*

(a) *Distributions.* No property will be distributed to or retained by the holders of Allowed Claims in Class 9. On the Effective Date, each and every Interest in Class 9 shall be cancelled and discharged and the holders of such Interests in Class 9 shall receive no distribution under the Plan.

(b) *Impairment and Voting.* Class 9 is impaired by the Plan and holders of Class 9 Interests shall not be entitled to vote on the Plan and, instead, shall be deemed to have rejected the Plan.

4.15 *Class 10 — PMI Old Common Stock.*

(a) *Distributions.* NRG shall retain its 100% ownership interest in the Old Common Stock of PMI.

(b) *Impairment and Voting.* Class 10 is unimpaired under the Plan. Each holder of a Class 10 Equity Interest shall not be entitled to vote on the Plan, and instead, shall be deemed to have accepted the Plan.

4.16 *Class 11 — Securities Litigation Claims.*

(a) *Distributions.* Each and every Claim in Class 11 shall be cancelled and discharged and the holders of Class 11 Claims shall receive no distribution under the Plan on account of such Claims.

(b) *Impairment and Voting.* Class 11 is impaired by the Plan and holders of Class 11 Claims shall not be entitled to vote on the Plan and, instead, shall be deemed to have rejected the Plan.

4.17 *Class 12 — Noncontinuing Debtor Subsidiary Common Stock.*

(a) *Distributions.* Each and every Equity Interest in Class 12 shall be cancelled and discharged and the holders of Class 12 Equity Interests shall receive no distribution under the Plan on account of such Equity Interests.

(b) *Impairment and Voting.* Class 12 is impaired by the Plan and holders of Class 12 Equity Interests shall not be entitled to vote on the Plan and, instead, shall be deemed to have rejected the Plan.

ARTICLE V.

NRG REALLOCATION PROCEDURES

5.1 *Reallocation Procedures.* Each Eligible Reallocation Creditor will have the option of electing prior to the Effective Date to be either an Electing Equity Recipient or an Electing Cash and Debt Recipient. Such election may be made irrespective of whether such creditor has voted in favor of the Plan. If a creditor makes neither election, then the reallocation procedures in this Article V will not apply, and such creditor shall be entitled to receive the distributions it is entitled to receive in respect of its Allowed Claims in Class 5 or Class 6 under Article IV hereof. Any creditor holding a Disputed Claim in Class 5 or Class 6 as of the Voting Record Date shall be entitled, but not required, to make an election pursuant to Section V hereof; *provided that* any such creditor who makes an election must have an Allowed Claim on or before the Effective Date to take part in any reallocation pursuant to Section V hereof.

(a) *Electing Equity Recipient Election.* By making an election to be an Electing Equity Recipient, an Eligible Reallocation Creditor agrees to contribute to the Reallocation Liquidity Pool some or all of the Cash (other than Cash representing the Separate Bank Settlement Payment) and New NRG Senior Notes comprising the respective Elected Cash Amount and Elected Debt Amount it would otherwise receive in respect of its Allowed Claims in Class 5 or Class 6 under Article IV hereof.

(b) *Electing Cash and Debt Recipient Election.* By making the opposite election, to be an Electing Cash and Debt Recipient, a Creditor agrees to offer all of its New NRG Common Stock comprising the Elected Equity Amount it would otherwise receive in respect of its Allowed Claims in Class 5 or Class 6 under Article IV hereof, at the Standard Rate or at such lower Cash or debt price set forth on the Ballot respectively as specified by the Electing Cash and Debt Recipient in its election at its sole discretion.

(c) *Reallocation Administration.* The Debtors will administer the reallocation as follows:

(i) First, all New NRG Common Stock that would otherwise have been distributed to Electing Cash and Debt Recipients pursuant to the terms of the Plan will first be reallocated so that such Electing Cash and Debt Recipients shall instead receive Cash from the Reallocation Liquidity Pool to the extent such Cash is available, starting with the lowest specified Cash price per share for New NRG Common Stock and moving upward until either all available Cash or all available New NRG Common Stock has been reallocated pursuant to the provisions of this Article V.

(ii) Second, all New NRG Senior Notes in the Reallocation Liquidity Pool will be reallocated to Electing Cash and Debt Recipients in exchange for any available New NRG Common Stock offered for reallocation pursuant to the provisions of this Article V, starting with the lowest specified price (for consideration in the form of New NRG Senior Notes) until either all remaining New NRG Senior Notes in the Reallocation Liquidity Pool or New NRG Common Stock made available by Electing Cash and Debt Recipients in return for New NRG Senior Notes are exhausted.

(iii) Once the foregoing reallocations are completed, each Electing Cash and Debt Recipient will be entitled to receive under this Plan (A) Cash for its New NRG Common Shares, at the Cash price it has selected (or at the Standard Rate, if a lower price has not been selected), to the extent taken up in the reallocation in Section 5.1(c)(i) hereof, (B) New NRG Senior Notes at the debt price it has selected (or at the Standard Rate, if a lower price has not been selected), to the extent allocated in Section 5.1(c)(ii) hereof, and (C) its initially allocated New NRG Common Stock, to the extent not so allocated in any reallocation, in addition to the Cash and New NRG Senior Notes it was otherwise entitled to receive under this Plan.

(iv) The Debtors shall calculate the Pro Rata Share of each Electing Equity Recipient based upon its initial contribution of Cash and New NRG Senior Notes to the Reallocation Liquidity Pool and such Electing Equity Recipient will receive a distribution of such Pro Rata Share of the New NRG Common Stock, and, if applicable, New NRG Senior Notes or Cash remaining in the Reallocation Liquidity Pool following the reallocation and distribution under Section 5.3(c)(iii), in addition to the New NRG Common Stock it was otherwise entitled to receive under this Plan.

(v) The Debtors shall be authorized to adopt such additional detailed procedures, not inconsistent with the foregoing, to efficiently administer the reallocation, including procedures for avoiding issuance of fractional shares of New NRG Common Stock or New NRG Senior Notes having denominations other than multiples of $1,000.00. If two or more Electing Cash and Debt Recipients shall each have made New NRG Common Stock available at the same price but there is an insufficient amount of Cash or New NRG Senior Notes available in the Reallocation Liquidity Pool to effect a reallocation for all such equity, the Exchange Agent shall endeavor to reallocate any available Cash or New NRG Senior Notes on a Pro Rata basis among such Electing Cash and Debt Recipients.

ARTICLE VI.

PROVISIONS REGARDING VOTING AND DISTRIBUTIONS UNDER THE PLAN AND TREATMENT OF DISPUTED, CONTINGENT AND UNLIQUIDATED ADMINISTRATIVE EXPENSE CLAIMS, CLAIMS AND EQUITY INTERESTS

6.1 *Voting of Claims and Equity Interests.* Each holder of record as of the Voting Record Date of an Allowed Claim in an Impaired Class of Claims entitled to vote as set forth in Article IV hereof shall be entitled to vote separately to accept or reject the Plan with regard to each Impaired Class of Claims as provided for in the Disclosure Statement Order. Subject to Section 4.3 hereof, if the Debtors object to a Claim, the Claim becomes a Disputed Claim. A Disputed Claim is not entitled to vote on the Plan unless the Debtors obtain or the holder of the Disputed Claim obtains an order of the Bankruptcy Court estimating the amount of the Disputed Claim for voting purposes. If the Debtors do not object to a Claim prior to the date on

which the Disclosure Statement and the Ballot are transmitted to creditors for voting, the holder of such Claim will be permitted to vote on the Plan in the full amount of the Claim as filed.

6.2 *Procedural Consolidation.* The Plan is premised upon the procedural consolidation of the Debtors solely for purposes of actions associated with the confirmation and consummation of the Plan, including for purposes of voting, confirmation and distribution, including for purposes of determining whether the requirements of 1129(a)(8) have been satisfied. As contrasted with procedural consolidation, substantive consolidation may affect the substantive rights and obligations of creditors and debtors, depending upon the nature of the requested consolidation.

The procedural consolidation contemplated by the Plan shall not affect any substantive rights or obligations of any of the creditors. Procedural consolidation shall save the Debtors certain administrative costs by permitting them to solicit votes on a single Plan instead of separately soliciting votes on Plan acceptance for each of the Debtors. The Debtors believe that an alternative result would confuse creditors and stockholders without adding to their ability to decide whether to accept or reject the Plan. Except as otherwise set forth herein, the Plan does not contemplate the merger or dissolution of any Debtor or the transfer or commingling of any asset of any Debtor.

6.3 *Elimination of Vacant Classes.* Any Class of Claims that is not occupied as of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily allowed under Bankruptcy Rule 3018 or as to which no vote is cast shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

6.4 *Nonconsensual Confirmation.* If any Impaired Class of Claims or Equity Interests entitled to vote shall not accept the Plan by the requisite statutory majorities provided in section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to amend the Plan in accordance with Section 15.8 hereof or to undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code, or both.

6.5 *Method of Distributions Under the Plan.*

(a) *Disbursing Agent.* All distributions under the Plan shall be made by the Debtors as Disbursing Agents or such other Entity designated by the Debtors as Disbursing Agent. A Disbursing Agent shall not be required to provide any bond, surety or other security for the performance of its duties, unless otherwise ordered by the Bankruptcy Court; and, in the event that a Disbursing Agent is so otherwise ordered, all costs and expenses of procuring any such bond, surety or other security shall be borne by the Debtors.

(b) *Distributions to Holders as of the Distribution Record Date.*

(i) Subject to Bankruptcy Rule 9010 and to Section 10.2 hereof, all distributions under the Plan shall be made (A) to the holder of each Allowed Claim or Equity Interest at the address of such holder as listed on the Debtors' Bankruptcy Schedules as of the Distribution Record Date, unless the Debtors have been notified in writing of a change of address, including by the filing of a timely proof of Claim by such holder that provides an address for such holder different from the address reflected on the Debtors' Bankruptcy Schedules, or (B) pursuant to the terms of a particular indenture of the Debtors or in accordance with other written instructions of a trustee under such indenture.

(ii) As of the close of business on the Distribution Record Date, the Claims register shall be closed and there shall be no further changes in the record holder of any Claim or Equity Interest. The Debtors shall have no obligation to recognize any transfer of any Claim. The Debtors shall instead be authorized and entitled to recognize and deal for all purposes of the Plan with only those record holders stated on the claims register as of the close of business on the Distribution Record Date.

(c) *Distributions of Cash.* Any payment of Cash made by the Debtors pursuant to the Plan shall, at the Debtors' option, be made to the appropriate bank administrative agents, trustees for the Notes or

other creditors for distribution by check drawn on a domestic bank or wire transfer, and shall first be drawn proportionately from the segregated Cash accounts established pursuant to the terms of this Plan before any other Cash sources are used.

(d) *Timing of Distributions.* Except as otherwise set forth in the Plan or the Plan Documents, payments and distributions to holders of Allowed Claims on the Effective Date shall be made pursuant to the timing designated in Sections 4.5 through 4.17, or as soon as practicable thereafter. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

(e) *Allocation of Plan Distributions.* All distributions in respect of Allowed Claims shall be allocated first to the portion of such Claims representing interest (as determined for federal income tax purposes), second to the original principal amount of such Claims (as determined for federal income tax purposes), and any excess to the remaining portion of such Claims.

(f) *Minimum Distributions.* No payment of Cash less than one hundred U.S. dollars ($100.00) shall be made by the Debtors to any holder of a Claim unless a request therefor is made in writing to the Debtors.

(g) *Unclaimed Distributions.* All distributions under the Plan that are unclaimed for a period of one (1) year after distribution thereof shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and vested in the Reorganized Debtors and any entitlement of any holder of any Claim or Equity Interest to such distributions shall be extinguished and forever barred; provided that distributions to be made to the holders of Claims in Class 5 and Class 6 that are unclaimed for a period of one (1) year after distribution thereof shall be distributed to the holders of Claims in Class 5.

6.6 *Objections to and Resolution of Administrative Expense Claims and Claims.* Except as to applications for allowance of compensation and reimbursement of Professional Compensation and Reimbursement Claims under sections 330 and 503 of the Bankruptcy Code, the Reorganized Debtors shall, on and after the Effective Date, have the exclusive right to make and file objections to Administrative Expense Claims. Except as to applications for allowance of compensation and reimbursement of Professional Compensation and Reimbursement Claims under sections 330 and 503 of the Bankruptcy Code, on and after the Effective Date, the Reorganized Debtors shall have the authority to compromise, settle, otherwise resolve or withdraw any objections to Administrative Expense Claims and Claims and compromise, settle or otherwise resolve Disputed Administrative Expense Claims and Disputed Claims without the approval of the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court, (a) all objections to Claims (except for Administrative Expense Claims) shall be served and filed upon the holder of the Claim as to which the objection is made (and, as applicable, upon the Debtors, the Noteholder Group, the Global Steering Committee, and the Committee) as soon as is practicable, but in no event later than the Effective Date, and (b) all objections to Administrative Expense Claims shall be served and filed upon the holder of the Administrative Expense Claim as to which the objection is made (and, as applicable, upon the Debtors or the Reorganized Debtors, as the case may be, the Noteholder Group, the Global Steering Committee, the Committee) as soon as is practicable, but in no event later than ninety (90) days after the Effective Date.

6.7 *Payment of Other Fees.* Any reasonable unpaid fees and expenses accrued through the Confirmation Date (except for any unpaid fees and expenses previously disallowed by the Bankruptcy Court) of: (i) any trustees for any Notes or under any note indenture, if any, (acting in their capacities as trustees and, if applicable, acting in their capacities as Disbursing Agents), (ii) the Global Steering Committee and their respective professionals; provided that the Global Steering Committee shall not have more than one set of advisors; (iii) the Noteholders and their respective professionals for the period from the Petition Date until the appointment of counsel to the Committee; (iv) to the extent that the Debtors obtain exit financing, the reasonable attorney's fees of the agent bank for such financing, shall be paid by the Debtors within ten (10) days after the Effective Date. Any such fees and expenses accruing after the Effective Date shall be payable as provided in the applicable agreement providing for such payment, or, without the need for any additional court order, in the case of any exit financing the bank acting as administrative agent, in its capacity as administrative agent under the Exit Facility, at least quarterly. Upon payment of such fees and expenses,

such Persons shall be deemed to have released their Liens securing payment of their fees and expenses for all fees and expenses accrued through the Effective Date.

6.8 *Cancellation of Existing Securities and Agreements.* Except as otherwise provided herein, on the Effective Date, the Debtor's obligations under the promissory notes, bonds, debentures and all other debt instruments evidencing any Claim, including Administrative Expense Claims, other than those that are reinstated and rendered unimpaired or renewed and extended pursuant to Article IV hereof, or renewed and remain outstanding pursuant to Article IV hereof, respectively, shall be deemed cancelled without further act or action under any applicable agreement, law, regulation, order or rule and the obligations of the Debtors under the agreements and indentures governing such Claims, as the case may be, shall be discharged. Except as otherwise provided herein, the Equity Interests shall be cancelled. Holders of promissory notes, bonds, debentures and any and all other debt instruments evidencing any Claim shall not be required to surrender such instruments; provided, however, that certain Notes and the indentures applicable thereto shall continue in effect solely for the purposes of (a) allowing the holders of such Notes to receive their distributions hereunder, (b) allowing the Notes trustee to make the distributions, if any, to be made on account of such Notes, and (c) permitting such trustee, if applicable, to assert a charging Lien against any such distributions for payment of the trustee fee under the relevant Note indentures.

6.9 *Impairment Controversies.* If a controversy arises as to whether any Claim or Equity Interest, or any Class of Claims or Class of Equity Interests, is impaired under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy.

6.10 *Confirmation Without Acceptance by All Impaired Classes.* Classes 7, 8A, 9, 11 and 12 are classes of Claims or Equity Interests that are deemed to have rejected the Plan. Notwithstanding such rejections (or the rejection by one or more other impaired Classes under the Plan), the Debtors intend to seek confirmation of the Plan in accordance with section 1129(b) of the Bankruptcy Code.

ARTICLE VII.

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1 *Assumption, Assignment or Rejection of Executory Contracts and Unexpired Leases.*

(a) *Assumption of Executory Contracts and Unexpired Leases.* Pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases that exist between or among the Debtors and any Person or Governmental Entity shall be deemed assumed by the Debtors as of the Effective Date, except that any executory contract or unexpired lease shall be deemed rejected by the Debtors as of the Effective Date (i) that has been rejected pursuant to a Final Order entered prior to the Confirmation Date, (ii) as to which a motion for approval of the rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date that results in a Final Order or (iii) that is set forth in Exhibit A to the Plan Supplement; provided, however, that (1) the Debtors reserve the right, on or prior to the conclusion of the confirmation hearing, to amend the Plan Supplement so as to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) shall be deemed to be assumed by the Debtors or rejected, as the case may be, as of the Effective Date and (2) notwithstanding anything to the contrary in the Plan or the Confirmation Order, the assumption or rejection of any executory contract or unexpired lease between, inter alia, any Debtor and Xcel, or any affiliate of Xcel, will be governed by the Xcel Settlement Agreement. The Debtors will give notice of any such amendment to each counterparty to any executory contract the status of which is changed as a result of the amendment (i.e., any executory contract which is to be assumed, rejected or assumed and assigned as a result of the amendment). In the event that the counterparty opposes such proposed amendment, the Debtors will make all reasonable efforts to provide such counterparty a reasonable opportunity under the circumstances to object prior to the Confirmation Date and, to the extent that such counterparty had the right to vote on the Plan, or became entitled to vote on the Plan as a result of any amendments to the Plan, to provide such counterparty a reasonable time to cast a Ballot to accept or reject the Plan, or to

amend its Ballot. The listing of a document in the Plan Supplement shall not constitute an admission by the Debtors that such document is an executory contract or an unexpired lease or that the Debtors have any liability thereunder.

(b) *Assumption and Assignment of Executory Contracts and Unexpired Leases.* Pursuant to sections 365(f) and 1123(b)(2) of the Bankruptcy Code, all executory contracts and unexpired leases specified in Exhibit B to the Plan Supplement shall be deemed assumed and assigned by the Debtors on the Effective Date to those entities as set forth in such schedules. The Debtors reserve the right, on or prior to the conclusion of the Confirmation Hearing, to amend the Plan Supplement so as to delete any executory contract or unexpired lease therefrom or add any executory contract or unexpired lease thereto, in which event such executory contract(s) or unexpired lease(s) will be treated as set forth on such schedules as of the Effective Date. Each executory contract and unexpired lease to be assumed or assumed and assigned by the Debtors shall include modifications, amendments, supplements, restatements or other similar agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed in the Plan Supplement.

7.2 *Schedules of Rejected Executory Contracts and Unexpired Leases; Inclusiveness.* Each executory contract and unexpired lease listed or to be listed in the Plan Supplement shall include (i) modifications, amendments, supplements, restatements or other similar agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such executory contract or unexpired lease, without regard to whether such agreement, instrument or other document is listed in the Plan Supplement, and (ii) executory contracts or unexpired leases appurtenant to the premises listed in the Plan Supplement, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, usufructs, reciprocal easement agreements or vault, tunnel or bridge agreements, and any other interests in real estate or rights in rem relating to such premises to the extent any of the foregoing are executory contracts or unexpired leases, unless any of the foregoing agreements previously have been assumed or assumed and assigned by the Debtors.

7.3 *Approval of Assumption, Assumption and Assignment or Rejection of Executory Contracts and Unexpired Leases.* Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the executory contracts and unexpired leases assumed pursuant to Section 7.1(a) of the Plan, (b) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtors may assume, assume and assign or reject the unexpired leases of non-residential property specified in Section 7.1(a) hereof through the date of entry of the Confirmation Order, (c) approval, pursuant to sections 365(f) and 1123(b)(2) of the Bankruptcy Code, of the assignment of the executory contracts and unexpired leases assigned pursuant to Section 7.1(b) and Article VII hereof, and (d) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to Section 7.1(a) hereof.

7.4 *Cure of Defaults.* Except as may otherwise be agreed to by the parties, within thirty (30) days after the Effective Date, the Debtors shall cure any and all undisputed defaults under any executory contract or unexpired lease assumed, or assumed and assigned, by the Debtors pursuant to Sections 7.1(a) and (b) hereof, in accordance with section 365(b)(1) of the Bankruptcy Code. All disputed defaults that are required to be cured shall be cured either within thirty (30) days of the entry of a Final Order determining the amount, if any, of the Debtors' liability with respect thereto, or as may otherwise be agreed to by the parties.

7.5 *Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan.* Claims arising out of the rejection of an executory contract or unexpired lease pursuant to Section 7.1 hereof must be properly filed in the Chapter 11 Case and served upon the Debtors no later than 30 days after the Confirmation Date. All such Claims not filed within such time shall be forever barred from assertion against the Debtors, its Estates and its property.

7.6 *Retiree Benefits.* Payments, if any, due to any Person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical or hospital care

benefits, or benefits in the event of sickness, accident, disability or death under any plan, fund or program (through the purchase of insurance or otherwise) maintained or established in whole or in part by the Debtors prior to the Petition Date shall be continued for the duration of the period the Debtors have obligated themselves to provide such benefits.

ARTICLE VIII.

IMPLEMENTATION OF THE PLAN

8.1 *Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors.* Except as otherwise provided herein, after the Effective Date, each of the respective Reorganized Debtors shall continue to exist in accordance with the applicable laws in the respective jurisdictions in which they are incorporated and pursuant to their respective certificates of incorporation, articles of formation, or by-laws in effect prior to the Effective Date, except to the extent that such certificates of incorporation, articles of formation, or by-laws are amended under this Plan. In the event Class 6 rejects the Plan, PMI may be withdrawn from the Plan pursuant to Section 8.10, and may not be reorganized but rather could be liquidated. On and after the Effective Date, each of the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property and compromise or settle any claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, each of the Reorganized Debtors may pay the charges that it incurs on or after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

8.2 *Corporate Governance, Directors, Officers, and Corporate Action.*

(a) *Certificates of Incorporation and By-Laws.* Effective on the Effective Date, each Reorganized Debtor's certificate of incorporation shall be amended to be an Amended and Restated Certificate of Incorporation, and the existing certificates of incorporation shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. The Amended and Restated Certificate of Incorporation shall, among other things, authorize the issuance of the New NRG Common Stock, where applicable, in amounts not less than the amounts necessary to permit the distributions required or contemplated by the Plan. After the Effective Date, the Reorganized Debtors may amend and restate their respective certificates of incorporation and by-laws as permitted by applicable law.

(b) *Directors and Officers of Reorganized NRG.* Subject to any requirement of the Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the officers of Reorganized NRG shall be identified to the Court prior to the Confirmation Hearing. On the Effective Date, the operation of the business of the Reorganized Debtors shall become the general responsibility of their respective boards of directors subject to, and in accordance with, their respective certificates of incorporation or other such organizational documents. The board of directors for Reorganized NRG shall consist of the post-reorganization CEO and ten (10) individuals, of which, six (6) directors shall be designated by the members of the Noteholder Group serving on the Committee and four (4) directors shall be designated by the members of the Bank Group. Such directors shall be deemed elected or appointed, as the case may be, pursuant to the Confirmation Order but shall not take office and shall not be deemed to be elected or appointed until the Effective Date. Those directors and officers not continuing in office shall be deemed removed therefrom as of the Effective Date pursuant to the Confirmation Order.

(c) *Corporate Action.* On the Effective Date, the adoption of the Amended and Restated Certificates of Incorporation, the amended and restated by-laws, and any necessary certificates of designation or similar constituent documents, the selection of members of the board of directors and officers for Reorganized Debtors, and all other actions contemplated by the Plan shall be authorized and approved in all respects (subject to the applicable provisions of the Plan). All matters provided for in the Plan involving the corporate structure of the Reorganized Debtors, and any corporate action required by the Debtors or Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and

shall be in effect pursuant to applicable state law without any requirement of further action by the holders of the Equity Interests in the Debtors, where applicable, or members of the boards of directors of the Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors and members of the boards of directors of the Reorganized Debtors are authorized to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors.

(d) *Compensation and Benefit Programs*.

(i) Subject to the Term Sheet and an Employee Matters Agreement to be included in the Plan Supplement and except or to the extent previously assumed or rejected by an order of the Bankruptcy Court, on or before the Confirmation Date, all employee compensation and benefit programs of the Debtors as amended or modified, including programs subject to sections 1114 and 1129(a)(13) of the Bankruptcy Code, entered into before or after the Commencement Date and not since terminated, shall be deemed to be, and shall be treated as though they are, executory contracts that are assumed except executory contracts or plans as have previously been rejected, are the subject of a motion to reject or have been specifically waived by the beneficiaries of any plans or contracts; provided, however, that the Debtors may pay all retiree benefits as described in section 1114 of the Bankruptcy Code.

(ii) On the Effective Date, Reorganized NRG will adopt employment arrangements for its officers and executive employees, the general terms of which shall be set forth in the Plan Supplement. On the Effective Date, management and designated employees of reorganized NRG and the other Reorganized Debtors shall receive the benefits provided under such arrangements on the terms and conditions provided therein. At this time the terms and conditions of the Management Incentive Plan have not been determined. The adoption and implementation of any Management Incentive Plan will be subject to the review and approval of the Board of Directors of the Reorganized Debtors.

8.3 *Effectuating Documents and Further Transactions.* Each of the Debtors or the Reorganized Debtors, as appropriate, is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents, including the Plan Documents, and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

8.4 *NRG Guaranty Obligations.* On the Effective Date, the NRG Reinstated Guaranty Obligations shall be reinstated on the same terms and conditions, without impairment or modification. Obligations of NRG pursuant to guaranty obligations that are not reinstated shall constitute NRG Unsecured Claims classified in Class 5 of this Plan.

8.5 *HSR Compliance.* Any shares of New NRG Common Stock or XEL Stock distributed under the Plan to any entity required to file a premerger notification and report form under the HSR, shall not be distributed until the notification and waiting periods applicable under HSR to such entity have expired or been terminated. Any filing fees associated with any such New NRG Common Stock filing shall be paid by the Reorganized Debtors.

8.6 *Vesting of Assets.* On the Effective Date, the respective assets and Estates of the Debtors shall vest in the respective Reorganized Debtors free and clear of all Claims, Liens and Interests, except as provided herein. As of the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, subject to the terms and conditions of the Plan.

8.7 *Liquidation of XEL Stock.* In the event that Xcel exercises any option pursuant to the Xcel Settlement Agreement to make any of the Xcel Contribution in XEL Stock, Debtors may liquidate or cause the liquidation of the entire amount of XEL Stock making up any such portion of the Xcel Contribution and distribute the Xcel Shares Liquidation Proceeds to holders of Allowed Claims in Class 5.

8.8 *Liquidation of NRG FinCo.*

(a) *Liquidation.* All of the NRG FinCo Assets and NRG Capital Assets will be sold and the proceeds thereof paid to the holders of NRG FinCo Secured Revolver Secured Claims. All Claims against the NRG FinCo Secured Revolver Other Collateral shall be treated in accordance with Section IX. I of the Term Sheet.

(b) Holders of NRG FinCo Secured Revolver Recourse Claim shall be entitled to an Allowed Class 5 Claim against NRG in the amount of such NRG FinCo Secured Revolver Recourse Claim in accordance with Section V.A. of the Term Sheet, pursuant to Section 4.9 of the Plan.

(c) Holders of NRG FinCo Secured Revolver Deficiency Claims shall be entitled to an Allowed Class 7 Claim in accordance with Section 4.11 herein.

(d) NRG FinCo will be merged out of existence.

8.9 *Substantive Consolidation of NRG and PMI and Additional Liquidations.*

(a) The Debtors reserve the right, subject to the approval by the Bankruptcy Court, to substantively consolidate PMI and NRG for Plan purposes of (i) voting, (ii) determining which Claims and Interests will be entitled to vote to accept or reject the Plan, (iii) confirmation of the Plan, and (iv) the resultant discharge of and cancellation of Claims and Interests and distributions, interests and other property under the terms of Article IV of the Plan. Substantive consolidation under the Plan will not result in the merger of or the transfer or commingling of any assets of any of the Debtors, and all assets (whether tangible or intangible) will continue to be owned by the respective Debtors, as the case may be.

(b) If PMI and NRG are substantively consolidated, holders of Allowed Claims in Class 6 will be treated as though they were holders of Allowed Claims in Class 5, and on the Effective Date and for purposes set forth in subsection (a) hereof, (i) all assets and liabilities of PMI will be treated as though they were merged into and with the assets and liabilities of NRG; and (ii) except as otherwise provided in the Plan, no distributions will be made under the Plan on account of intercompany claims between NRG and PMI. Such substantive consolidation of PMI with NRG will not (other than for purposes of the Plan) affect (i) the legal and corporate structures of the Reorganized Debtors, (ii) intercompany claims, (iii) subsidiary interests or (iv) various pre- and post-Petition Date guaranty obligations by NRG that are required to be maintained in connection with executory contracts or unexpired leases that have been or will be assumed pursuant to the Plan.

(c) It may be necessary for the Debtors to liquidate all of the assets of PMI as more fully set forth in the Disclosure Statement.

(d) In addition, the assets of NRGenerating and NRG Capital may also be liquidated and the proceeds thereof distributed accordingly.

8.10 *Severability.* At any time prior to the Confirmation Date, the Debtors reserve the right to remove PMI from the Plan and proceed with confirmation of the Plan as amended.

8.11 *Additional Entities.* The Debtors may, subject to the approval of the Committee and the Global Steering Committee, modify the restructuring transactions set forth in this Article VIII in such a manner as they may deem necessary and appropriate in order to effect the internal restructuring set forth in the Plan, including (a) forming additional special purpose affiliates or subsidiaries of the Reorganized Debtors (b) transferring certain assets of the Debtors to the entities formed pursuant to this Section 8.11, and (c) structuring the restructuring transactions as a G-Reorganization.

ARTICLE IX.

THE XCEL SETTLEMENT AND RELEASES

9.1 *Implementation of Xcel Settlement.* The Confirmation Order shall approve and authorize the consummation and implementation of the Xcel Settlement, and all of the transactions, agreements and documents contemplated by the Xcel Settlement.

9.2 *Injunctions.* As required by and pursuant to the Xcel Settlement Agreement, the Confirmation Order shall:

(A) (I) CONTAIN A FINDING THAT ALL NRGRELEASED CAUSES OF ACTION (INCLUDING ALL VEIL PIERCING, ALTER EGO AND SIMILAR CLAIMS AND SUPPORT AGREEMENT CLAIMS) ARE THE EXCLUSIVE PROPERTY OF THE DEBTORS OR THE NON-PLAN DEBTORS AS THE CASE MAY BE PURSUANT TO SECTION 541 OF THE BANKRUPTCY CODE; (II) CONTAIN A RULING THAT ALL NRG RELEASED CAUSES OF ACTION AND THE SEPARATE BANK CLAIMS AGAINST THE RELEASED PARTIES ARE FULLY SETTLED AND RELEASED UNDER THE PLAN PURSUANT TO BANKRUPTCY RULE 9019 (BUT ONLY TO THE EXTENT THAT SUCH BANKRUPTCY RULE 9019 APPLIES TO THE NRG RELEASED CAUSES OF ACTION AND NOT TO THE SEPARATE BANK CLAIMS); (III) CONTAIN A RULING THAT THE SEPARATE BANK SETTLEMENT PAYMENT IS NOT PROPERTY OF NRG'S CHAPTER 11 ESTATE; AND (IV) PERMANENTLY ENJOIN ANY CREDITOR OF OR A HOLDER OF A CLAIM AGAINST ANY OF THE DEBTORS OR THE NON-PLAN DEBTORS FROM PURSUING ANY NRG RELEASED CAUSES OF ACTION OR SEPARATE BANK CLAIMS AGAINST ANY OF THE RELEASED PARTIES; AND

(B) PERMANENTLY ENJOIN ANY PERSON OR ENTITY THAT HOLDS, HAS HELD OR MAY HOLD A CLAIM OR CAUSE OF ACTION RELEASED UNDER THE PLAN FROM TAKING ANY OF THE FOLLOWING ACTIONS ON ACCOUNT OF ANY NRG RELEASED CAUSES OF ACTION OR THE SEPARATE BANK CLAIMS: (I) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING; (II) ENFORCING, ATTACHING, COLLECTING OR RECOVERING IN ANY MANNER ANY JUDGMENT, AWARD, DECREE OR ORDER; (III) CREATING, PERFECTING OR ENFORCING ANY LIEN OR ENCUMBRANCE; (IV) ASSERTING ANY SETOFF, RIGHT OF SUBROGATION OR RECOUPMENT OF ANY KIND AGAINST ANY DEBT, LIABILITY OR OBLIGATION DUE TO ANY OF THE RELEASED PARTIES; AND (V) COMMENCING OR CONTINUING ANY ACTION IN ANY MANNER, IN ANY PLACE, THAT DOES NOT COMPLY WITH OR IS INCONSISTENT WITH THE PROVISIONS OF THE PLAN.

9.3 *Releases.* As part of this Plan and the related documents, including the Xcel Settlement Agreement, the following releases are hereby granted pursuant to this Plan and the Confirmation Order:

A. RELEASES BY DEBTORS AND ESTATES.

AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, EACH OF THE DEBTORS, IN ITS INDIVIDUAL CAPACITIES AND AS DEBTORS IN POSSESSION, FOR AND ON BEHALF OF THE ESTATES AND ANY ENTITY THATMAY ASSERT A CLAIM OR CAUSE OF ACTION DERIVATIVELY OR OTHERWISE, SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER, (I) ANY AND ALL OF THE NRG RELEASED CAUSES OF ACTION AGAINST THE RELEASED PARTIES, AND (II) ANY AND ALL CAUSES OF ACTION INCLUDING WITHOUT LIMITATION ANY AVOIDANCE CLAIMS DESCRIBED IN SECTION 13.2 HEREOF ACCRUING TO THE DEBTORS WHICH THE DEBTORS MAY HAVE AGAINST ANY HOLDER OF ANY NOTE, ANY MEMBER OF THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP OR THE GLOBAL STEERING COMMITTEE, IN EACH CASE IN THEIR CAPACITY AS SUCH AND IN THEIR

CAPACITY AS COUNTERPARTIES TO ANY DERIVATIVE ORSWAP AGREEMENT TERMINATED PRIOR TO THE DATE OF THIS PLAN.

B. RELEASES BY NON-PLAN DEBTORS AND THEIR ESTATES.

AS OF THE EFFECTIVE DATE, FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, EACH OF THE NON-PLAN DEBTORS, IN ITS INDIVIDUAL CAPACITY AND AS DEBTOR IN POSSESSION, FOR AND ON BEHALF OF ITS BANKRUPTCY ESTATE AND ANY ENTITIES THAT MAY ASSERT A CLAIM OR CAUSE OF ACTION DERIVATIVELY OR OTHERWISE, PURSUANT TO A SEPARATE MOTION OF SUCHDEBTOR IN CONNECTION WITH CONFIRMATION OF THIS PLAN, SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER, (I) ANY AND ALLOF THE NRG RELEASED CAUSES OF ACTION AGAINST THE RELEASED PARTIES, AND (II) ANY AND ALL CAUSES OF ACTION INCLUDINGWITHOUT LIMITATION ANY AVOIDANCE CLAIMS DESCRIBED IN SECTION 13.2 HEREOF ACCRUING TO THE DEBTORS WHICH THE DEBTORS MAY HAVE AGAINST ANY HOLDER OF ANY NOTE, ANY MEMBER OF THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP OR THE GLOBAL STEERING COMMITTEE, IN EACH CASE IN THEIR CAPACITY AS SUCH.

C. RELEASES BY THE NON-DEBTOR NRG SUBSIDIARIES.

AS OF THE EFFECTIVE DATE, PURSUANT TO THE XCEL SETTLEMENT AGREEMENT FOR GOOD AND VALUABLE CONSIDERATION, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, EACH OF THE NRG SUBSIDIARIES THAT IS NOT A DEBTOR OR NON-PLAN DEBTOR SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER, (I) ANY AND ALLOF THE NRG RELEASED CAUSES OF ACTION AGAINST THE RELEASED PARTIES, AND (II) ANY AND ALL CAUSES OF ACTION INCLUDINGWITHOUT LIMITATION ANY AVOIDANCE CLAIMS DESCRIBED IN SECTION 13.2 HEREOF ACCRUING TO THE DEBTORS WHICH THE DEBTORS MAY HAVE AGAINST ANY HOLDER OF ANY NOTE, ANY MEMBER OF THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP OR THE GLOBAL STEERING COMMITTEE, IN EACH CASE IN THEIR CAPACITY AS SUCH.

D. OTHER RELEASES.

EACH HOLDER OF A CLAIM (WHETHER OR NOT ALLOWED) AGAINST, OR EQUITY INTEREST IN, THE DEBTORS OR THE NON-PLAN DEBTORS (INCLUDING A CLAIM ARISING AFTER THE PETITION DATE THROUGH THE EFFECTIVE DATE OF THE PLAN), AND EACH ENTITY PARTICIPATING IN EXCHANGES AND DISTRIBUTIONS UNDER OR PURSUANT TO THE PLAN, AND EACH ENTITY AFFIRMATIVELY MAKING THE RELEASE ELECTION, FOR ITSELF AND ITS RESPECTIVE SUCCESSORS, ASSIGNS, TRANSFEREES, CURRENT AND FORMER OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES, IN EACH CASE IN THEIR CAPACITY AS SUCH, SHALL BE DEEMED TO HAVE RELEASED ANY AND ALL OF THE NRG RELEASED CAUSES OF ACTION AND SEPARATE BANK CLAIMS AGAINST THE RELEASED PARTIES.

E. SEPARATE BANK CLAIMS.

NOTWITHSTANDING ANYTHING IN THE PLAN OR THE CONFIRMATION ORDER TO THE CONTRARY, THE RELEASE AND INJUNCTION OF THE SEPARATE BANK CLAIMS IS CONDITIONED ON THE PAYMENT OF THE SEPARATE BANK SETTLEMENT PAYMENT SUCH THAT IF THE SEPARATE BANKSETTLEMENT PAYMENT IS NOT MADE IN ACCORDANCE WITH THE TERMS OF THE SEPARATE BANK RELEASE AGREEMENT, THE SEPARATE BANK CLAIMSSHALL NOT BE RELEASED, DISCHARGED, ENJOINED OR OTHERWISE IMPAIRED IN ANY WAY BY THE PLAN, THE CONFIRMATION ORDER OR ANYOTHER ORDER IN THE CHAPTER 11 CASE.

F. EACH HOLDER OF A CLAIM OR AN INTEREST, OR ANY OTHER PARTY IN INTEREST, OR ANY OF THEIR RESPECTIVE AGENTS, DIRECT OR INDIRECT SHAREHOLDERS, EMPLOYEES, DIRECTORS, FINANCIAL ADVISORS, ATTORNEYS OR AFFILIATES, OR ANY OF THEIR SUCCESSORS OR ASSIGNS SHALL BE DEEMED TO HAVE RELEASED AND DISCHARGED, ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND FOREVER, ANY AND ALL CAUSES OF ACTION AGAINST THE DEBTORS, THE COMMITTEE, THE BANK GROUP, THE GLOBAL STEERING COMMITTEE, THE NOTEHOLDER GROUP, ANY MEMBER OF THE BANK GROUP ACTING IN A CAPACITY AS ADMINISTRATIVE AGENT, XCEL, OR ANY OF THEIR RESPECTIVE PRESENT OR FORMER MEMBERS, OFFICERS, DIRECTORS, SHAREHOLDERS, EMPLOYEES, ADVISORS, ATTORNEYS OR AGENTS ACTING IN SUCH CAPACITY, FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THE CHAPTER 11 CASE, THE PURSUIT OF CONFIRMATION OF THE PLAN, THE CONSUMMATION OF THE PLAN, OR THE ADMINISTRATION OF THE PLAN OR THE PROPERTY TO BE DISTRIBUTED UNDER THE PLAN, EXCEPT FOR THEIR WILLFUL MISCONDUCT, GROSS NEGLIGENCE, OR THEIR FAILURE TO PERFORM THEIR OBLIGATIONS PURSUANT TO THE PLAN.

G. THE RELEASES SET FORTH IN THIS SECTION 9.3 SHALL BE BINDING UPON ALL TRANSFEREES OF THE RELEASING PARTY. IN ADDITION, EACH PARTY TO WHICH THIS SECTION 9.3 APPLIES SHALL BE DEEMED TO HAVE GRANTED THE RELEASES SET FORTH IN THIS SECTION 9.3 NOTWITHSTANDING THAT IT MAY HEREAFTER DISCOVER FACTS IN ADDITION TO, OR DIFFERENT FROM, THOSE WHICH IT NOW KNOWS OR BELIEVES TO BE TRUE, AND WITHOUT REGARD TO THE SUBSEQUENT DISCOVERY OR EXISTENCE OF SUCH DIFFERENT OR ADDITIONAL FACTS, AND SUCH PARTY EXPRESSLY WAIVES ANY AND ALL RIGHTS THAT IT MAY HAVE UNDER ANY STATUTE OR COMMON LAW PRINCIPLE, INCLUDING SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH WOULD LIMIT THE EFFECT OF SUCH RELEASES TO THOSE CLAIMS OR CAUSES OF ACTION ACTUALLY KNOWN OR SUSPECTED TO EXIST AT THE TIME OF EXECUTION OF THE RELEASE. SECTION 1542 OF THE CALIFORNIA CIVIL CODE GENERALLY PROVIDES AS FOLLOWS: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.”

FOR THE AVOIDANCE OF DOUBT, NOTHING IN THE RELEASE CONTAINED IN SECTION 9.3D HEREOF SHALL BE CONSTRUED TO BE A RELEASE OF ANY CLAIMS OR CAUSES OF ACTION THAT A HOLDER OF A CLAIM OR INTEREST MAY HAVE AGAINST ANY RELEASED PARTY AND THAT IS UNRELATED TO AND DOES NOT INVOLVE IN ANY MANNER WHATSOEVER NRG, ANY OF THE NRG ENTITIES OR ANY TRANSACTION OR CIRCUMSTANCE INVOLVING NRG OR ANY OF THE NRG ENTITIES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN SECTION 9.3D HEREOF, THE RELEASES THEREIN SHALL NOT ACT TO RELEASE ANY RELEASED PARTY FROM A WRITTEN AND ENFORCEABLE GUARANTEE OF THE TYPE AND NATURE OF THE XCEL GUARANTEES BETWEEN SUCH RELEASED PARTY AND SUCH HOLDER.

ARTICLE X.

DISPUTED CLAIMS RESERVE

10.1 *Funding of the Disputed Claims Reserve.* On the Effective Date, the appropriate number of Reserved Shares, amount of Reserved Notes and amount of Reserved Cash will be placed in the applicable Disputed Claims Reserve by Reorganized NRG for the benefit of holders of Disputed Claims in Class 5 or Class 6 that subsequently become Allowed Claims.

10.2 *ANZ Letter of Credit Reserve.* On the Effective Date, a Pro Rata Share of the Class 5 distributions allocable to the full face amount of NRG Letter of Credit Claims, in respect of which the underlying Letter of Credit has not been drawn as of the Effective Date, shall be placed into the ANZ Letter of Credit Reserve. In the event that an underlying Letter of Credit (or a renewal or extension thereof) is drawn on or after the Effective Date, then, within the earlier of five (5) Business Days of Reorganized NRG being notified of such drawing or, with respect to Cash only, and the payment of the Release-Based Amount, an amount equal to the Pro Rata Share of the Class 5 distributions allocable to the drawn amount of such Letter of Credit shall be distributed from the ANZ Letter of Credit Reserve to the then current holders of such NRG Letter of Credit Claims in accordance with the procedures for distribution contained herein. In the event that an underlying Letter of Credit expires partially or fully undrawn and the holders of the relevant NRG Letter of Credit Claims no longer have any liability with respect to the expired undrawn portion of such Letter of Credit (or a renewal or extension thereof), then the holders of the relevant NRG Letter of Credit Claims shall no longer be entitled to a distribution with respect to the expired undrawn portion of such Claim and the Pro Rata Share (including any interest and dividends) of the Class 5 distributions allocable to the undrawn portion of the expired Letter of Credit shall be released from the ANZ Letter of Credit Reserve and shall be distributed in accordance with Section 4.9 hereof to the holders of Claims in Class 5, including the holders of NRG Letter of Credit Claims both drawn (as a distribution) and undrawn but not expired (as a reserve). Nothing contained in this Plan shall affect the subrogation rights (if any) of the financial institutions party to the NRG Letter of Credit Facility arising under any of the letters of credit issued under the NRG Letter of Credit Facility without prejudice to any of the Debtor's rights pursuant to section 502(e)(1) of the Bankruptcy Code.

10.3 *Property Held in Disputed Claims Reserve; Dividends and Distributions.* Cash dividends and other distributions on account of Reserved Shares to be held in a Disputed Claims Reserve will be transferred to the respective Disputed Claims Reserve concurrently with the transfer of such dividends and other distributions to other holders of New NRG Common Stock. Cash held in a Disputed Claims Reserve as a result of such dividends and other distributions (i) will be deposited in a segregated bank account in the name of the applicable Disbursing Agent and held in trust pending distribution by the Disbursing Agent for the benefit of holders of the respective Class 5 or Class 6 Claims; (ii) will be accounted for separately; and (iii) will not constitute property of the Reorganized Debtors. The Disbursing Agent will invest the Cash held in the Disputed Claims Reserve in a manner consistent with the Reorganized Debtors' investment and deposit guidelines. From and after the Effective Date, the Cash portion of the Disputed Claims Reserve will earn interest at the same rate as if such Cash had been invested in either (A) money market funds consisting primarily of short-term U.S. Treasury securities or (B) obligations of, or guaranteed by, the United States of America or any agency thereof, at the option of the Debtors, and the New NRG Senior Notes will earn interest at their respective coupon rates, in either case, until the Disputed Claim becomes an Allowed Claim. The Disbursing Agent also will place in the Disputed Claims Reserve the Cash investment yield from such investment of Cash, and distributions on account of each Allowed Claim in Class 5 or Class 6 will include a Pro Rata Share of the Cash investment yield from such investment of Cash.

10.4 *Disputed Claim Recovery Limitation.*

In the event that amounts in the Disputed Claims Reserve are insufficient to satisfy Disputed Claims that have become Allowed, the holders of such Allowed Claims may have recourse to the relevant Reorganized Debtor to satisfy such Allowed Claims provided that such recourse is limited such that no holder may recover a greater recovery on its Allowed Claim than it would have recovered if it had recovered its distribution from the Disputed Claims Reserve.

ARTICLE XI.

PROCEDURES FOR RESOLVING DISPUTED CLAIMS

11.1 *Prosecution of Objections to Claims.*

(a) *Objections to Claims.* Subject to Section 4.3 herein, but in no event later than the Claims Objection Deadline, all objections to Claims must be filed and served on the holders of such Claims, and, if filed prior to the Effective Date, such objections will be served on the then-applicable service list in the Chapter 11 Case. If an objection has not been filed to a proof of Claim or a scheduled Claim by the Claims Objection Deadline, the Claim to which the proof of Claim or scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. An objection is deemed to have been timely filed as to all Tort Claims, thus making each such Claim a Disputed Claim as of the Claims Objection Deadline. Each such Tort Claim will remain a Disputed Claim until it becomes an Allowed Claim.

(b) *Authority to Prosecute Objections.* After the Effective Date, only the Reorganized Debtors or their successors will have the authority to settle, compromise, withdraw or litigate to judgment objections to Claims, including pursuant to any alternative dispute resolution or similar procedures previously or hereafter approved by the Bankruptcy Court. After the Effective Date, the Reorganized Debtors or their successors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court.

11.2 *Treatment of Disputed Claims.* Notwithstanding any other provisions of the Plan, no payments or distributions will be made on account of a Disputed Claim until such Claim becomes an Allowed Claim provided that if only a portion of a Claim is a Disputed Claim, distribution shall be made in respect of the portion of such Claim which is not a Disputed Claim. In lieu of distributions under the Plan to holders of Disputed Claims in Class 5 and Class 6 if allowed, the applicable Disputed Claims Reserve will be established on the Effective Date to hold property for the benefit of these Claim holders, as well as holders of Allowed Claims in Class 5 and Class 6. Reorganized NRG will fund each Disputed Claims Reserve with Reserved Cash, Reserved Shares and Reserved Notes as if such Disputed Claims were an Allowed Claim in the Face Amount unless the Claim has been estimated pursuant to Section 11.3.

11.3 *Estimation of Claims.* Subject to Section 4.3 herein, the Debtors or the Reorganized Debtors may, at any time and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors, the Reorganized Debtors, or the Committee (as applicable) previously objected to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim against any party or entity, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors, the Reorganized Debtors, or the Committee may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

11.4 *Distributions on Account of Disputed Claims Once Allowed.* On each quarterly distribution date, the applicable Disbursing Agent will make all distributions on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter. Such distributions will be made pursuant to the provisions of the Plan governing the applicable Class.

11.5 *Tax Requirements for Income Generated by Disputed Claims Reserve.* The recovery of holders of Allowed Claims in a division of Class 5 or Class 6 consists of the treatment set forth herein and the post-Effective Date interest on the Cash portion of distributions in respect of such Claims, if any, at a rate determined by the Cash investment yield. Therefore, the Reorganized Debtors and the holders of an Allowed Claims in Class 5 or Class 6 will treat Cash distributions of the Cash investment yield as interest for all

income tax purposes, and the applicable Reorganized Debtor will cause such information returns to be issued to such holders consistent with this treatment as may be required by any Governmental Entity. The applicable Reorganized Debtor will include in its tax returns all items of income, deduction and credit of the particular Disputed Claims Reserve; *provided, however,* that no distribution will be made to the applicable Reorganized Debtor out of the Disputed Claims Reserves a result of this inclusion. The applicable Disbursing Agent will pay, or cause to be paid, out of the funds held in the applicable Disputed Claims Reserve, any tax imposed on the Disputed Claims Reserve by any governmental unit with respect to income generated by the funds and New NRG Common Stock held in the Disputed Claims Reserve. The applicable Disbursing Agent will file or cause to be filed any tax or information return related to the applicable Disputed Claims Reserve that is required by any Governmental Entity.

ARTICLE XII.

CONFIRMATION AND EFFECTIVENESS OF THE PLAN

12.1 *Conditions Precedent to Confirmation.* The Plan shall not be confirmed by the Bankruptcy Court unless and until the following conditions shall have been satisfied or waived pursuant to Section 12.4 hereof:

(a) the Bankruptcy Court shall have entered an order or orders, which may be the Confirmation Order, approving the Plan, authorizing the Debtors to execute, enter into and deliver the Plan, and to execute and implement the Plan Documents;

(b) the Confirmation Order includes a finding of fact that the Debtors, the Reorganized Debtors, Xcel, the Committee, the Global Steering Committee, the Noteholder Group and their respective present and former members, officers, directors, employees, advisors, attorneys, and agents acted in good faith within the meaning of and with respect to all of the actions described in section 1125(e) of the Bankruptcy Code and are, therefore, not liable for the violation of any applicable law, rule, or regulation governing such actions;

(c) the Confirmation Order shall be consistent with the Plan the Xcel Settlement Agreement and the Separate Bank Release Agreement, and shall be in form and substance, acceptable to the Debtors, Xcel, the Global Steering Committee and the Committee;

(d) the Confirmation Order shall, among other things, approve in all respects the Xcel Settlement Agreement (which shall have been executed by the parties thereto) and the compromises and transactions contemplated thereby and contain findings and conclusions in support of the components thereof that are satisfactory to Xcel;

(e) the Xcel Settlement Agreement has been executed by Xcel and NRG;

(f) neither the Plan nor any documents comprising the Plan Supplement shall have been amended, altered or modified in any way from the Plan as attached to the Disclosure Statement, and the Plan Supplement filed thereafter unless such amendment, alteration or modification has been consented to in accordance with Section 15.8;

(g) all Exhibits to the Plan and all documents comprising the Plan Supplement are in form and substance satisfactory to (i) the Debtors; (ii) the Committee; (iii) Xcel; and (iv) the Global Steering Committee; and

(h) all necessary regulatory approvals of the Plan have been obtained.

12.2 *Conditions Precedent to Effectiveness.* The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived pursuant to Section 12.4 hereof:

(a) the Effective Date shall have occurred on or before December 15, 2003;

(b) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed;

(c) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are determined by the Debtors to be necessary to implement the Plan;

(d) the Confirmation Order shall have been entered, the Confirmation Date shall have occurred, and the Confirmation Order shall be in full force and effect and shall not have been stayed or modified;

(e) the Separate Bank Release Agreement has been executed by Xcel and each member of the Separate Bank Settlement Group;

(f) all conditions to Xcel's obligations under the Xcel Settlement Agreement shall have been satisfied or waived pursuant to the terms thereof, the effective date under the Xcel Settlement Agreement shall have occurred and the Xcel Settlement Agreement, and all agreements and documents referenced in the Xcel Settlement Agreement or to be executed in connection therewith, shall be in full force and effect;

(g) all Plan Documents and any amendments thereto shall be in a form and substance satisfactory to (i) the Debtor; (ii) the Committee; (iii) the Global Steering Committee and (iv) Xcel;

(h) the Plan shall not have been amended, altered or modified from the Plan as approved by the Confirmation Order, unless such amendment, alteration or modification has been consented to in accordance with Section 15.7, and;

(i) the Global Steering Committee and the Committee shall be satisfied with the identity, composition and employment terms of the NRG senior management team, *provided however* if such identity, composition and employment terms have been determined in connection with Section IX C of the Term Sheet this provision shall be deemed satisfied.

12.3 *Effect of Failure of Conditions.* In the event that one or more of the conditions specified in Section 12.2 hereof shall not have occurred or been waived pursuant to Section 12.4 on or before December 15, 2003, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtors and all holders of Claims and Equity Interests shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Order had never been entered, and (d) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any Person or Governmental Entity or to prejudice in any manner the rights of the Debtors or any Person or Governmental Entity in any further proceedings involving the Debtors; *provided, however,* that the amounts paid pursuant to Section 4.2 hereof on account of Post-Petition Interest may be recharacterized as a payment upon the applicable Allowed Claims, in the sole discretion of the Debtors, but the Debtors will not otherwise seek to recover such amounts.

12.4 *Waiver of Conditions.* Conditions to confirmation and effectiveness of the Plan may be waived only by the Debtors, with the written consent of (i) the Committee, (ii) the Global Steering Committee and (iii) Xcel.

ARTICLE XIII.

EFFECT OF CONFIRMATION OF PLAN

13.1 *Term of Bankruptcy Injunction or Stays.* Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case under section 105 of the Bankruptcy Code or otherwise and in existence on the Confirmation Date shall remain in full force and effect in accordance with the terms of such injunctions. Unless otherwise provided, the automatic stay provided under section 362(a) of the Bankruptcy Code shall remain in full force and effect until the Effective Date.

13.2 *Claims Extinguished.* As of the Effective Date, any and all avoidance claims accruing to the Debtors under sections 502(d), 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code and not then pending, shall be extinguished.

13.3 *Discharge of Debtors.* Except as otherwise provided herein, the rights afforded herein and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors or any of its assets or properties. Except as otherwise provided herein, (i) as of the Confirmation Date, all such Claims against and Equity Interests in the Debtors shall be satisfied, discharged and released in full and (ii) all Persons and Governmental Entities shall be precluded from asserting against the Debtors, its successors, or its assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

13.4 *Injunction.* In addition to and except as otherwise expressly provided herein, the Confirmation Order or a separate order of the Bankruptcy Court, all entities who have held, hold or may hold Claims against or Equity Interests in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest; (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Reorganized Debtors, or their respective subsidiaries or affiliates on account of any such Claim or Equity Interest; (iii) creating, perfecting or enforcing any Lien of any kind against the Reorganized Debtors, or their respective subsidiaries or affiliates or against the property or interests in property of the Reorganized Debtors, or their respective subsidiaries or affiliates on account of any such Claim or Equity Interest; (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Reorganized Debtors, or their respective subsidiaries or affiliates or against the property or interests in property of the Reorganized Debtors, or their respective subsidiaries or affiliates on account of any such Claim or Equity Interest; and (v) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims or Causes of Action which are extinguished, dismissed or released pursuant to the Plan. The injunction shall also enjoin all parties in interest, including all entities who have held, hold or may hold Claims against or Equity Interests in the Debtors, from taking any action in violation of the Confirmation Order. Such injunction shall extend to successors of the Reorganized Debtors, or their respective subsidiaries or affiliates, their respective properties and interests in property. Except as provided by Article IX, this Section 13.4 shall not enjoin, bar or otherwise impair the commencement or prosecution of direct personal claims against any Person other than the Reorganized Debtors, and their respective subsidiaries or affiliates. Notwithstanding anything to the contrary in the Plan, nothing in the Plan shall be deemed to impair any Claims or other rights against Nondebtor Subsidiaries or Non-Plan Debtors.

ARTICLE XIV.

RETENTION OF JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(a) to hear and determine applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of cure amounts and Claims resulting therefrom;

(b) to hear and determine any and all adversary proceedings, applications and contested matters;

(c) to hear and determine any objection to Administrative Expense Claims or Claims;

(d) to enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

(e) to issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(f) to consider any amendments to or modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(g) to hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;

(h) to hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan, the Xcel Settlement, any other Plan Documents or Confirmation Order;

(i) to hear and determine proceedings to recover assets of the Debtors and property of the Debtors' Estate, wherever located;

(j) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;

(k) to hear and determine matters concerning the Disputed Claims Reserve, if any, established pursuant to the terms of the Plan;

(l) to hear any other matter not inconsistent with the Bankruptcy Code; and

(m) to enter a final decree closing the Chapter 11 Case.

ARTICLE XV.

MISCELLANEOUS PROVISIONS

15.1 *Effectuating Documents and Further Transactions.* The Debtors (or the Reorganized Debtors after the Effective Date), Xcel and their respective subsidiaries and affiliates are each authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, including the Plan Documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan and any securities issued pursuant to the Plan.

15.2 *Exemption from Transfer Taxes.* Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes or the issuance of equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer under, in furtherance of, or in connection with the Plan shall not be subject to any stamp, real estate, transfer, mortgage recording, use or other similar tax.

15.3 *Exculpation and Limitation of Liability.* None of the Debtors, the Bank Group, the Committee, the Global Steering Committee, the Noteholder Group, any member of the Bank Group acting in a capacity as administrative agent, Xcel, or any of their respective present or former members, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity, shall have or incur any liability to, or be subject to any right of action by, any holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, direct or indirect shareholders, employees, directors, financial advisors, attorneys or Affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their willful misconduct or gross negligence, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan; *provided, however,* that nothing herein shall exculpate from any obligation of any Debtor to indemnify its current and former directors or officers under its organizational documents, by-laws, employee indemnification policies, state law, or any other agreement.

15.4 *INJUNCTION RELATED TO RELEASES AND EXCULPATION.* EXCEPT AS OTHERWISE SET FORTH IN THE PLAN, THE CONFIRMATION ORDER SHALL PERMANENTLY ENJOIN THE COMMENCEMENT OR PROSECUTION BY ANY ENTITY, WHETHER DIRECTLY, DERIVATIVELY OR OTHERWISE, OF ANY CLAIMS, OBLIGATIONS,SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF ACTION OR LIABILITIES RELEASED PURSUANT TO THE PLAN, INCLUDING BUT NOT LIMITED TO THE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, DEBTS, RIGHTS, CAUSES OF

ACTION OR LIABILITIES RELEASED OR SUBJECT TO EXCULPATION PURSUANT TO THE TERMS OF THIS PLAN.

15.5 *Fees and Expenses.* From and after the Confirmation Date, the Reorganized Debtors shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses of professional Persons thereafter incurred, including those fees and expenses incurred in connection with the implementation and consummation of the Plan.

15.6 *Payment of Statutory Fees.* All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date.

15.7 *Amendment or Modification of the Plan.* The Debtors may alter, amend or modify the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing, with the written consent of the Committee, the Global Steering Committee and Xcel. The Debtors may alter, amend or modify any Exhibits to the Plan under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Hearing, with the written consent of the Committee, the Global Steering Committee and Xcel. After the Confirmation Date, and prior to substantial consummation of the Plan with respect to any Debtor as defined in section 1102 of the Bankruptcy Code, any Debtor may, with the written consent of the Committee, the Global Steering Committee and Xcel, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, and such matters as may be necessary to carry out the purposes and effects of the Plan. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

15.8 *Revocation or Withdrawal of the Plan.* The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any claims by or against the Debtors or any other Person or Governmental Entity or to prejudice in any manner the rights of the Debtors or any Person or Governmental Entity in any further proceedings involving the Debtors.

15.9 *Binding Effect.* The Plan shall be binding upon and inure to the benefit of the Debtors, the Reorganized Debtors and their respective subsidiaries and affiliates, the holders of Claims and Equity Interests, other parties in interest, and their respective successors and assigns.

15.10 *Notices.* All notices, requests and demands to or upon the Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to the Debtors or the Reorganized Debtors:

NRG Energy, Inc.
901 Marquette Avenue
Suite 2300
Minneapolis, Minnesota 55402
Attn: Scott J. Davido, Esq.
Telephone: (612) 373-5300
Facsimile: (612) 373-5392

with a copy to:

Kirkland & Ellis
Citigroup Center
153 East 53rd Street
New York, New York 10022-4675

Attn: Matthew A. Cantor, Esq.
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

If to the Committee:

Bingham McCutchen LLP
One State Street
Hartford, Connecticut 06103-3178
Attn: Evan D. Flaschen, Esq.
Telephone: (860) 240-2700
Facsimile: (860) 240-2800

If to the Global Steering Committee:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Peter V. Pantaleo, Esq.
Telephone: (212) 455-2000
Facsimile: (212) 455-2502

If to Xcel:

Michael C. Connelly, Esq.
Xcel Energy Inc.
800 Nicolett Mall
30th Floor
Minneapolis, Minnesota 55402
Telephone: (612) 215-5500
Facsimile: (612) 573-9025

Brad B. Erens, Esq.
Jones Day
77 West Wacker
Chicago, Illinois 60601-1692
Telephone: (312) 269-4050
Facsimile: (312) 782-8585

Brian E. Greer, Esq.
Jones Day
222 East 41st Street
New York, New York 10017-6702
Telephone: (212) 326-8322
Facsimile: (212) 755-7306

If to the United States Trustee:

The Office of the United States Trustee
333 Whitehall Street
New York, New York 10004
Attn: Pamela J. Lustrin, Esq.
Telephone: (212) 510-0500
Facsimile: (212) 668-2255

15.11 *Governing Law.* Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise, the rights and obligations arising

under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

15.12 *Withholding and Reporting Requirements.* Except as otherwise provided by the Plan, in connection with the consummation of the Plan, the Debtors shall comply with all applicable withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

15.13 *Exhibits/ Schedules.* All exhibits and schedules to the Plan are incorporated into and are a part of the Plan as if set forth in full herein.

15.14 *Plan Supplement.* The Plan Supplement, which shall include certain exhibits, lists, schedules, supplements, or other documents to be executed in connection with the Plan (as shall be agreed to or amended by NRG, the Global Steering Committee, the Noteholder Group, the Committee and Xcel), shall be filed with the Bankruptcy Court not later than ten (10) days before the Confirmation Hearing. Upon its filing, the Plan Supplement may be inspected in the offices of the Clerk or such Clerk's designee during normal business hours. The documents contained in the Plan Supplement shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

15.15 *Subrogation Rights.* Nothing in the Plan shall affect (i) the subrogation rights of any surety, to the extent applicable or available, which, if available or applicable, shall remain in full force and effect or (ii) the rights of the Debtors to object, pursuant to the Bankruptcy Code, to the existence of such subrogation rights.

DATED: October 10, 2003

Respectfully submitted,

NRG ENERGY, INC., on its own behalf and on behalf of each of the Debtors and Debtors in Possession

By: /s/ SCOTT J. DAVIDO

Name: Scott J. Davido
Title: Senior Vice President and General Counsel

KIRKLAND & ELLIS LLP
Proposed Reorganization Counsel to the Debtors and
Debtors in Possession

Citigroup Center
153 East 53rd Street
New York, New York 10022-4675
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

EXHIBIT A

TERM SHEET

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

NRG ENERGY INC.

TERM SHEET CONCERNING NRG PLAN AND RELATIONSHIP WITH XCEL ENERGY INC.

DATED AS OF MAY 13, 2003

The following (this **"Term Sheet"**) is an outline of (i) the key terms and provisions of a plan or plans of reorganization for NRG Energy Inc. **("NRG")** and the other NRG Entities (as defined below) and (ii) in connection therewith, the key terms for the resolution, settlement and treatment under such plan or plans of, among other things, (a) the claims and causes of action (as described more fully below) of NRG against Xcel Energy Inc. **("Xcel")**, (b) Xcel's claims and causes of action (as described more fully below) against NRG and (c) claims and causes of action (as described more fully below) of the Noteholder Group (as defined below) and the Bank Group (as defined below) against Xcel.

This Term Sheet is subject to finalization and execution of a Plan Support Agreement (the **"PSA"**) to which this Term Sheet is intended to be attached as Exhibit A and the completion of the remaining due diligence on the Internal Revenue Code **"gross receipts"** test referred to in Section VI.B(B). Upon execution of the PSA, this Term Sheet is intended to be binding on the signatories to the PSA in accordance with the terms of the PSA. However, this Term Sheet remains subject to, among a variety of other things, finalizing any incomplete Schedules hereto, resolving any terms that are bracketed or indicated as being **"open"** or subject to further review, and acceptable definitive documentation of all matters contemplated herein, including any plan of reorganization for NRG, any court-approved Disclosure Statement related thereto and any agreements related to or terms and conditions of such NRG plan. Any vote in favor of any NRG plan, whether or not it includes the terms and conditions set forth herein, is not being solicited by or agreed to by this Term Sheet and is subject to, among a variety of other things, those matters listed above.

Notwithstanding anything to the contrary in the foregoing, this Term Sheet is being provided as part of settlement discussions and, as a result, shall be treated as such pursuant to Federal Rule of Evidence 408 and all bankruptcy and state law equivalents.

I. The Applicable Entities

The Parties Generally:	Those persons or entities that execute the PSA (the **"Parties"** and individually a **"Party"**).
Xcel:	Xcel Energy Inc. (**"Xcel"**).
NRG:	NRG Energy, Inc. (**"NRG"**).
The Relevant NRG Subsidiaries:	Of the majority-owned direct and indirect subsidiaries of NRG (collectively, the **"NRG Subsidiaries"**), those subsidiaries listed on Schedule 1-A to the PSA or who otherwise become part of the Chapter 11 Cases (together with NRG, the **"NRG Entities"**).
The Noteholder Group:	The persons identified on Schedule 1-B to the PSA (collectively, as comprised from time to time, the **"Noteholder Group"**), being legal or beneficial holders of, or investment managers with respect to, some of the **"Notes"** identified on Schedule 2-A to the PSA. The members of the Noteholder Group and all other holders of the Notes from time to time are referred to as the **"Noteholders."**

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

The Bank Group:	The persons identified on **Schedule 1-C** to the PSA (collectively, the **"Bank Group"**; those persons separately identified on Schedule 1-C, as comprised from time to time, the **"Global Steering Committee"**), being legal or beneficial holders of the claims under **"Lender Facilities"** identified on **Schedule 2-B** to the PSA, comprising (i) the NRG revolving credit facility (the **"NRG Revolver "**), (ii) the NRG letter of credit facility (the **"L/C Facility"**) and (iii) the Credit Agreement (as amended, modified and supplemented) dated May 8, 2001 among NRG Finance Company I LLC, Credit Suisse First Boston, the lenders party thereto and NRG Audrain Generation LLC, LSP-Nelson Energy, LLC, LSP-Pike Energy, LLC and NRG Turbine LLC, as sub-borrowers (the **"Finco Credit Agreement"**).

II. Defined Terms

A. "Bankruptcy Court":	The Bankruptcy Court exercising jurisdiction over the Chapter 11 Cases.
B. "Petition Date":	The date on which an order for relief is entered with respect to a chapter 11 case with NRG as debtor and debtor-in-possession, such case, together with the chapter 11 cases for those subsidiaries listed on **Schedule 1-A** to the PSA and those other NRG Subsidiaries which NRG consolidates with the NRG chapter 11 case, are referred to herein as the "Chapter 11 Cases."
C. "Effective Date":	The date on which the NRG Plan becomes effective in accordance with its terms, the occurrence of which shall be subject to various conditions to effectiveness pursuant to the NRG Plan as agreed to by the Parties. As of the Effective Date, the Confirmation Order shall be in full force and effect, and shall not have been stayed or modified, but there shall be no requirement that the Confirmation Order be a Final Order for the Effective Date to occur.
D. "Xcel Payment Date":	The later of (i) 90 days after the date (the **"Confirmation Date"**) on which there occurs the entry of the Confirmation Order on the docket of the Bankruptcy Court and (ii) one business day after the Effective Date.
E. "NRG Plan":	The chapter 11 plan or plans of reorganization with respect to the NRG Entities, such plan or plans, the related disclosure statement(s) and all plan related documents, agreements and orders to be fully consistent with the terms and provisions of this Term Sheet and otherwise acceptable to the Parties. The order of the Bankruptcy Court confirming the NRG Plan is referred to as the **"Confirmation Order."**

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

F. "Final Order":	An order or judgment of the Bankruptcy Court as entered on the docket in the Chapter 11 Cases that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been resolved by the highest court to which the order or judgment was appealed from or from which certiorari was sought.
G. "NRG Released Causes of Action":	Collectively, all claims or causes of action of any kind or nature (whether known or unknown) which NRG, any of the NRG Subsidiaries or any creditor of NRG, directly or indirectly, has or may have as of the Effective Date against (A) Xcel or any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent or other party acting on behalf of Xcel or an affiliate of Xcel (other than NRG and the NRG Subsidiaries), in each case in their capacity as such (Xcel and all such persons and entities being collectively referred to as the **"Xcel Released Parties"**), in respect of the Support and Capital Subscription Agreement between Xcel and NRG dated May 29, 2002 (such claims are referred to as the **"Support Agreement Claims"**), (B) the Xcel Released Parties in respect of any other matter relating to NRG or any of the NRG Subsidiaries or any of the claims of any creditor against NRG or any of the NRG Subsidiaries and all liabilities and causes of action related to such claims and (C) any other person or entity (together with the Xcel Released Parties, the **"Released Parties"**) to the extent (but only to the extent) that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the Xcel Released Parties in respect thereof, it being understood that the liability of any such person or entity other than to the extent of its claims against the Xcel Released Parties shall not be released and is expressly preserved (the claims set forth in clauses (B) and (C), as more particularly described in Section IV.A and subject to the exceptions described in Section IV.B, are referred to as **"All Other Claims"**). Notwithstanding the foregoing, the NRG Released Causes of Action shall not include the Separate Bank Claims. In the event any creditor of NRG or any of the NRG Subsidiaries sells, assigns, trades, or otherwise transfers its claim or cause of action against NRG or any of the NRG Subsidiaries to any third party (including an affiliate or subsidiary of such creditor) (a **"Transferee"**) at any time, such Transferee shall be deemed a creditor of NRG or the NRG Subsidiaries as applicable and subject to the terms of this Term Sheet.
H. "Separate Bank Settlement Group":	Collectively, those members of the Bank Group as identified on **Schedule II.H** hereto that have Separate Bank Claims and who shall be entitled to the Separate Bank Settlement Payment.

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I. "Separate Bank Claims":	Collectively, all claims or causes of action of any kind or nature, whether known or unknown, which any member of the Separate Bank Settlement Group or a Transferee thereof, directly or indirectly, has or may have against any of the Released Parties related in any manner to or arising in any manner in respect of such Separate Bank Settlement Group member's or Transferee's loans, financings, letter of credit facilities and other financing and support facilities provided to NRG or any of the NRG Subsidiaries, such claims to include, without limitation, claims against the Released Parties of the type described in clauses (2) through (7) and clause (9) of Section IV.A below.
J. "Separate Bank Settlement Payment":	Pursuant to or in connection with the NRG Plan, $112 million of cash to be funded by Xcel on the Xcel Payment Date to NRG will be concurrently paid by NRG to the Separate Bank Settlement Group on the Xcel Payment Date, but expressly subject to 100% of the members of the Separate Bank Settlement Group prior to that time having executed and delivered to Xcel the Separate Bank Settlement Releases as described in Section V.D. The Separate Bank Settlement Payment shall not be property of NRG's chapter 11 estate. The Separate Bank Settlement Payment is being paid by Xcel solely to facilitate the NRG Plan and the benefits to Xcel thereunder. The Separate Bank Settlement Payment is, expressly, not being paid as any concession of the validity of any claims being released.
K. "Xcel Contribution":	(1) Collectively, (1) $640 million, subject to the provisions of Sections III.B and III.C. and (2) the Xcel Released Causes of Action. $238 million of the Xcel Contribution shall be paid in cash to NRG on the Xcel Payment Date (the **"Initial Contribution"**). $50 million of the Xcel Contribution shall be paid to NRG on the later of January 1, 2004 and the Xcel Payment Date (the **"Second Installment"**). The Second Installment may be paid by Xcel in Xcel stock pursuant to the Xcel Shares Option (as described in Section III.C). Except as provided in Section III.B with respect to the timing thereof and subject to reduction as set forth in Section V.C, $352 million of the Xcel Contribution shall be paid in cash to NRG on the later of April 30, 2004 and the Xcel Payment Date (the **"Third Installment"**); provided, however, that Xcel shall not be required to pay NRG the positive difference, if any, between the Third Installment and the amount of the Cash Refund (as defined below) received by Xcel as of such date until 30 days after the due date of the Third Installment.

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	(2) Although, as indicated in Section III.A(2), the Release-Based Amount is being paid in part to facilitate the NRG Plan and the benefits to Xcel thereunder, the payment of the Third Installment will be required regardless of whether the Cash Refund is ever received or whether any Xcel Tax Benefit is later reduced or eliminated on audit by a taxing authority. The Third Installment shall be payable without interest; *provided,* if Xcel defaults in the timely payment of the Third Installment (taking into account the 30 day grace period set forth above), the unpaid amount shall accrue simple interest at 10% per annum from the date of non- payment until the date of payment (in addition to any other remedies such as collection actions, the reasonable cost of which shall also be payable by Xcel).
	(3) An escrow account will be maintained by a disbursing agent for receipt of any portion of the Xcel Contribution received after the Xcel Payment Date; the disbursing agent shall promptly distribute to the Unsecured Creditor Class (defined below) all funds received in this account, subject to requirements for disbursement of the Release-Based Amount and subject to standard hold-back provisions with respect to Disputed Claims.
L. "Xcel Released Causes of Action":	Collectively, all claims or causes of action of any kind or nature (whether known or unknown) which Xcel has or may have against any of the NRG Entities or any officer, director, employee, affiliate or agent of any of the NRG Entities, in each case in their capacity as such, except as otherwise provided in this Term Sheet (such exclusion to include, for instance, Xcel's existing and future intercompany claims against the NRG Entities as set forth in Section IX.A hereof).
M. "Continuing Debtor Subsidiaries":	Those NRG Subsidiaries identified as Continuing Debtor Subsidiaries on **Schedule 1-A** to the PSA.
N. "Noncontinuing Debtor Subsidiaries":	Those NRG Subsidiaries identified as Noncontinuing Debtor Subsidiaries on **Schedule 1-A** to the PSA.

III. Details of the Xcel Contribution and the Separate Bank Settlement Payment

A. Allocation of Xcel Contribution:	(1) $250 million of the Xcel Contribution (the **"Support Agreement Amount"**) shall be in exchange for the release of the NRG Released Causes of Action comprised of the Support Agreement Claims. The Support Agreement Amount shall be payable out of the entire Initial Contribution and $12 million of the Second Installment. The Confirmation Order shall expressly provide that the Support Agreement Claims belong solely and exclusively to NRG and not to any creditor of NRG or of any other NRG Entity and that the Support Agreement Claims are fully released as to all entities as of the Effective Date, subject to payment in full of the Support Agreement Amount.
	(2) Up to $390 million of the Xcel Contribution (the **"Release-Based Amount"**), together with the Xcel Released Causes

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	of Action, shall be in exchange for the releases described in Section V.C of the NRG Released Causes of Action comprised of All Other Claims. The Released-Based Amount shall be paid out of $38 million of the Second Installment and the entire Third Installment.
	The Release-Based Amount is being paid by Xcel solely to facilitate the NRG Plan and the benefits to Xcel thereunder. The Release-Based Amount is, expressly, not being paid as any concession of the validity of any claims being released.
B. Payment of Xcel Contribution in the Event of an Xcel Downgrade	(1) As of April 1, 2003, Xcel's senior unsecured public notes (the **"Xcel Notes"**) were rated BBB- by Standard & Poor's and Baa3 by Moody's (the **"4/1/03 Ratings"**). In the event that on the Confirmation Date the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days through and including the Confirmation Date, then Xcel, in its sole discretion, may, subject to the creditor election described below, pay up to $150 million of the Initial Contribution no later than 10 business days after the Xcel Payment Date in registered, unrestricted and freely-tradable "XEL" common stock (**"XEL Stock"**) that has been registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement (the **"Xcel Downgrade Election"**). In such event, no later than five business days after the Confirmation Date, Xcel shall issue a press release stating whether Xcel has elected to make any or all of $150 million of the Initial Contribution in XEL Stock and the portion, if any, of such part of the Initial Contribution that will be paid in XEL Stock. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Initial Contribution made in XEL Stock divided by (y) the average closing price for XEL Stock for the last ten full trading days through and including the business day prior to the date when the portion of the Initial Contribution to be paid in XEL Stock is made.
	(2) Notwithstanding the foregoing, the "Authorized Party" (as defined below) may request that Xcel not exercise the Xcel Downgrade Election by causing Xcel to receive written notice of such request (an **"NRG Payment Request"**) within five business days after Xcel's issuance of the press release set forth above. After timely receipt by Xcel of an NRG Payment Request, Xcel shall be required to pay NRG the $150 million of the Initial Contribution in cash on the business day after the Xcel Notes have retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days. In addition, through the Effective Date and prior to payment in full by Xcel of the Initial Contribution, the

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Authorized Party may revoke the NRG Payment Request by causing Xcel to receive written notice of such revocation (an **"NRG Payment Revocation"**). Once given, an NRG Payment Revocation shall be irrevocable. In addition, on the 180th day after receipt by Xcel of an NRG Payment Request, if Xcel shall not have been required to pay NRG the $150 million of the Initial Contribution in cash prior to such date, the NRG Payment Revocation shall be deemed given to Xcel. Upon receipt or deemed receipt by Xcel of an NRG Payment Revocation, Xcel shall pay the portion of the Initial Contribution subject to the Xcel Downgrade Election in Xcel Stock within 10 business days after the later of (i) receipt or deemed receipt of the NRG Payment Revocation and (ii) the Xcel Payment Date. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Initial Contribution made in XEL Stock divided by (y) the average closing price for XEL Stock for the last ten full trading days through and including the business day prior to the date when the portion of the Initial Contribution to be paid in XEL Stock is made.

(3) If (i) on the Confirmation Date the Xcel Notes have retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days but (ii) at any time after the Confirmation Date and prior to the Xcel Payment Date the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days, then the provisions of subsections (1) and (2) above shall apply, but Xcel, in its sole discretion, may, subject to an NRG Payment Request, exercise the Xcel Downgrade Election and pay the requisite XEL Stock no later than the later of (1) 10 business days after the Xcel Payment Date and (2) 105 days after the first date on which the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days (the **"Downgrade Date"**). In such event, Xcel shall issue a press release stating the specifics of its Xcel Downgrade Election no later than five business days after the Downgrade Date. In addition, in this instance, upon receipt by Xcel of an NRG Payment Revocation, Xcel shall pay the portion of the Initial Contribution subject to the Xcel Downgrade Election in XEL Stock within the later of (i) 10 business days after receipt of the NRG Payment Revocation and (ii) 105 days after the Downgrade Date.

(4) For purposes of this Section III.B, the term **"Authorized Party"** shall mean collectively, the official committee of unsecured creditors of NRG in the Chapter 11 Cases (the

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	"Creditors' Committee") and the Global Steering Committee. The Creditors' Committee or the Global Steering Committee acting without the other shall not be an Authorized Party.
	(5) In addition to the foregoing, in the event that on the Xcel Payment Date the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days through and including the date payment of the Third Installment is due, then the Third Installment shall be extended to the later of June 30, 2004 and sixty days after the Xcel Payment Date.
C. Xcel Shares Option:	No later than five business days after the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court, Xcel shall issue a press release stating whether Xcel has elected to make any or all of the Second Installment in XEL Stock and the portion, if any, of the Second Installment that will be paid in XEL Stock (the **"Xcel Shares Option"**). To the extent that Xcel chooses the Xcel Shares Option, Xcel shall make such portion of the Second Installment in XEL Stock, pursuant to an effective registration statement. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Second Installment made in XEL stock divided by (y) the average closing price for XEL Stock for the last ten full trading days through and including the business day prior to the date the Second Installment is due.
D. Mechanics of Separate Bank Settlement Payment:	The Separate Bank Settlement Payment shall be in exchange for the release of 100% of the Separate Bank Claims and shall be payable entirely in cash. The Confirmation Order shall expressly provide that when the Separate Bank Settlement Payment is made, the Separate Bank Claims shall be fully released as to all Released Parties as of the Effective Date.
E. Xcel Released Causes of Action:	The component of the Xcel Contribution comprised of the Xcel Released Causes of Action shall be delivered and effective as of the Effective Date.

IV. NRG Released Causes of Action

A. Included Claims:	The "All Other Claims" component of the NRG Released Causes of Action shall include:
	(1) any claim that is property of any NRG Entities' estate pursuant to section 541 of the Bankruptcy Code or otherwise;
	(2) any preference, fraudulent conveyance and other actions under sections 510, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code or any state law equivalents;
	(3) any claims arising out of illegal dividends or similar theories of liability;

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	(4) any claims asserting veil piercing, alter ego liability or any similar theory;
	(5) any claims based upon unjust enrichment;
	(6) any claims for breach of fiduciary duty;
	(7) any claims for fraud, misrepresentation or any state or federal securities law violations;
	(8) any claim that NRG or any NRG Subsidiary may have as a result of having been a member of the Xcel affiliated tax group or a signatory to an Xcel tax sharing agreement; and
	(9) except as described in Section IV.B, all other claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities against the Released Parties as of the Effective Date whether or not liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law or in equity.
B. Excluded Claims:	The "All Other Claims" component of the NRG Released Causes of Action shall not include:
	(1) any obligations relating to Xcel's payment and performance of the Xcel Contribution and the other benefits to be provided by Xcel as described in this Term Sheet;
	(2) any obligations relating to a "transitional services agreement" of the type described in Section VI.E;
	(3) any post-Effective Date obligations relating to the "employee matters agreement" of the type described in Section VI.F;
	(4) any obligations of the Released Parties under the agreements set forth on in **Schedule VI.I**; or
	(5) the Separate Bank Claims.

V. Additional Issues Regarding the XCEL Contribution and the Separate Bank Settlement Payment

A. Classification of Noteholder Group, Bank Group:	(1) The NRG Plan will classify all allowed impaired unsecured claims against NRG (other than convenience claims) into one pari passu class (the **"Unsecured Creditor Class"**). This class will include, without limitation, all unsecured creditors holding funded debt claims against NRG (including the debenture portion of the NRZ Equity Units), all recourse claims against NRG of creditors of the NRG Subsidiaries and other general unsecured claims against NRG such as rejection claims, trade claims, etc.
	(2) All Noteholder claims, all Bank Group claims, including claims under the Lender Facilities, and all Bank project lender recourse claims against NRG (excluding, in each case, postpetition interest, letter of credit fees and other similar postpetition charges not generally allowable under

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	the Bankruptcy Code), will be allowed in full in accordance with the terms of the applicable documents that give rise to such claims, without defense, offset, counterclaim, reduction, subordination or recharacterization. The Parties reserve all rights as to (i) the proper calculation of the amount of any such claims in accordance with the relevant documentation for such claims and (ii) solely in connection therewith, the proper interpretation of all such documents. The Parties will use their commercially reasonable efforts to resolve any issues (if any) concerning such matters either consensually or judicially prior to the commencement of the hearing on the Disclosure Statement for the NRG Plan.
B. Allocation of Support Agreement Amount:	The Support Agreement Amount shall be paid to NRG and available pro rata to all allowed claims in the Unsecured Creditor Class (which claims, as to members of the Separate Bank Settlement Group, shall not be reduced by receipt of the Separate Bank Settlement Payment); *provided*, *however*, that the NRG Plan shall provide which portion, if any, of the Support Agreement Amount shall be retained by NRG to the extent necessary to provide working capital for its business.
C. Timing and Allocation of Release-Based Amount:	(1) In addition to the general releases set forth in the NRG Plan as described in Section VI.A, the relevant ballots distributed in connection with the NRG Plan to the creditors of NRG will have an election (the **"Release Election"**), in form and substance satisfactory to Xcel, by which each creditor of NRG can expressly elect to release, in such creditor's capacity both as a creditor of NRG and (if applicable) as a creditor of any NRG Subsidiary, the Released Parties from all NRG Released Causes of Action by checking an appropriate box on such ballot, subject to such creditor's receipt of its pro rata share of the Release-Based Amount. The Released-Based Amount shall be distributable pro rata to all allowed claims in the Unsecured Creditor Class (which claims, as to members of the Separate Bank Settlement Group, shall not be reduced by receipt of the Separate Bank Settlement Payment), provided that creditors not checking the box would not receive their pro rata portion of the Release-Based Amount; instead, the aggregate share of the Release-Based Amount of those who did not check the box which otherwise would have been payable to all such creditors (if they had checked the box) will be credited against and deducted from the Xcel Contribution in inverse order of maturity.
	(2) The Release-Based Amounts so credited or deducted will be based upon the maximum amount for which such claim(s) could be allowed. In the event such claim(s) are allowed by a Final Order in an amount less than the maximum amount, the Release-Based Amount withheld on account of

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	the difference between the maximum amount and allowed amount, to the extent an Xcel Contribution payment has been reduced by such credit or deduction, will be distributed ratably to creditors entitled to the Release-Based Amount. A party with a claim against NRG and an NRG Subsidiary as of the Petition Date and who agrees to eliminate such claim against NRG as result of separate consideration from an NRG Subsidiary shall be deemed to have retained its original claim against NRG solely for purposes of the Released-Based Amount unless such creditor's claim against the NRG Subsidiary is unimpaired or such creditor agrees to release all of its NRG Causes of Action against the Released Parties as part of the elimination of its claim against NRG. In connection with the NRG Plan, NRG, Xcel, the Creditors' Committee, the Global Steering Committee and the Noteholder Group shall enter into an agreement specifying the details as to how to calculate the Released-Based Amount payable by Xcel to NRG at any time based upon, among other things, the creditors who make the Release Election, the creditors who do not make the Release Election, the allowance and/or estimation of claims and other factors (the **"Released-Based Amount Agreement"**).
D. Timing and Allocation of Separate Bank Settlement Payment:	(1) Provided that 100% of the Separate Bank Settlement Group members have executed and delivered a Separate Bank Settlement Release to Xcel, the Separate Bank Settlement Payment shall be paid in cash simultaneously with the payment of the Initial Contribution and shall be allocated solely to the Separate Bank Settlement Group.
	(2) In addition to the general releases set forth in the Plan as described in Section VI.A and the Release Election described in Section V.C., release forms (the **"Separate Bank Settlement Releases"**) will be distributed to the members of the Separate Bank Settlement Class. The Separate Bank Settlement Releases will not call for a vote on the NRG Plan, as the Separate Bank Claims are only against the Released Parties, not the NRG Entities. The Separate Bank Settlement Releases will be in form and substance satisfactory to Xcel and the Bank Group, will be a condition to the occurrence of the Effective Date and will permit each member of the Separate Bank Settlement Group to expressly elect to release the Released Parties from all Separate Bank Claims by signing and returning the Separate Bank Settlement Release to Xcel. In exchange for 100% of the members of the Separate Bank Settlement Group signing and returning the Separate Bank Settlement Release, such members would receive their share (as determined by and among the members of the Separate

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	Bank Settlement Group) of the Separate Bank Settlement Payment.

VI. Other XCEL-Related Plan and Confirmation Order Provisions

A. General Release of NRG Released Causes of Action:	The NRG Plan would provide that NRG, each of the NRG Subsidiaries and, to the maximum extent permitted by law, each impaired creditor of the NRG Entities would be deemed to have released the Released Parties as of the Effective Date from all NRG Released Causes of Action, whether or not, in the case of a creditor, such creditor has voted for or against, or has not voted with respect to, the NRG Plan and whether or not such creditor has objected to the NRG Plan or the release of its NRG Released Causes of Action against the Released Parties pursuant to the NRG Plan.
B. Tax Issues:	(A) For federal income tax purposes, Xcel shall claim a worthless stock deduction for its NRG stock for the year in which the NRG Plan becomes effective (the **"Loss Year"**). Xcel shall not claim a worthless stock deduction for any year before the Loss Year. **"Xcel Tax Benefit"** means the reduction in federal income tax liability of Xcel, any affiliate and the Xcel consolidated group, as the case may be, attributable to the worthless stock deduction, including without limitation the amount of any cash refund of taxes (including any interest paid thereon) to be generated by the carryback of such deduction in whole or in part to any taxable year prior to the Loss Year (the **"Cash Refund"**) and the reduction of any estimated payments of federal income tax liability in the Loss Year or any subsequent year, which reduction may be made (or not made) by Xcel in its sole discretion.
	The NRG Plan and the Confirmation Order would provide that:
	The Xcel Tax Benefit would be the sole and exclusive property of Xcel, and the NRG Entities and any party claiming by or through them would release any right or interest that they might otherwise have in the Xcel Tax Benefit as part of the NRG Plan; and
	NRG and its direct and indirect subsidiaries would not be (a) reconsolidated with Xcel or any of its other affiliates for tax purposes at any time after their June 2002 re-affiliation or (b) treated as a party to or otherwise entitled to the benefits of any tax sharing agreement with Xcel.
	(B) From the Petition Date through and including the Effective Date, NRG shall neither cause nor permit to be made any distribution from an NRG subsidiary to the extent that (1) the distribution would be treated as a dividend for federal income tax purposes and (2) the distribution or portion thereof so treated, alone or in combination with any other distribution during that period, to the extent so treated, would exceed $x. For purposes

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	of this limitation, "x" shall be based on (and be less than) the excess of NRG's aggregate gross receipts over its aggregate receipts from the passive income sources listed in section 165(g)(3)(B) of the Internal Revenue Code and shall be determined by Xcel and communicated to NRG as quickly as practicable after completion of the remaining due diligence on the "gross receipts" test set forth in that section.
C. Injunctions:	The Confirmation Order shall:
	(1) (A) contain a finding that certain NRG Released Causes of Action to be specified by Xcel (including all veil piercing, alter ego and similar claims and Support Agreement Claims) are, to the maximum extent permitted by law, the exclusive property of the NRG Entities, as debtors-in-possession, pursuant to section 541 of the Bankruptcy Code, (B) contain a ruling that all NRG Released Causes of Action and all Separate Bank Claims against the Released Parties are fully settled and released under the NRG Plan, (C) contain a ruling that the Separate Bank Settlement Payment is not property of NRG's chapter 11 estate and (D) permanently enjoin any creditor of any of the NRG Entities from pursuing any NRG Released Causes of Action or any Separate Bank Claims against any of the Released Parties; and
	(2) permanently enjoin any person or entity that holds, has held or may hold a claim or cause of action released under the NRG Plan from taking any of the following actions on account of any NRG Released Causes of Action or the Separate Bank Claims: (A) commencing or continuing in any manner any action or other proceeding; (B) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting or enforcing any lien or encumbrance, (D) asserting any setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released person or entity; and (E) commencing or continuing any action in any manner, in any place, that does not comply with or is inconsistent with the provisions of the NRG Plan.
	(3) Notwithstanding anything herein to the contrary, if 100% of the members of the Separate Bank Settlement Group do not sign the Separate Bank Settlement Release or the Separate Bank Settlement Payment is not made in accordance with the terms herein, the Separate Bank Claims shall not be released, discharged or otherwise impaired in any way by the NRG Plan, the Confirmation Order or any other order in the Chapter 11 Cases.
D. Certain Obligations and Arrangements:	On the Effective Date, all Xcel guarantees, equity contribution obligations, indemnification obligations, arrangements whereby

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	Xcel has posted cash collateral and all other credit support obligations with respect to NRG or any NRG Subsidiary, in each case set forth on **Schedule VI.D** hereto or such additional items added to Schedule VI.D. by Xcel by the NRG bar date not to exceed in the aggregate $5 million of face amount for such added items (collectively, the **"Guarantees"**), shall be terminated (with Xcel having no further liability for such obligations or arrangements) and all such cash collateral shall be returned to Xcel on the Effective Date, except that NRG shall cooperate with Xcel and support the return to Xcel of the $11.5 million of cash collateral posted by Xcel for the Mid-Atlantic project at the earliest practical date after the current expiration of the relevant Mid-Atlantic agreement in July of 2003. NRG and the NRG Subsidiaries shall be solely responsible for renewing, administering and paying for their own insurance policies starting with insurance policies relating to property and other coverages expiring as of June, 2003, and insurance policies covering director and officer liabilities (the **"D&O Policy"**) expiring on August 18, 2003 (the **"D&O Expiration Date"**); provided, however, that Xcel shall (1) not cancel the D&O Policy before the D&O Expiration Date, (2) reasonably cooperate with NRG's past or current officers and directors who may be entitled to coverage under the D&O Policy to allow them to administer their claims and (3) if available and at the sole cost of NRG, and after receiving sufficient funds from NRG, at NRG's request purchase customary tail coverage for NRG's officers and non-Xcel directors in office on the day prior to the Petition Date and who are entitled to coverage under the D&O Policy.
E. Transitional Services Agreement:	The NRG Plan would, if desired by NRG, incorporate a transitional services agreement pursuant to which Xcel would provide NRG specified administrative services for a specified reasonable agreed period after the Effective Date, as requested by NRG, and would receive compensation therefor at the cost to Xcel of goods provided or the fair value of services provided.
F. Employee Matters Agreement:	The NRG Plan would approve an employee matters agreement pursuant to which various obligations with respect to employees and benefit plans would be allocated between Xcel and NRG as set forth in **Schedule VI.F** hereto as of the Effective Date.
G. Tax Matters Agreement and Control Group Indemnity:	Effective as of the Effective Date, Xcel and NRG shall enter into a tax matters agreement that addresses liability for any unpaid taxes of NRG and Xcel for periods during which NRG and Xcel were part of the same consolidated, combined or unitary tax group, entitlement to any tax refunds for such periods, the control of contests for such periods, cooperation with respect to audits and such other matters as would be customary in a tax matters agreement between similarly-situated corporations. In addition, Xcel and NRG shall use their

	commercially reasonable efforts to negotiate and execute on the Effective Date an agreement satisfactory to the Parties whereby Xcel and NRG (on behalf of itself and the NRG Subsidiaries) shall separately indemnify each other on and as of the Effective Date for any actions taken by the indemnifying party through the Effective Date where the statutory liability imposed on the indemnified party is solely by reason of Xcel's direct or indirect ownership of NRG and the NRG Subsidiaries.
H. NRZ Equity Units:	The Confirmation Order shall provide that the right and obligation of any holder of an NRZ Equity Unit to purchase common shares of Xcel was terminated as of the Petition Date.
I. Other Xcel Agreements:	The NRG Plan would provide for assumption by NRG of the agreements with Xcel described on **Schedule VI.I** hereto. Agreements not on Schedule VI.I would be rejected.

VII. Overall NRG Plan Classification and Treatment of Claims

Class	Type of Claim/Interest	Treatment	Voting Rights
Class 1	Unsecured Priority Claims	*Unimpaired.* Each holder of a Class 1 Claim will receive cash in an amount equal to the allowed amount of their claim.	Not entitled to vote. Deemed to accept.
Class 2	Convenience Claims	*Unimpaired.* Each holder of an allowed claim in Class 2 will receive cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4 of the NRG Plan).	Not entitled to vote. Deemed to accept.
[Class 3	**Secured Claims against Noncontinuing Debtor Subsidiaries**	***Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of a secured claim classified in Class 3 (a) the collateral securing such allowed secured Claim, (b) cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any collateral securing such allowed secured claim, less the actual costs and expenses of disposing of such collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such allowed secured claim, on the later of (i) the Effective Date and (ii) the fifteenth business day of the first month following the month in which such claim becomes an allowed secured claim, or as soon after such dates as is practicable. Each holder of an allowed claim in Class 3 shall retain the liens securing such claim as of the confirmation date until the Debtors shall have made the distribution to such**	**Entitled to vote]**

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Class	Type of Claim/Interest	Treatment	Voting Rights
		holder provided for in Article IV of the NRG Plan.]	
Class 4	*Intentionally Omitted*		
[Class 5	**Miscellaneous Secured Claims**	***Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of an allowed miscellaneous secured claim (a) the collateral securing such allowed secured claim, (b) cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any collateral securing such allowed secured claim, less the actual costs and expenses of disposing of such collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an allowed miscellaneous secured claim, on the later of (i) the Effective Date and (ii) the fifteenth business day of the first month following the month in which such claim becomes an allowed secured claim, or as soon after such dates as is practicable. Each holder of an allowed claim in Class 5 shall retain the Liens securing such claim as of the confirmation date until the Debtors shall have made the distribution to such holder provided for in Article IV of the NRG Plan.]**	**Entitled to vote**
Class 6	NRG Unsecured Claims, including NRG Rejected Guaranty Claims	*Impaired.* Except as otherwise provided in the NRG Plan with respect to certain letter of credit claims, each holder of an allowed claim in Class 6 will receive its pro rata share of (a) on the Effective Date, the New NRG Notes, (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan as set forth in Section IX.J of this Term Sheet, and (c) on the date of the Third Installment (or as soon thereafter as practical), cash in an amount not less than the Release-Based Amount; and *provided further that* the Cash distributable to holders of allowed claims in Class 6 represents a pro rata share of the Released-Based Amount, as set forth and described in Section III.A of this Term Sheet and each holder of an Allowed Claim classified in Class 6 shall receive its pro rata share of such cash only if such holder elects (by checking the appropriate box on its	Entitled to vote

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Class	Type of Claim/Interest	Treatment	Voting Rights
		Ballot) to grant the releases described in Section III.A of this Term Sheet.	
Class 7	PMI Unsecured Claims	*Impaired.* On the Effective Date, each holder of an allowed Class 7 claim will receive its pro rata share of New NRG Notes and shares of New NRG Common Stock allocated to Class 7 from Class 6.	Entitled to vote
Class 8	Unsecured Noncontinuing Debtor Subsidiary Claims	*Impaired.* Each holder of an allowed Class 8 claim shall receive no distribution under the NRG Plan on account of such Class 8 Claims.	Not entitled to vote. Deemed to reject.
Class 9	NRG Intercompany Claims	To be discussed.	To be discussed.
Class 10	*Intentionally Omitted*		
Class 11	NRG Old Common Stock	*Impaired.* No property will be distributed to or retained by the holders of allowed equity Interests in Class 11. On the Effective Date, each and every equity interest in Class 11 shall be cancelled and discharged and the holders of Class 11 equity interests shall receive no distribution under the NRG Plan on account of such equity interests.	Not entitled to vote. Deemed to reject.
Class 12	PMI Common Stock	*Unimpaired.* NRG shall retain its 100% ownership interest in PMI.	Not entitled to vote. Deemed to accept.
Class 13	Securities Litigation Claims	*Impaired.* Each and every claim in Class 13 shall be cancelled and discharged and the holders of Class 13 claims shall receive no distribution under the NRG Plan on account of such claims.	Not entitled to vote. Deemed to reject.
Class 14	Noncontinuing Debtor Subsidiary Common Stock	*Impaired.* Each and every equity interest in Class 14 shall be cancelled and discharged and the holders of Class 14 equity interests shall receive no distribution under the NRG Plan on account of such equity interests.	Not entitled to vote. Deemed to reject.

VIII. Details of Class 6 Distributions

A. The **"New NRG Notes"**:	The New NRG Senior Subordinated Notes shall (i) be in an initial principal amount of $500,000,000.00; (ii) at the option of reorganized NRG either (a) accrue interest commencing on the Effective Date payable semiannually in cash at a rate of 10% per annum, or (b) accrue interest at a rate of 12% per annum payable in kind; *provided, however,* that any interest paid in kind shall be paid in cash upon the earlier of the fifth anniversary of the Effective Date or the original maturity date of the New NRG Notes; **[(iii) be subordinate to any exit facility undertaken by reorganized NRG,]** and (iv) mature on the seventh anniversary of the Effective Date. The New NRG

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	Notes will be issued under a new indenture in a form contained in the NRG Plan supplement.
B. The **"New NRG Common Stock "**:	(1) The New NRG Common Stock would be registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement or, if applicable, pursuant to Bankruptcy Code § 1145, and NRG would use its best efforts to obtain NASDAQ listing.
	(2) Registration Rights Agreement for a percentage of New NRG Common Stock to be agreed upon by the Parties and subject to customary blackout periods.
C. The **"NRG Cash Amount"**:	**[Formula [Open] for determining amount of NRG cash (i.e., not including any Xcel Contribution) to be distributed to Class 6, including relationship to Exit Financing]**

IX. Miscellaneous

A. Intercompany Claims:	(1) As part of the settlement with Xcel, any pre- or postpetition claims of Xcel against any of the NRG Entities arising from the provision of intercompany goods or services to any of the NRG Subsidiaries or from payment by Xcel under any Guaranty shall paid in full in cash by NRG in the ordinary course (including payment during the Chapter 11 Cases) in the appropriate amount based on the underlying contracts or agreements between the parties (including all agreements listed on Schedule VI.I), without any subordination or recharacterization of such claims, except that the claims which are to be paid in full in the ordinary course during the Chapter 11 Cases shall not include claims of Xcel arising under the Guarantees listed in Schedule VI.D but shall include any claims of Xcel related to RDF, Thermal and NSP-Minnesota. Notwithstanding the foregoing, (A) all claims arising or accruing on or prior to January 31, 2003 for the provision of intercompany goods or services under the Xcel/ NRG administrative Services Agreement dated June, 2002 (the **"ASA"**) and all claims for amounts paid by Xcel on or prior to January 31, 2003 under any Guaranty (collectively, the **"Settled Claims"**) shall not be paid until the Effective Date, at which time Xcel shall receive, on account of and in full and final settlement of such claims, an unsecured, 2.5 year non amortizing promissory note of NRG in the principal amount of $10 million bearing interest at the per annum rate of 3%; and (B) after January 31, 2003 NRG shall only be responsible for amounts billed under the ASA related to corporate insurance obtained for the benefit of NRG and other services requested by NRG (collectively, the **"Reimbursable Claims"**). A comprehensive schedule of the types of all existing intercompany claims is set forth on *Schedule IX.A* hereto. NRG agrees that it shall not order

	services from Xcel under the ASA or otherwise inconsistent with the provisions of this Term Sheet.
	(2) NRG shall not take any action, or fail to take any action, which would increase the likelihood that Xcel will be required to make any payment on any Guaranty during the Chapter 11 Cases.
	(3) To the extent, if any, that intercompany claims of Xcel (other than Settled Claims and other than claims under the ASA which are not Reimbursable Claims, but including claims for reimbursement of payments made by Xcel under Guarantees) are unpaid as of the Effective Date, such amounts shall be paid in full in cash on the Effective Date by the relevant NRG Entity under the NRG Plan without any subordination or recharacterization of such claims.
	(4) The provisions of this Section IX.A shall not apply to any tax sharing agreement. All tax sharing agreements, to the extent otherwise binding on Xcel and NRG, shall terminate (without any residual or ongoing liability of either party to the other) as of the Effective Date for all taxable periods, past, present and future. On and after the Effective Date, tax matters shall be governed exclusively by the tax matters agreement referred to in Section VI.G above.
	(5) A schedule of the types of existing intercompany claims is set forth on **Schedule IX.A** hereto. Except as provided in the foregoing paragraphs in this Section IX.A, no intercompany claims between NRG and Xcel shall be paid.
B. Solicitation; Fiduciary Duties:	As discussed in the introductory language to this Term Sheet and in the PSA, notwithstanding anything herein to the contrary, each Party expressly acknowledges and agrees that the Parties do not desire and do not intend in any way to derogate from or diminish the solicitation requirements of applicable securities and bankruptcy law, the fiduciary duties of the NRG Entities as debtors in possession, the fiduciary duties of any Noteholder or member of the Bank Group that is appointed to the Creditors' Committee or the role of any state or federal agencies with regulatory authority concerning Xcel or any of the NRG Entities.
C. Board of Directors and Management:	(A) Xcel has informed the Parties that the NRG Board of Directors immediately after the time of the order for relief in the Chapter 11 Cases shall be:
	(1) Scott Davido, who shall also be Chairman of the Board;
	(2) Ershel C. Redd, Jr.; and
	(3) Leonard LoBiondo, who shall also be CRO of NRG.
	(B) The Board of Directors of reorganized NRG will be staggered and will consist of:
	(1) six directors designated by the Noteholder Group;

	(2) four directors designated by the members of the Bank Group; and (3) the post-reorganization CEO. In addition, there will be a committee consisting of two designees of the Noteholder Group and two designees of the Global Steering Committee. Such committee, by majority vote, shall be satisfied as of the Effective Date with the persons designated to serve as Chief Executive Officer and Chief Financial Officer of reorganized NRG, as well as the employment terms for such persons.
D. Charter/ Bylaws:	Other governance matters (e.g., charter and bylaws) of reorganized NRG to be discussed in good faith.
E. Other Releases:	In addition to the releases described in Sections V.C, and VI.A above, the NRG Plan shall contain customary releases for directors, officers, pre and post petition committees, professionals, Xcel, NRG, etc.
F. Other Injunctions:	In addition to the injunctions described in Section VI.C above, the NRG Plan shall contain other customary Chapter 11 injunctions.
G. Indemnification:	The NRG Plan shall contain customary indemnification provisions for directors, officers, pre and post petition committees, professionals, Xcel, NRG, etc.
H. Dutch Auction Provisions:	The NRG Plan will incorporate voluntary debt/equity reallocation procedures as more fully described in the NRG Plan.
I. Settlements with Holders of Project-Level Secured Debt and Funding of Finco Projects:	NRG and the applicable debtor intend to seek from project-level secured lenders, on a project-by-project basis, a consensual restructuring or discharge of such debt. NRG is continuing to evaluate what additional modifications, if any, are appropriate. In the interim, during the pendency of the Chapter 11 Cases, NRG shall fund the "NRG Finco" projects pursuant to the NRG subsidiary term sheet attached as **Schedule IX.I** hereto.
J. Management Incentive Plan:	The NRG Plan will include a management incentive plan to be determined.
K. Disputed Claims:	(1) Customary NRG interest-bearing reserve pending resolution of Disputed Claims; and (2) An interest-bearing reserve for Xcel's Release-Based Amount for Disputed Claims as described in Section V.C above.

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Schedule II.H

SEPARATE BANK SETTLEMENT GROUP(1)

The banks and other financial institutions from time to time parties to (a) the $1,000,000 364-Day Revolving Credit Agreement, dated as of March 8, 2002, between NRG Energy, Inc., as Borrower, and ABN AMRO Bank N.V., as Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified; (b) the $2,000,000,000 Credit Agreement, dated as of May 8, 2002, between NRG Finance Company I LLC, as Borrower, and Credit Suisse First Boston, as Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified; and (c) the $125,000,000 Standby Letter of Credit, dated as of November, 1999, between NRG Energy, Inc., as Borrower, and Australia and New Zealand Banking Group Limited, as Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified.

1 Allocation and mechanics (including concerning a reserve for undrawn ANZ Letters of Credit) as agreed to between the agents.

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SCHEDULE VI.D

(Certain Obligations and Arrangements Between Xcel and NRG)

GUARANTEES

Counterparty	Physical/ Financial	Commodity	Amount of Guaranty	Date Guaranty Expires or Expired (NOTE "A")
AEP Energy Services, Inc.	FINANCIAL	ALL	$ 7,000,000	12/31/2002
American Electric Power Service Corp	FINANCIAL	ALL		
American Electric Power Service Corp	PHYSICAL	ELECTRIC		
Aquila Merchant Services, Inc.	FINANCIAL	ALL	$ 10,000,000	10/12/2002
Aquila Merchant Services, Inc.	PHYSICAL	ELECTRIC		
Aquila Merchant Services, Inc.	PHYSICAL	NAT GAS		
Bank of America, N.A.	FINANCIAL	ALL	$ 10,000,000	8/31/2003
Consolidated Edison Energy, Inc.	PHYSICAL	ELECTRIC	$ 10,000,000	12/31/2003
Constellation Power Source, Inc.	FINANCIAL	ALL	$ 15,000,000	7/31/2003
Constellation Power Source, Inc.	PHYSICAL	ELECTRIC		
Duke Energy Trading & Marketing LLC	FINANCIAL	ALL	$ 15,000,000	5/24/2003
Duke Energy Trading & Marketing LLC	PHYSICAL	ELECTRIC		
Duke Energy Trading & Marketing LLC	PHYSICAL	NAT GAS		
El Paso Merchant Energy, L.P.	FINANCIAL	ALL	$ 12,000,000	2/28/2002
El Paso Merchant Energy, L.P.	PHYSICAL	ELECTRIC		
El Paso Merchant Energy, L.P.	PHYSICAL	NAT GAS		
Entergy-Koch Trading, LP	FINANCIAL	ALL	$ 8,500,000	3/31/2003
Entergy-Koch Trading, LP	PHYSICAL	ELECTRIC		
Entergy-Koch Trading, LP	PHYSICAL	NAT GAS		
Exelon Generation Company, LLC	FINANCIAL	ALL	$ 7,000,000	3/31/2003
Exelon Generation Company, LLC	PHYSICAL	ELECTRIC		
HQ Energy Services (U.S.) Inc.	(tolling agmt)	(tolling agmt)	Terminated, Effective 11/30/02	(n/a)
J. Aron & Company	FINANCIAL	ALL	$ 10,000,000	1/31/2004
Morgan Stanley Capital Group Inc.	FINANCIAL	ALL	$ 15,000,000	9/30/2003
Morgan Stanley Capital Group Inc.	PHYSICAL	ELECTRIC		
PG&E Energy Trading — Gas Corporation	FINANCIAL	ALL	$ 2,000,000	12/31/2002
PG&E Energy Trading — Gas Corporation	PHYSICAL	NAT GAS		
PG&E Energy Trading — Power, L.P.	FINANCIAL	ALL	$ 9,000,000	12/31/2002
PG&E Energy Trading — Power, L.P.	PHYSICAL	ELECTRIC		
PJM Interconnection, LLC	FINANCIAL	ALL	$ 17,000,000	$ 12M 4/30/03, $ 5M 7/31/03
PJM Interconnection, LLC	PHYSICAL	ELECTRIC		
Select Energy, Inc.	FINANCIAL	ALL	$ 3,000,000	8/31/2002
Select Energy, Inc.	PHYSICAL	ELECTRIC		
Sprague Energy Corp.	FINANCIAL	ALL	$ 4,000,000	11/30/2003
Sprague Energy Corp.	PHYSICAL	NAT GAS		
Williams Energy Marketing & Trading	FINANCIAL	ALL	Terminated, Effective 11/15/02	(n/a)
Williams Energy Marketing & Trading	PHYSICAL	ELECTRIC		
Atlantic City Electric Company, dba Conectiv (BGS Auction)	FINANCIAL	ALL	$ 11,500,000	7/31/2003
NEPOOL	PHYSICAL	ELECTRIC	$ 60,000,000	12/31/2003
Obligation total, for the counterparties from above			$ 226,000,000	
Obligation total above covered under Xcel guaranties or assignments			$ 226,000,000	

NOTE "A":

Any transactions that were entered into with a CP on or before the expiration date of the guaranty will be covered through the duration of the trade(s) on an "evergreen" basis. Thus, for Aquila, El Paso, and PGET Power, all trade obligations of NRG were entered into prior to the expiration dates of those guaranties, even though the periods ultimately covered under those trade obligations are relatively far out into the future (to 12/03 for Aquila and PGET Power, to 12/06 for El Paso). The inclusion of a guaranty or other item on this *Schedule VI.D.* which has expired shall not be deemed a statement that such guaranty or other item is otherwise effective or in force or effect.

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Bonds

Number	Principal	Amount	Description	Bond Obligee	Eff Date	Exp Date	Premium	Surety	Div.	Indemnity
INDEMNIFIED BY XCEL ENERGY:										
ST. PAUL BONDS										
400SD3190	NRG Processing Solutions LLC	$20,000.00	License Bond	Hennepin County	6/30/2002	6/30/2003	$200.00	St. Paul	NRG	Yes
400SF4076	NRG Energy Center Pittsburgh	$75,000.00	Street Opening Bond	City of Pittsburgh	5/15/2002	5/15/2003	$300.00	St. Paul	NRG	Yes
400SH7762	Meriden Gas Turbines, LLC	$876,800.00	Subdivision Bond	City of Meriden	8/24/2001	8/24/2003	$1,754.00	St. Paul	NRG	Yes
400SH7763	Meridan Gas Turbines, LLC	$768,490.00	Subdivision Bond	City of Meriden	8/24/2001	8/24/2003	$1,537.00	St. Paul	NRG	Yes
Sub-Total St. Paul		$1,740,290.00					$3,791.00			
SAFECO BONDS										
6161831	Xcel Energy, Inc.	$20,000.00	Solid Waste Facility Bond	County of Hennepin	8/9/2002	8/9/2003	$200.00	Safeco	NRG	Yes
Sub-Total Safeco		$20,000.00					$200.00			
CNA BONDS										
929214989	NRG Energy Center	$100,000.00	Highway Occupancy Permit Obligation Bond	PA Dept. of Trans.	9/21/2002	9/21/2003	$450.00	CNA	NRG	Yes
929215308	NRG Power Marketing, Inc.	$250,000.00	License Bond	Pennsylvania Public Utility Commission	9/12/2002	9/12/2003	$2,250.00	CNA	NRG	Yes
929215309	NRG Energy Center San Diego LLC	$5,000.00	Franchise Bond	City of San Diego	9/2/2002	9/2/2003	$100.00	CNA	NRG	Yes
929222788	NRG Processing Solutions LLC	$100,000.00	Tree & Yard Waste Permit Bond	Scott County	10/12/2002	10/12/2003	$560.00	CNA	NRG	Yes
929222789	NRG Processing Solutions LLC	$45,000.00	Yard Waste Composting & Processing Facility Permit Bond	Dakota County	10/10/2002	10/10/2003	$252.00	CNA	NRG	Yes
929222790	NRG Processing Solutions LLC	$72,400.00	Solid Waste Facility Permit Bond	Dakota County	10/10/2002	10/10/2003	$405.00	CNA	NRG	Yes
929222795	NRG Power Marketing, Inc.	$1,000,000.00	Bond of Distributor of Automotive Fuel	State of New York	10/12/2002	10/12/2003	$2,250.00	CNA	NRG	Yes
929222796	NRG Power Marketing Inc.	$1,000,000.00	Motor Fuels Tax Bond	State of New Jersey	10/12/2002	10/12/2003	$2,250.00	CNA	NRG	Yes
929224970	NRG Processing Solutions LLC	$100,000.00	Waste Facility License & Permit Bond	County of Anoka	11/17/2002	11/17/2003	$560.00	CNA	NRG	Yes
929224971	NRG Processing Solutions LLC	$25,000.00	Waste Facility License/ Permit Bond	County of Anoka	11/17/2002	11/17/2003	$140.00	CNA	NRG	Yes
929224973	El Segundo Power LLC	$10,000.00	Lease Bond	State of California	11/9/2002	11/9/2003	$100.00	CNA	NRG	Yes
929224975	MM SKB Energy LLC	$19,215.00	Processing Facility Bond	Commonwealth of PA	11/25/2002	11/25/2003	$108.00	CNA	NRG	Yes
929224986	Dunkirk Power LLC	$25,000.00	Bond of Distributor of Automotive Fuel	State of New York	1/1/2003	1/1/2004	$100.00	CNA	NRG	Yes
929224987	Huntley Power LLC	$35,000.00	Bond of Distributor of Automotive Fuel	State of New York	1/2/2003	1/3/2004	$100.00	CNA	NRG	Yes
929225083	NRG Northeast Affiliate Services, Inc.	$29,000.00	Workers' Compensation Bond	State of New York	12/31/2002	12/31/2003	$351.00	CNA	NRG	Yes
929231861	NRG Ilion LP LLC	$52,308.00	Utility Payment Bond	Niagra Mohawk Power Corp.	12/12/2002	12/12/2003	$471.00	CNA	NRG	Yes
929239784	NRG Energy Center Pittsburgh LLC	$80,000.00	Highway Restoration & Maintenance Bond	Commonwealth of PA	6/18/2002	6/18/2003	$160.00	CNA	NRG	Yes
929239794	Dunkirk	$53,000.00	Mined Land	State of New York	5/15/2002	5/15/2003	$106.00	CNA	NRG	Yes

	Power, LLC		Reclamation Bond							
929239797	Cabrillo Power LLC	$100,000.00	Lease Bond	State of California	5/21/2002	5/21/2003	$175.00	CNA	NRG	Yes
929239799	NRG Energy	$1,500,000.00	Permit Bond	City of St. Paul, MN	5/23/2002	5/23/2003	$2,625.00	CNA	NRG	Yes
929242598	Arthur Kill Power LLC	$10,000.00	Performance Bond	Department of Energy Conservation	3/18/2002	3/18/2003	$50.00	CNA	NRG	Yes
Sub-Total CNA		$4,610,923.00					13,563.00			
TOTAL INDEMNIFIED BY XCEL ENERGY		**$6,371,213.00**					**$17,554.00**			
NON-INDEMNIFIED BONDS										
U668424	NRG Energy, Inc.	$30,000.00	Solid Waste Management Bond	County of Washington	1/20/1999	1/20/2004	$400.00	Reliance	NRG	No
Total All NRG Bonds		**$6,401,213.00**					**$17,954.00**			

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OTHER INDEMNIFICATION OBLIGATIONS

Agreement and Consent for Transfer to NRG between Northern States Power Company, NRG Energy, Inc., Anoka County, Hennepin County, Sherburne County, and Tri-County Solid Waste Management Committee dated on or about August 20, 2001.

Affirmation Agreement between Northern States Power Company and NRG Energy, Inc. dated August 8, 1993.

OTHER GUARANTY OBLIGATIONS

Guarantees of employment agreements for three NRG employees.

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DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

SCHEDULE VI.F

(Employee Benefit Matters)

Qualified Defined Benefit Pension Plans

- Xcel would continue to maintain the NRG benefit formulas for NRG employees as part of the Xcel/ NRG plan (the "Merged Plan") until the Effective Date.

- On the Effective Date, (a) NRG employees would stop participating in the Merged Plan, (b) all NRG employee Merged Plan benefits would be frozen (except as set forth below) and (c) the obligation for all such benefits would remain in the Merged Plan and would be the responsibility of the Merged Plan and Xcel to fund and provide. To the extent a partial termination, within the meaning of Section 411(d)(3) of the Internal Revenue Code, of the Merged Plan would occur as of the Effective Date, either as a result of the NRG employees ceasing to be employed by Xcel and its subsidiaries or otherwise, such employees would be fully vested as of the Effective Date in their frozen benefits under the Merged Plan as and to the extent provided by Section 411(d)(3) of the Internal Revenue Code. On and after the Effective Date, the Merged Plan would provide that, as of the Effective Date, with respect to NRG employees who are employed by NRG and are participants in the Merged Plan on the Effective Date, credit for employment with NRG on or after the Effective Date would be credited (i) for vesting purposes under the Merged Plan, if no such partial termination occurred, and (ii) for purposes of eligibility for entitlement for the commencement or receipt of benefits under the Merged Plan (including, without limitation, for eligibility for commencement or receipt of any early retirement benefit or supplement), but (iii) for no other purposes including, without limitation, benefit accrual purposes. As hereby modified, such benefits to which NRG employees are entitled under the terms of the Merged Plan would be paid to them by the Merged Plan as and when provided therein.

Non-Qualified Retirement Plans ("NQRPs")

- Xcel and NRG would determine prior to the Effective Date what proportion of the obligations owing to current NRG employees under the NRG NQRPs is legally allocable to Xcel by virtue of prior service by those employees as Xcel (NSP) employees (the "Xcel NQRP Amount").

- Xcel would maintain responsibility for the Xcel NQRP Amount to the extent it has not already satisfied its obligation therefor. The difference between the total amount owing to current NRG employees under the NQRPs and the Xcel NQRP Amount (the "NRG NQRP Amount") would be reinstated or replaced with a similar nonqualified plan approved by the NRG Plan. Any new plan in respect of the NRG NQRP Amount would be developed in consultation with the Bank Group and the Noteholder Group.

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SCHEDULE VI.I

(Xcel/ NRG Agreements To Be Assumed)

1. Agreement for the Use and Operation of Certain Facilities Located at the High Bridge Plant dated Jan. 23, 2002.

2. Agreement for the Sale of Thermal Energy and Wood Byproduct between Northern States Power Company and NRG Thermal f/k/a Norenco Corporation, dated November 16, 1989.

3. Refuse Derived Fuel Supply Agreement between Northern States Power Company and NRG Resource Recovery, Inc." (not dated) (Term: 1-1-1992 to 12-31-2001, automatically renewing for five year terms thereafter, unless terminated by six month written notice.)

4. Lease and Agreement between Northern States Power Company and Minnesota Waste Processing Company, L.L.C. dated September 13, 1994.

5. Lease and Agreement between Northern States Power Company and NRG Energy Inc. dated July 21, 1997.

6. Short Term Coal Agreement for the Sale of Coal from Northern States Power Company (dba Xcel Energy, Seller) to NRG Energy Center-Rock Tenn LLC (Buyer) dated January 6, 2003.

7. Letter Agreement between e prime and NRG Energy, Inc. dated on or about February 25, 2003.

8. Agreement For Consulting Services Between NRG Energy, Inc. And Utility Engineering Corporation dated May 22, 2000.

PROVIDED AS PART OF SETTLEMENT

DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

SCHEDULE IX.A

(Intercompany Claims Owing to Xcel)

1. All amounts owed by NRG to Xcel in connection with various payments made by Xcel in connection with the Guarantees.

2. Third Quarter 2002 estimated tax payment made to NRG.

3. All amounts owed by NRG to Xcel in connection with the ASA.

4. All amounts owed by NRG to Xcel in connection with various Northern States Power Company and other agreements listed on Schedule VI.I.

5. All amounts owed by NRG to Xcel in connection with various engineering services.

6. All amounts owed by NRG to Xcel in connection with e prime.

7. All amounts owed by NRG to Xcel in connection with NSP-Wisconsin.

8. All amounts owed by NRG to Xcel in connection with PSCo.

9. All amounts, if any, owed by NRG to Xcel for NRG's own utility usage.

PROVIDED AS PART OF SETTLEMENT

DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

SCHEDULE IX.I

(NRG Finco Project Funding)

Provided as part of settlement

discussions; subject to Federal Rule of Evidence 408 and all Bankruptcy and state law equivalents

TERM SHEET CONCERNING CERTAIN SUBSIDIARIES OF NRG ENERGY INC.

DATED AS OF MAY 2003

The following (the "Term Sheet") concerns certain matters relating to the following indirect wholly-owned subsidiaries of NRG Energy Inc. ("NRG"): (a) NRG Audrain Generating LLC ("Audrain"); (b) LSP-Nelson Energy, LLC ("LSP-Nelson") and NRG Nelson Turbines LLC (together with LSP-Nelson, "Nelson"); and (c) LSP-Pike Energy, LLC ("Pike" and, together with Audrain and Nelson, the "Projects").

The Term Sheet is subject to finalization and execution of the Plan Support Agreement, dated as of May , 2003 (the "Plan Support Agreement"), by and among NRG, certain of NRG's subsidiaries and affiliates as set forth therein, Excel Energy Inc., the Supporting Noteholders (as defined therein), and the Supporting Lenders (as defined therein).

Notwithstanding anything to the contrary in the foregoing, the Term Sheet is being provided as part of settlement discussions and, as a result, shall be treated as such pursuant to Federal Rule of Evidence 408 and all bankruptcy and state law equivalents.

Parties:	NRG, Audrain, Nelson, Pike and the lenders (the "FinCo Lenders") pursuant to the Credit Agreement, dated as of May 8, 2001, by and among NRG Finance Company I LLC, Audrain, LSP-Nelson, Pike, NRG Turbine LLC, Credit Suisse First Boston, as Administrative Agent, and the FinCo Lenders, together with all amendments, modifications, renewals, restatements, substitutions and replacements thereof and all documents, agreements or instruments related thereto (the "FinCo Credit Agreement").
Collateral:	The FinCo Lenders, pursuant to the FinCo Credit Agreement, assert, and NRG does not dispute, a security interest in substantially all of the assets of Audrain (the "Audrain Collateral"), the assets of Nelson (the "Nelson Collateral") and the assets of Pike (the "Pike Collateral" and, collectively with the Audrain Collateral and Nelson Collateral, the "Collateral"), as more fully described in the FinCo Credit Agreement.
Audrain:	NRG shall, subject to Bankruptcy Court approval (if necessary), lend to Audrain reasonably necessary funds (the "NRG Audrain Funds") to preserve, maintain, operate and sell or otherwise dispose of the Audrain Collateral until the earlier of (a) December 31, 2003 and (b) the first date on which the NRG Audrain Funds are equal to or exceed $750,000. As a precondition to NRG's obligation to lend the NRG Audrain Funds to Audrain, the FinCo Lenders shall agree to subordinate their claims against Audrain, including any payment of principal or interest in respect thereof, to the prior repayment in full to NRG of the NRG Audrain Funds.
Nelson:	The reasonably necessary funds to preserve, maintain and sell or otherwise dispose of the Nelson Collateral shall (a) first, be provided from the funds deposited in the bank accounts of Nelson and any insurance proceeds or refunds related to Nelson and (b) thereafter, be provided by NRG, subject to Bankruptcy Court

	approval (if necessary), in an amount not to exceed $500,000 (the funds to be provided by NRG are referred to as the "NRG Nelson Funds"). As a precondition to NRG's obligation to lend the NRG Nelson Funds to Nelson, the FinCo Lenders shall agree to subordinate their claims against Nelson, including any payment of principal or interest in respect thereof, to the prior repayment in full to NRG of the NRG Nelson Funds.
Pike:	The reasonably necessary funds to preserve, maintain and sell or otherwise dispose of the Pike Collateral shall be provided from the funds deposited in the bank accounts of Pike and any insurance proceeds or refunds related to Pike.
Sale or Disposition:	NRG shall not sell or otherwise dispose of the Collateral without the prior approval of the FinCo Lenders; provided, the foregoing shall not preclude NRG from abandoning any of the Collateral if permissible under applicable law.
Proceeds:	To the extent NRG receives any proceeds or refunds related to any of the Projects, including, without limitation, insurance proceeds, such proceeds and refunds shall be remitted to the appropriate Project within 3 business days of NRG's receipt of such funds.
Expenses of Disposition:	Any expenses incurred in the sale or disposition of the Collateral, including, without limitation, investment banker, broker and other professional fees, shall be for the account of the FinCo Lenders and not chargeable against or payable by NRG (but the foregoing is not intended to preclude the FinCo Lenders from applying any of the funds lent by NRG to, or already on deposit with, any of the Projects).

EXHIBIT B

PLAN SUPPORT AGREEMENT

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (this **"Agreement"**) is made and entered into as of May 13, 2003 by and among (i) NRG Energy, Inc. (**"NRG"**), (ii) certain of NRG's subsidiaries and affiliates as set forth on ***Schedule 1-A*** (the **"Relevant NRG Subsidiaries"** and, together with NRG, the **"NRG Group"**), (iii) Xcel Energy Inc. (**"Xcel"**), (iv) the persons identified on ***Schedule 1-B*** (collectively, the **"Supporting Noteholders"**) and (v) the persons identified on ***Schedule 1-C*** who are signatories to this Agreement (collectively, the **"Supporting Lenders"**, and together with the Supporting Noteholders, the **"Supporting Creditors"**) (the NRG Group, Xcel and the Supporting Creditors, collectively, the **"Parties"** and individually, a **"Party"**).

RECITALS

WHEREAS:

A. NRG has issued from time to time the several series of senior notes and other instruments described on ***Schedule 2-A*** (collectively, the **"Senior Notes"**);

B. One or more of the NRG Group members is a borrower or account party in respect of the credit facilities and other financial obligations described on ***Schedule 2-B*** (the **"Lender Facilities"**);

C. Each NRG Group member is contemplating a restructuring of its financial obligations through the prosecution of jointly administered chapter 11 cases (collectively, the **"Chapter 11 Cases"**; the court adjudicating the Chapter 11 Cases is referred to as the **"Bankruptcy Court"**);

D. The Parties have reached an agreement in principle on the terms and conditions (i) of the NRG Plan (as defined in the Term Sheet, as defined below) (such plan together with all plan related documents, agreements, supplements and instruments, the **"NRG Plan"**); and (ii) regarding the settlement of claims and causes of action the NRG Group and other parties in interest in the Chapter 11 Cases have asserted or could assert against Xcel; such terms and conditions being set forth in the Term Sheet Concerning NRG Plan And Relationship With Xcel Energy Inc. (the **"Term Sheet")** attached hereto as ***Exhibit A;***

E. The NRG Group and the Supporting Creditors acknowledge and agree that the best way to proceed to effectuate the NRG Plan is to do so in a way that would:

1. maximize the value of the NRG Group for the benefit of all interested persons;

2. minimize the disruption to the NRG Group resulting from the commencement of the Chapter 11 Cases, by seeking to conclude the Chapter 11 Cases as quickly as possible; and

3. facilitate the NRG Group's ability to obtain postpetition financing and post-reorganization financing on favorable terms, in order to minimize the cost, conditions and restrictions thereof to the NRG Group;

F. The Parties desire to express to each other their mutual support and commitment in respect of the matters discussed in the Term Sheet, including the consummation of the NRG Plan consistent therewith; and

G. In expressing such support and commitment, the Parties do not desire and do not intend in any way to derogate from or diminish the solicitation requirements of applicable securities and bankruptcy law, the fiduciary duties of the members of the NRG Group as debtors in possession, the fiduciary duties of any Supporting Creditor who is appointed to the official committee of unsecured creditors (the **"Creditors' Committee"**) in the Chapter 11 Cases or the role of any state or federal agencies with regulatory authority concerning any member of the NRG Group.

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. *Defined Terms.* All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Term Sheet.

2. *Term Sheet Conditions.* Without limiting the conditions set forth herein, each Party's agreement to this Agreement and support for the NRG Plan and the Term Sheet is expressly conditioned on satisfaction of each of the terms and conditions set forth in the Term Sheet and this Agreement. To the extent any such conditions involve a time period or an outside date for satisfaction, the Parties acknowledge and agree that time is of the essence with respect to each such condition.

3. *NRG Group's Support.* The NRG Group believes that consummation of the NRG Plan will best facilitate its business and financial restructuring and that consummation of the settlements described in the Term Sheet is in its best interests and in the best interests of its creditors and other parties in interest. Accordingly, the NRG Group hereby expresses its intention to file and seek confirmation of the NRG Plan consistent with the terms and provisions of the Term Sheet. Without limiting the foregoing, the NRG Group intends, for so long as this Agreement remains in effect:

a. to submit for, and use its best efforts to obtain at the earliest practicable date, Bankruptcy Court approval of a disclosure statement (as approved by the Bankruptcy Court, the **"Disclosure Statement"**) in form and substance satisfactory to Xcel and the Supporting Creditors;

b. to use its best efforts to solicit the requisite votes in favor of, and to obtain confirmation by the Bankruptcy Court at the earliest practicable date of, the NRG Plan in form and substance satisfactory to Xcel and the Supporting Creditors and approval by the Bankruptcy Court of the settlement set forth in the Term Sheet;

c. not to pursue, propose or support, or encourage the pursuit, proposal or support of, any plan of reorganization for any member of the NRG Group that is not consistent with the Term Sheet and the NRG Plan; and

d. to otherwise use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things, necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by the Term Sheet and by the NRG Plan at the earliest practicable date (including opposing any appeal of the Confirmation Order and using its best efforts to resolve, or have the Bankruptcy Court determine, all issues (if any) concerning the dollar amount of all Noteholder claims, all Bank Group claims, including claims under the Lender Facilities, and all recourse claims of any bank lender against NRG prior to the commencement of the hearing on the Disclosure Statement for the NRG Plan in accordance with the provisions of the Term Sheet);

in all events expressly subject to the exercise by NRG and each other member of the NRG Group of its fiduciary duties as debtors in possession in the Chapter 11 Cases.

4. *Xcel's Support.* Xcel hereby expresses its commitment to and its intention to implement the Term Sheet in accordance with its terms and subject to its conditions. Without limiting the foregoing, Xcel intends and commits, for so long as this Agreement remains in effect:

a. to support the NRG Plan and, as reasonably requested, to assist NRG in the preparation of the Disclosure Statement;

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b. not pursue, propose, support, or encourage the pursuit, proposal or support of, any chapter 11 plan, or other restructuring or reorganization for any member of the NRG Group (directly or indirectly) that is not consistent with the Term Sheet and the NRG Plan;

c. not, nor encourage any other person or entity, to interfere with, delay, impede, appeal or take any other negative action, directly or indirectly, in any respect regarding acceptance or implementation of the NRG Plan;

d. to use its commercially reasonable efforts to comply with the terms and provisions of the Term Sheet applicable to Xcel and to obtain any necessary regulatory and other approvals pertaining thereto; and

e. to cooperate in consummating and making effective the transactions contemplated by the Term Sheet and the NRG Plan at the earliest practicable date;

in each case consistent with the terms and provisions of the Term Sheet, but in all events expressly subject to any federal or state regulatory approvals and requirements and to the fiduciary duties in the Chapter 11 Cases of any director or officer of any member of the NRG Group who is also a director or officer of Xcel.

5. *Supporting Creditors' Claims and Support.* Each Supporting Noteholder represents and warrants, on a several but not joint basis, that, as of the date hereof, it is the legal or beneficial holder of, or holder of investment authority over, the Senior Notes identified on its signature page hereto (collectively, such Supporting Noteholder's **"Relevant Notes"**) and has or will have the authority to vote or direct the voting of claims relating to the Relevant Notes. Each Supporting Lender represents and warrants, on a several but not joint basis, that, as of the date hereof, it is the legal or beneficial holder of claims pursuant to the Lender Facilities identified on its signature page hereto (collectively, such Supporting Lender's **"Relevant Debt"**; all Supporting Creditors' Relevant Notes and Relevant Debt, collectively, the **"Relevant Claims"**) and has or will have the authority to vote or direct the voting of claims relating to the Relevant Debt. Each Supporting Creditor believes that consummation of the NRG Plan consistent with the Term Sheet is in its best interests. Accordingly, each Supporting Creditor will support the NRG Plan consistent with the terms and conditions of the Term Sheet. Without limiting the foregoing, each Supporting Creditor commits to (subject to paragraph 9 hereof), for so long as this Agreement remains in effect:

a. support the NRG Plan and use its commercially reasonable efforts to facilitate the filing and confirmation of the NRG Plan at the earliest practicable date;

b. not pursue, propose, support, or encourage the pursuit, proposal or support of, any chapter 11 plan, or other restructuring or reorganization for any member of the NRG Group (directly or indirectly) that is not consistent with the Term Sheet and the NRG Plan;

c. not, nor encourage any other person or entity, to interfere with, delay, impede, appeal or take any other negative action, directly or indirectly, in any respect regarding acceptance or implementation of the NRG Plan;

d. not commence any proceeding or prosecute any objection to oppose or object to the NRG Plan or to the Disclosure Statement, and not to take any action that would delay approval or confirmation, as applicable, of the Disclosure Statement and the NRG Plan; *provided, however,* that the Supporting Creditor may object to the disclosure statement solely on the basis that it does not contain adequate information as required by section 1125 of the Bankruptcy Code;

e. elect on any ballot distributed in connection with and pursuant to the NRG Plan to affirmatively release any and all NRG Released Causes of Action and, as applicable, any Separate Bank Claims, that it has or may have against Released Parties; and

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

f. use its commercially reasonable efforts to resolve, or have the Bankruptcy Court determine, all issues (if any) concerning the dollar amount of all Noteholder claims, all Bank Group claims, including claims under the Lender Facilities, and all Bank project lender recourse claims against NRG prior to the commencement of the hearing on the Disclosure Statement for the NRG Plan in accordance with the provisions of the Term Sheet)

in each case consistent with the terms and provisions of the Term Sheet; *provided, however,* that notwithstanding anything herein to the contrary, if any Supporting Creditor is appointed to and serves on the Creditors' Committee, the terms of this Agreement shall not be construed to limit such Supporting Creditor's exercise of its fiduciary duties in its role as a member of a Creditors' Committee, and any exercise of such fiduciary duties shall not be deemed to constitute a breach of the terms of this Agreement.

6. *Acknowledgement.* While the Supporting Creditors (subject to paragraph 9 hereof) commit herein to support the NRG Plan and it is their intention to vote in favor of the NRG Plan, this Agreement is not and shall not be deemed to be a solicitation for consent to the NRG Plan. The acceptance of the Supporting Creditors will not be solicited until the Supporting Creditors have received the Disclosure Statement and the related ballots in forms approved by the Bankruptcy Court.

7. *Limitations on Transfer.* Each Supporting Creditor hereby agrees not to (a) sell, transfer, assign, pledge, or otherwise dispose, directly or indirectly their right, title or interest in respect of the Relevant Claims, in whole or in part, or any interest therein, or (b) grant any proxies, deposit any of its claims into a voting trust, or enter into a voting agreement with respect to any of such claims (clauses (a) and (b), collectively, a **"Transfer"**) unless such transferee agrees in writing at the time of such Transfer to be bound by this Agreement in its entirety without revisions. Any Transfer that does not comply with this paragraph shall be void *ab initio*. In the event of a Transfer, the transferor shall, within three business days, provide written notice of such transfer to Xcel and NRG, together with a copy of the written agreement of the transferee to be bound by this Agreement in its entirety without revision. Upon compliance with the foregoing, the transferee shall be deemed to constitute a Supporting Noteholder or a Supporting Lender, as the case may be. No Supporting Lender or Supporting Noteholder may create any subsidiary or affiliate for the sole purpose of acquiring any Lender Facilities or Senior Notes without first causing such subsidiary or affiliate to become a party hereto as a Supporting Lender or Supporting Noteholder, as the case may be.

8. *Further Acquisition of Senior Notes and Lender Facilities.* This Agreement shall in no way be construed to preclude any Supporting Noteholder from acquiring additional Senior Notes or claims in respect of the Lender Facilities or any Supporting Lender from acquiring additional claims in respect of the Lender Facilities or Senior Notes. However, any such Senior Notes and claims so acquired shall automatically be deemed to be Relevant Claims and to be subject to all of the terms of this Agreement other than paragraph 7 hereof.

9. *Other Claims Held by Supporting Creditors.* Notwithstanding anything herein to the contrary, the agreements and other obligations of each Supporting Creditor hereunder apply only with respect to such Supporting Creditor's Relevant Claims and do not apply to, and shall have no effect in respect of, any Unrestricted Claims such Supporting Creditor has or may have against any member of the NRG Group. For the purposes of this paragraph 9, **"Unrestricted Claims"** shall mean claims held by a Supporting Creditor against any member of the NRG Group other than such Supporting Creditor's Relevant Claims.

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

10. *Condition to each Party's Obligations.* Each Party's obligations under this Agreement are subject to the satisfaction of the following condition:

Each of the following persons shall have executed this Agreement:

a. each member of the NRG Group;.

b. Xcel;

c. the Supporting Noteholders who shall represent a majority in principal amount outstanding of the Senior Notes; and

d. the Supporting Lenders, who shall represent at least two-thirds in principal amount outstanding and a majority in number of the lenders under each of the NRG Revolver, the L/ C Facility and the Finco Credit Agreement (for the purposes of this Agreement, the "principal amount outstanding" in respect of the L/ C Facility shall be deemed to constitute the aggregate amount of all funded and unreimbursed draws in respect of the L/ C Facility together with the face amount of all available but undrawn amounts under the L/ C Facility).

11. *Additional Conditions to Xcel's Obligations.* Xcel's obligations under this Agreement are also subject to the satisfaction of the following conditions unless the failure of such condition is the result of Xcel's own breach of this Agreement:

a. the Petition Date shall have occurred no later than May 14, 2003;

b. the NRG Group shall have used its reasonable best efforts, with the support of the Supporting Creditors, to cause the entry of an order by the Bankruptcy Court no later than 30 days after the Petition Date, and in form acceptable to Xcel, setting a bar date for all claims against the NRG Entities no later than 60 days after the Petition Date (with the schedules and statement of financial affairs of all NRG Entities to be filed by 30 days after the Petition Date);

c. the NRG Group shall have used its reasonable best efforts, with the support of the Supporting Creditors, to cause the entry of an order by the Bankruptcy Court no later than 45 days after the Petition Date approving the Disclosure Statement;

d. the NRG Group shall have used its reasonable best efforts, with the support of the Supporting Creditors, to obtain the requisite votes in favor of the NRG Plan no later than 90 days after the Petition Date (the **"Voting Deadline"**) and shall have received the requisite votes from the Unsecured Creditor Class to confirm the NRG Plan;

e. the Supporting Creditors shall have voted to accept the NRG Plan no later than the Voting Deadline (it being recognized that, while this is a condition to Xcel's obligations under this Agreement, and without derogation of the support and commitment of the Supporting Creditors set forth in paragraph 5 above, it is not a solicitation of the votes of the Supporting Creditors and it is not a vote by the Supporting Creditors to accept the NRG Plan) and such vote has not been revoked or withdrawn;

f. 100% of the members of the Separate Bank Settlement Group shall have executed and delivered the Separate Bank Settlement Release no later than the Effective Date of the NRG Plan;

g. the following persons shall have released the Released Parties from all NRG Released Causes of Action by "checking the box" (as described in section V.C of the Term Sheet) no later than the Voting Deadline:

1. holders of a majority in number representing 85% in principal amount outstanding of the claims in respect of the Senior Notes, including 100% of the Supporting Noteholders;

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2. holders of a majority in number representing 85% in principal amount outstanding of the claims in respect of each of the NRG Revolver, the L/ C Facility and the Finco Credit Agreement, including 100% of the Supporting Lenders;

3. 100% of the members of the Separate Bank Settlement Group; and

4. holders of 85% in amount of all claims in the Unsecured Creditor Class;

h. the entry on the docket of the Bankruptcy Court of the Confirmation Order, which shall (i) fully incorporate all of the relevant provisions of the Term Sheet (including the releases and injunctions described above) and any other matters agreed to in writing by Xcel, (b) not contain any provisions inconsistent with the Term Sheet or such other matters (other than a provision to which Xcel has previously consented to in writing), and (c) not approve any amendments or supplements to such NRG Plan (other than amendments or supplements to which Xcel has previously consented to in writing) which Xcel determines to be adverse to it in its sole reasonable discretion, which the NRG Group shall use its reasonable best efforts to cause to occur no later than 110 days after the Petition Date;

i. the receipt by Xcel, and, to the extent applicable, NRG of all regulatory and other approvals (including any approvals from the Federal Energy Regulatory Commission, the Securities and Exchange Commission and any state Public Utility Commission) necessary for Xcel and, to the extent applicable, NRG to perform such obligations set forth for Xcel in the Term Sheet and such NRG Plan;

j. the Effective Date for such NRG Plan approved by such Confirmation Order referenced in paragraph 11.h hereof, and the satisfaction of all of the other conditions set forth in this paragraph 11, occurring by no later than December 15, 2003;

k. all other Parties to this Agreement having fulfilled their respective obligations under this Agreement in all respects and no such Party having breached any of its obligations under this Agreement;

l. each of the Supporting Lenders that has a claim against Xcel under any Xcel credit facility (the **"Cross-Over Lenders"**) shall approve, without payment of any special fee or expense, any waiver or amendment that Xcel and the administrative agent under such credit facility believe is necessary under such credit facility to implement this Agreement, the NRG Plan and the transactions contemplated thereby, including with respect to the establishment of the Tax Escrow (except that if other lenders to Xcel under any credit facility shall receive a special fee or expense for their waiver or amendment, the Cross-Over Lenders shall be entitled to the same pro rata fee or expense), and, in any case, such waiver or amendment is obtained by Xcel prior to the Effective Date; and

m. NRG shall not have violated the provisions of Section VI.B(B) of the Term Sheet.

Should any of such conditions, or any other conditions to the performance of any obligation of Xcel in this Agreement, not be timely fulfilled or waived by Xcel, any obligations of Xcel set forth in this Agreement shall be null and void *ab initio* and all Xcel Released Causes of Action and any other claims, causes of action, remedies, defenses, setoffs, rights or other benefits of Xcel shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever.

12. *Termination Events.* The occurrence of each of the following events shall constitute a **"Termination Event"**:

a. NRG's Chapter 11 Case (other than an involuntary bankruptcy case for which an order for relief has not been entered) shall have been dismissed or converted to a case under chapter 7 of the Bankruptcy Code.

b. Xcel shall have disclaimed in writing its intention to fulfill its obligations under this Agreement, or Xcel shall fail to fulfill any or all of its obligations under this Agreement;

c. the failure of the condition set forth in paragraph 10 of this Agreement;

d. the breach or failure of any of the conditions set forth in paragraphs 11.a. through 11.m. of this Agreement;

e. any Court (including the Bankruptcy Court) shall declare, in a Final Order, this Agreement to be unenforceable;

f. the most current NRG Plan and the Disclosure Statement on file with the Bankruptcy Court on or after 30 days from the Petition Date (and any amendments, supplements and documents related to such pleadings filed after such 30 period) shall (i) not be in form and substance satisfactory to each Party, (ii) not be consistent with and fully incorporate the terms and provisions of the Term Sheet or (iii) contain any provisions inconsistent with the Term Sheet;

g. (A) after giving effect to Section V.A(2) of the Term Sheet, to the extent applicable, the Parties shall have failed to resolve, or shall have failed to agree to a procedure for resolving, all issues (if any) concerning any claims asserted or assertable, directly or indirectly, by the lenders under the Finco Credit Agreement (in their capacity as such) against NRG or any of its subsidiaries prior to June 13, 2003 or (B) such lenders shall have failed to file a proof of claim in the Chapter 11 Cases with respect all such claims on or prior to June 1, 2003;

h. the Required Parties (as defined below) shall not have reached agreement by July 31, 2003 on whether, and the terms under which, Xcel will escrow Tax Benefits (as defined in the Term Sheet); and

i. January 1, 2004.

13. *Termination of this Agreement.* Upon the occurrence of a Termination Event, this Agreement shall terminate (except for a Termination Event described in paragraph 12.f or 12.g, for which the Termination Event shall only terminate this Agreement with respect to the Party invoking such Termination Event unless a "Required Party" invokes such Termination Event) as follows:

a. immediately upon the occurrence of the Termination Events set forth in paragraph 12.c, 12.h or 12.i unless the date referenced therein is, prior to the expiration of such date, extended in writing by each of (i) Xcel, (ii) the NRG Group, (iii) holders of two-thirds in principal amount outstanding of the Relevant Notes (the **"Required Noteholders"**), and (iv) holders of two-thirds in principal amount outstanding of the Relevant Debt (the **"Required Lenders"**) (each of the persons or groups of persons described in each of the foregoing clauses (i) through (iv) a **"Required Party"** and, collectively, the **"Required Parties"**);

b. immediately upon the occurrence of the Termination Events set forth in paragraphs 12.e, 12.f or 12.g (but only with respect to the Party invoking the Termination Event described in paragraph 12.f or 12.g unless a Required Party invokes such Termination Event) of this Agreement;

c. 30 calendar days after the occurrence of the Termination Events described in paragraph 12.a and 12.b of this Agreement, unless either (i) the occurrence of the event giving rise to the Termination Event is no longer continuing on such 30th day or (ii) each of the Required Noteholders, Required Lenders, and, for purposes of paragraph 12.a, Xcel, shall have waived in writing such Termination Event; *provided, however,* that for the purposes of this clause 13.c, if such event has occurred as a result of an action taken or omitted to be taken by a Supporting Creditor, the claims of such Supporting Creditor shall not be included in the calculation of the "Required Noteholders" or the "Required Lenders," as the case may be; and

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

d. 30 calendar days after the occurrence of the Termination Event described in paragraph 12.d of this Agreement, unless (i) the event giving rise to the Termination Event occurred as a result of an action taken or omitted to be taken by Xcel or (ii) Xcel modifies or waives in writing such Termination Event.

14. *Effect of Termination.* Upon termination of this Agreement (which in the case of a Termination Event described in paragraph 12.f or 12.g, upon termination of this Agreement only with respect to the Party invoking such Termination Event unless a "Required Party" invokes such Termination Event), all obligations hereunder shall terminate and shall be of no further force and effect; *provided however*, that any claim for breach of this Agreement shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way; but *provided further*, that the breach of this Agreement by one or more Supporting Creditors shall not create any rights or remedies against any non-breaching Supporting Creditor unless such non-breaching Supporting Creditor has participated in or aided and abetted the breach by the breaching Supporting Creditor(s). Except as set forth above in this paragraph 14 and for the obligations set forth in paragraph 16 hereof, upon such termination, any obligations of the non-breaching Parties set forth in this Agreement shall be null and void ab initio and all claims, causes of action, remedies, defenses, setoffs, rights or other benefits of such non-breaching Parties shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever.

15. *Representations and Warranties.* NRG, Xcel and each Supporting Creditor, on a several but not joint basis, represents and warrants to each other Party that the following statements are true, correct and complete as of the date hereof:

a. *Corporate Power and Authority.* It is duly organized, validly existing, and in good standing under the laws of the state of its organization, and has all requisite corporate, partnership or other power and authority to enter into this Agreement and to carry out the transactions contemplated by, and perform its respective obligations under, this Agreement.

b. *Authorization.* The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate, partnership or other action on its part.

c. *Binding Obligation.* This Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable in accordance with the terms hereof.

d. *No Conflicts.* The execution, delivery and performance by it (when such performance is due) of this Agreement do not and shall not (i) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its certificate of incorporation or bylaws or other organizational documents or those of any of its subsidiaries or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

e. *Adequate Information.* Although none of the Parties intends that this Agreement should constitute, and they each believe it does not constitute, a solicitation and acceptance of the NRG Plan, they each acknowledge and agree that, regardless of whether its Relevant Claims constitute "securities" within the meaning of the Securities Act of 1933, (i) each of the Supporting Creditors is an "accredited investor" as such term is defined in Rule 501(a) of the Securities Act of 1933 and a "qualified institutional buyer" as such term is defined in Rule 144A of the Securities Act of 1933 and (ii) adequate information was provided by the NRG Group and Xcel to each Supporting Creditor in order to enable it to make an informed decision such that, were this Agreement to be construed as or deemed to constitute such a solicitation and acceptance, such solicitation was (i) in compliance with any applicable nonbankruptcy law, rule, or regulation governing the adequacy of disclosure in connection with such

solicitation, or (ii) if there is not any such law, rule, or regulation, solicited after disclosure to such holder of "adequate information" as such term is defined in section 1125(a) of the Bankruptcy Code.

16. *Confidentiality.* NRG, Xcel and each Supporting Creditor agrees to use commercially reasonable efforts to maintain the confidentiality of (a) the individual identities of the Supporting Creditors or (b) the individual holdings of the Supporting Creditors; *provided, however,* that such information may be disclosed (i) to the Parties' respective directors, trustees, executives, officers, auditors, and employees and financial and legal advisors or other agents (collectively referred to herein as the **"Representatives"** and individually as a **"Representative"**), (ii) to persons in response to, and to the extent required by, (x) any subpoena, or other legal process or (y) the NAIC, any bank regulatory agency or any other regulatory agency or authority. If any Party or its Representative receives a subpoena or other legal process as referred to in clause (ii)(x) above in connection with the Agreement, such Party shall provide the other Parties with prompt written notice of any such request or requirement, to the fullest extent permissible and practicable under the circumstances, so that the other Parties may seek a protective order or other appropriate remedy or waiver of compliance with the provisions of this Agreement. Notwithstanding the provisions in this paragraph 16, (i) Xcel and NRG may disclose (a) the existence of and nature of support evidenced by this Agreement in one or more public releases that have first been sent to counsel for the Supporting Noteholders and counsel for the so-called **"Global Steering Committee"** for review and comment, and (b) in the context of any such releases, the aggregate holdings of the Supporting Creditors (but, as indicated above, not their identities or their individual holdings), (ii) any Party hereto may disclose the identities of the Parties hereto and their individual holdings in any action to enforce this Agreement or in an action for damages as a result of any breaches hereof, (iii) any Party hereto may disclose, to the extent consented to in writing by a Supporting Creditor, such Supporting Creditor's identity and individual holdings and (iv) to the extent required by the Bankruptcy Code, Bankruptcy Rules, Local Rules of the Bankruptcy Court or other applicable rules, regulations or procedures of the Bankruptcy Court or the Office of the United States Trustee, NRG may disclose the individual identities of the Supporting Creditors in a writing that has first been sent to counsel for the Supporting Noteholders and counsel for the Global Steering Committee for review and comment on five business days' notice.

17. *Preparation of Restructuring Documents.* Notwithstanding anything to the contrary contained in this Agreement, including specifically any obligation of a Party to use efforts to cause an event to occur by the "earliest practical date," the obligations of the Parties hereunder shall be expressly subject to the preparation of definitive documents relating to the transactions contemplated by this Agreement and the Term Sheet, (i) including without limitation, (a) the NRG Plan, the Disclosure Statement, the Confirmation Order, and any related ballots, releases and settlement documents and (b) all other agreements, instruments, orders or other documents necessary or appropriate to consummate the transactions contemplated by this Agreement, the Term Sheet or the NRG Plan, each of which documents must be acceptable to each of the Parties, and (ii) any "first day" orders and motions must be acceptable to each of the Required Parties.

18. *Amendment or Waiver.* Except as otherwise specifically provided herein, this Agreement may not be modified, amended or supplemented without the prior written consent of the Required Parties. No waiver of any of the provisions of this Agreement shall be deemed or constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall any waiver be deemed a continuing waiver.

19. *Notices.* Any notice required or desired to be served, given or delivered under this Agreement shall be in writing, and shall be deemed to have been validly served, given or delivered if provided by personal delivery, or upon receipt of fax delivery, as follows:

a. if to any member of the NRG Group, to Matthew A. Cantor, Kirkland & Ellis, Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611, fax: 212-446-4900;

b. if to Xcel, to Brad B. Erens, Jones Day, 77 West Wacker, Chicago, Illinois, 60601-1692, fax: 312-782-8585, with a copy to Scott J. Friedman, Jones Day, 222 East 41st Street, New York, New York 10017, fax: 212-755-7306:

c. if to the Supporting Noteholders, to Evan D. Flaschen, Bingham McCutchen LLP, One State Street, Hartford, CT 06103, fax: 860-240-2800; and

d. if to the Supporting Lenders, to Peter V. Pantaleo and David J. Mack, Simpson Thacher & Bartlett, 425 Lexington Avenue, New York, New York, 10017-3954, fax: 212-455-2502.

20. *Governing Law; Jurisdiction.* THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. By its execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in the United States District Court for the Southern District of New York. By execution and delivery of this Agreement, each of the Parties hereto irrevocably accepts and submits itself to the nonexclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding, and waives any objection it may have to venue or the convenience of the forum. Notwithstanding the foregoing consent to New York jurisdiction, upon the commencement of the Chapter 11 Cases, each of the Parties hereto hereby agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

21. *Specific Performance.* This Agreement, including without limitation the Parties' agreement herein to support the NRG Plan and to facilitate its confirmation, is intended as a binding commitment enforceable in accordance with its terms. It is understood and agreed by each of the Parties hereto that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach.

22. *Headings.* The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof.

23. *Interpretation.* This Agreement is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

24. *Successors and Assigns.* This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives.

25. *No Third-Party Beneficiaries.* Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties hereto and no other person or entity shall be a third-party beneficiary hereof.

26. *No Waiver of Participation and Reservation of Rights.* Except as expressly provided in this Agreement and in any amendment among the Parties, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict the ability of each of the Parties to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties (or their respective affiliates or subsidiaries) or its full participation in any bankruptcy case filed by NRG or any of its affiliates and subsidiaries. If the transactions contemplated by this Agreement or in the NRG Plan are not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights.

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

27. *No Admissions.* This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert.

28. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile shall be effective as delivery of a manually executed signature page of this Agreement.

29. *Representation by Counsel.* Each Party acknowledges that it has been represented by counsel with this Agreement and the transactions contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

30. *Entire Agreement.* This Agreement and the exhibits and schedules hereto, including, without limitation, the Term Sheet, constitute the entire agreement between the Parties and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the Parties, whether oral, written or implied, as to the subject matter hereof.

31. *Several not Joint.* The agreements, representations and obligations of the Parties under this Agreement are, in all respects, several and not joint.

32. *Tax Shelter Regulations.* Notwithstanding anything herein to the contrary, any Party to this Agreement (and any employee, representative, or other agent of any Party to this Agreement) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by the Term Sheet or the NRG Plan and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such tax treatment and tax structure; provided, however, that no Party (nor any employee, representative or other agent thereof) shall disclose (A) any information that is not relevant to an understanding of the tax treatment of the transactions contemplated by the Term Sheet or the NRG Plan, including the identity of any Party to this Agreement (or its employees, representatives or agents) or other information that could lead any person to determine such identity or (B) any information to the extent such disclosure could result in a violation of any federal or state securities laws.

[Remainder of page intentionally blank; remaining pages are signature pages.]

IN WITNESS WHEREOF, the undersigned have each caused this Agreement to be duly executed and delivered by their respective, duly authorized officers as of the date first above written.

NRG ENERGY, INC., on behalf of itself and each of its affiliates identified on Schedule 1-A

By: _____

Name:
Title:

[Plan Support Agreement Signature Page for NRG Group]

XCEL ENERGY INC.

By:

Name:
Title:

[Plan Support Agreement Signature Page for Xcel]

SUPPORTING NOTEHOLDER:

NAME

By:

Name:
Title:

Issuance	Issue Amount	Maturity	Principal Amount Held
6.750% Senior Notes	$ 340 million	July 15, 2006	$
7.500% Senior Notes	$ 250 million	June 15, 2007	$
7.500% Senior Notes	$ 300 million	June 1, 2009	$
7.625% Senior Notes	$ 125 million	February 1, 2006	$
7.750% Senior Notes	$ 350 million	April 1, 2011	$
7.970% Senior Notes (ROARS)	$ 233 million	March 15, 2020	$
8.000% Senior Notes (ROARS)	$ 240 million	November 1, 2013	$
8.250% Senior Notes	$ 350 million	September 15, 2010	$
8.625% Senior Notes	$ 500 million	April 1, 2031	$
6.500% Equity Unit Bond	$287.5 million	May 16, 2006	$
8.700% Senior Notes (issued in connection with a certain debt and derivative transaction to synthetically issue £160 million debt)	$ 250 million	March 15, 2005	$
		TOTAL HELD:	$

SUPPORTING LENDER:

NAME

By:

Name:
Title:

Lender Facility	Amount Outstanding	Principal Amount Held
NRG Revolver	$ 1,000,000,000	
L/C Facility	$ 125,000,000	
Finco Credit Agreement	$ 1,081,000,000	
	TOTAL HELD:	$

SCHEDULE 1-A

(Relevant NRG Subsidiaries)

CONTINUING SUBSIDIARIES

Finance Group	Debtor	State of Incorporation
N/A	NRG Energy, Inc.	Delaware
N/A	NRG Power Marketing Inc.	Delaware
N/A	NRGenerating Holdings No. 23 B.V.	
NORTHEAST	Arthur Kill Power LLC	Delaware
NORTHEAST	Astoria Gas Turbine Power LLC	Delaware
NORTHEAST	Berrians I Gas Turbine Power, LLC	
NORTHEAST	Connecticut Jet Power LLC	Delaware
NORTHEAST	Devon Power LLC	Delaware
NORTHEAST	Dunkirk Power LLC	Delaware
NORTHEAST	Huntley Power LLC	Delaware
NORTHEAST	Middletown Power LLC	Delaware
NORTHEAST	Montville Power LLC	Delaware
NORTHEAST	Northeast Generation Holding LLC	Delaware
NORTHEAST	Norwalk Power LLC	Delaware
NORTHEAST	NRG Eastern LLC	Delaware
NORTHEAST	NRG Northeast Generating LLC	Delaware
NORTHEAST	Oswego Harbor Power LLC	Delaware
NORTHEAST	Somerset Power LLC	Delaware
SOUTH CENTRAL	Big Cajun II Unit 4 LLC	Delaware
SOUTH CENTRAL	Louisiana Generating LLC	Delaware
SOUTH CENTRAL	NRG New Roads Holdings LLC	Delaware
SOUTH CENTRAL	NRG South Central Generating LLC	Delaware
SOUTH CENTRAL	NRG Central US LLC	
SOUTH CENTRAL	South Central Generation Holding LLC	

NON-CONTINUING SUBSIDIARIES

Finance Group	Debtor	State of Incorporation
FINCO	NRG Capital LLC	Delaware
FINCO	NRG Finance Company I LLC	Delaware

SCHEDULE 1-B

(Supporting Noteholders)

AEGON USA Investment Management, LLC
MatlinPatterson Asset Management LLC
Metropolitan Life Insurance Company
New York Life Investment Management, LLC
PPM America, Inc.
Principal Global Investors, LLC

SCHEDULE 1-C

REVOLVER FACILITY

ABN AMRO Bank N.V.

Australia and New Zealand Banking Group Limited
Bank of America, N.A.
The Bank of New York
Barclays Bank Plc
BNP Paribas
Citigroup
Crédit Lyonnais
Credit Suisse First Boston
Deutsche Bank AG
Dexia S.A.
Dresdner Bank Aktiengesellschaft
Bayerische Hypo-Und Vereinsbank AG
ING Capital LLC
JP Morgan Chase
Mariner Capital Trust
The Royal Bank of Scotland plc
Société Générale
Special Situations Investing Group, Inc.
Toronto Dominion Bank
Westdeutsche Landesbank Girozentrale AG
MatlinPatterson Asset Management

NRG FINCO FACILITY

Credit Suisse First Boston

Abbey National Treasury Services
ABN AMRO Bank N.V.
Bank of America NT & SA
Bank of Scotland
Barclays Bank plc
Bayerische Hypo-und Vereinsbank AG, New York Branch
Bear Sterns & Co. Inc.
BNP Paribas
Citibank NA
Crédit Agricole Indosuez
Crédit Lyonnais
Deutsche Bank AG
Export Development Canada
Fortis Capital Corp
Landesbank Schleswig-Holstein Girozentrale, Kiel
The Royal Bank of Scotland Plc
Sumitomo Mitsui BKG Corp
Toronto Dominion (Texas) Inc.
Westdeutsche Landesbank Girozentrale, New York Branch

NRG ENERGY $125,000,000 STANDBY LETTER OF CREDIT

Australia and New Zealand Banking Group Limited

The Bank of New York
Bayerische Hypo-und Vereinsbank AG
Fleet National Bank
The Bank of Nova Scotia
Bank One, N.A.
The Royal Bank of Scotland Plc
Union Bank of California, N.A.
Wells Fargo Bank, N.A.

GLOBAL STEERING COMMITTEE

Credit Suisse First Boston

ABN AMRO Bank N.V.
Abbey National Treasury Services plc
Australia & New Zealand Banking Group Limited
Bank of America N.A.
Barclays Bank plc
Citibank
Crédit Lyonnais
Deutsche Bank AG
Bayerische Hypo-Und Vereinsbank AG
ING Capital LLC
JP Morgan Chase
The Royal Bank of Scotland plc
Société Générale
TD Securities
Westdeutsche Landesbank Girozentrale, New York Branch

SCHEDULE 2-A

(Senior Notes)

Issuance	Issue Amount	Indenture Date	Maturity
6.750% Senior Notes	$ 340 million	March 13, 2001; July 16, 2001	July 15, 2006
7.500% Senior Notes	$ 250 million	June 1, 1997	June 15, 2007
7.500% Senior Notes	$ 300 million	May 25, 1999	June 1, 2009
7.625% Senior Notes	$ 125 million	January 21, 1996	February 1, 2006
7.750% Senior Notes	$ 350 million	March 13, 2001; April 5, 2001	April 1, 2011
7.970% Senior Notes (ROARS)	$ 233 million	March 20, 2000	March 15, 2020
8.000% Senior Notes (ROARS)	$ 240 million	November 8, 1999	November 1, 2013
8.250% Senior Notes	$ 350 million	September 11, 2000	September 15, 2010
8.625% Senior Notes	$ 500 million	March 13, 2001; April 5, 2001; July 16, 2001	April 1, 2031
6.500% Equity Unit Bond	$287.5 million	March 13, 2001	May 16, 2006
8.700% Senior Notes (issued in connection with a certain debt and derivative transaction to synthetically issue £160 million debt)	$ 250 million	March 20, 2000	March 15, 2005

SCHEDULE 2-B

(Lender Facilities)

Credit Agreement	Description
NRG Revolver	364-Day Revolving Credit Agreement dated as of March 8, 2002 (as the same may be amended, supplemented or restated from time to time) among NRG Energy, Inc., the financial institutions party thereto, ABN Amro Bank N.V., as administrative agent, Solomon Smith Barney Inc., as syndication agent, Barclays Bank plc as co-syndication agent, and the Royal Bank of Scotland plc and Bayerische Hypo-Und Vereinsbank AG , New York branch, as co- documentation agents.
L/C Facility	$125 Million Standby Letter of Credit Facility dated as of November 30, 1999 (as the same may be amended, supplemented or restated from time to time) among NRG Energy, Inc., the lenders party thereto and Australia and New Zealand Banking Group Limited as administrative agent.
Finco Credit Agreement	Credit Agreement dated May 8, 2001 (as the same may be amended, supplemented or restated from time to time) among NRG Finance Company I LLC, Credit Suisse First Boston as administrative agent, the lenders party thereto and NRG Audrain Generation LLC, LSP-Nelson Energy, LLC, LSP-Pike Energy, LLC and NRG Turbine LLC, as sub-borrowers.

EXHIBIT A TO THE PLAN SUPPORT AGREEMENT

(Term Sheet)

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

NRG ENERGY INC.

TERM SHEET CONCERNING NRG PLAN AND RELATIONSHIP WITH XCEL ENERGY INC.

DATED AS OF MAY 13, 2003

The following (this **"Term Sheet"**) is an outline of (i) the key terms and provisions of a plan or plans of reorganization for NRG Energy Inc. **("NRG")** and the other NRG Entities (as defined below) and (ii) in connection therewith, the key terms for the resolution, settlement and treatment under such plan or plans of, among other things, (a) the claims and causes of action (as described more fully below) of NRG against Xcel Energy Inc. **("Xcel")**, (b) Xcel's claims and causes of action (as described more fully below) against NRG and (c) claims and causes of action (as described more fully below) of the Noteholder Group (as defined below) and the Bank Group (as defined below) against Xcel.

This Term Sheet is subject to finalization and execution of a Plan Support Agreement (the **"PSA"**) to which this Term Sheet is intended to be attached as Exhibit A and the completion of the remaining due diligence on the Internal Revenue Code **"gross receipts"** test referred to in Section VI.B(B). Upon execution of the PSA, this Term Sheet is intended to be binding on the signatories to the PSA in accordance with the terms of the PSA. However, this Term Sheet remains subject to, among a variety of other things, finalizing any incomplete Schedules hereto, resolving any terms that are bracketed or indicated as being **"open"** or subject to further review, and acceptable definitive documentation of all matters contemplated herein, including any plan of reorganization for NRG, any court-approved Disclosure Statement related thereto and any agreements related to or terms and conditions of such NRG plan. Any vote in favor of any NRG plan, whether or not it includes the terms and conditions set forth herein, is not being solicited by or agreed to by this Term Sheet and is subject to, among a variety of other things, those matters listed above.

Notwithstanding anything to the contrary in the foregoing, this Term Sheet is being provided as part of settlement discussions and, as a result, shall be treated as such pursuant to Federal Rule of Evidence 408 and all bankruptcy and state law equivalents.

I. The Applicable Entities

The Parties Generally:	Those persons or entities that execute the PSA (the **"Parties"** and individually a **"Party"**).
Xcel:	Xcel Energy Inc. (**"Xcel"**).
NRG:	NRG Energy, Inc. (**"NRG"**).
The Relevant NRG Subsidiaries:	Of the majority-owned direct and indirect subsidiaries of NRG (collectively, the **"NRG Subsidiaries"**), those subsidiaries listed on Schedule 1-A to the PSA or who otherwise become part of the Chapter 11 Cases (together with NRG, the **"NRG Entities"**).
The Noteholder Group:	The persons identified on Schedule 1-B to the PSA (collectively, as comprised from time to time, the **"Noteholder Group"**), being legal or beneficial holders of, or investment managers with respect to, some of the **"Notes"** identified on Schedule 2-A to the PSA. The members of the Noteholder Group and all other holders of the Notes from time to time are referred to as the **"Noteholders."**

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

The Bank Group:	The persons identified on **Schedule 1-C** to the PSA (collectively, the **"Bank Group"**; those persons separately identified on Schedule 1-C, as comprised from time to time, the **"Global Steering Committee"**), being legal or beneficial holders of the claims under **"Lender Facilities"** identified on **Schedule 2-B** to the PSA, comprising (i) the NRG revolving credit facility (the **"NRG Revolver"**), (ii) the NRG letter of credit facility (the **"L/C Facility"**) and (iii) the Credit Agreement (as amended, modified and supplemented) dated May 8, 2001 among NRG Finance Company I LLC, Credit Suisse First Boston, the lenders party thereto and NRG Audrain Generation LLC, LSP-Nelson Energy, LLC, LSP-Pike Energy, LLC and NRG Turbine LLC, as sub-borrowers (the **"Finco Credit Agreement"**).

II. Defined Terms

A. "Bankruptcy Court":	The Bankruptcy Court exercising jurisdiction over the Chapter 11 Cases.
B. "Petition Date":	The date on which an order for relief is entered with respect to a chapter 11 case with NRG as debtor and debtor-in-possession, such case, together with the chapter 11 cases for those subsidiaries listed on **Schedule 1-A** to the PSA and those other NRG Subsidiaries which NRG consolidates with the NRG chapter 11 case, are referred to herein as the "Chapter 11 Cases."
C. "Effective Date":	The date on which the NRG Plan becomes effective in accordance with its terms, the occurrence of which shall be subject to various conditions to effectiveness pursuant to the NRG Plan as agreed to by the Parties. As of the Effective Date, the Confirmation Order shall be in full force and effect, and shall not have been stayed or modified, but there shall be no requirement that the Confirmation Order be a Final Order for the Effective Date to occur.
D. "Xcel Payment Date":	The later of (i) 90 days after the date (the **"Confirmation Date"**) on which there occurs the entry of the Confirmation Order on the docket of the Bankruptcy Court and (ii) one business day after the Effective Date.
E. "NRG Plan":	The chapter 11 plan or plans of reorganization with respect to the NRG Entities, such plan or plans, the related disclosure statement(s) and all plan related documents, agreements and orders to be fully consistent with the terms and provisions of this Term Sheet and otherwise acceptable to the Parties. The order of the Bankruptcy Court confirming the NRG Plan is referred to as the **"Confirmation Order."**

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

F. "Final Order":	An order or judgment of the Bankruptcy Court as entered on the docket in the Chapter 11 Cases that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been resolved by the highest court to which the order or judgment was appealed from or from which certiorari was sought.
G. "NRG Released Causes of Action":	Collectively, all claims or causes of action of any kind or nature (whether known or unknown) which NRG, any of the NRG Subsidiaries or any creditor of NRG, directly or indirectly, has or may have as of the Effective Date against (A) Xcel or any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent or other party acting on behalf of Xcel or an affiliate of Xcel (other than NRG and the NRG Subsidiaries), in each case in their capacity as such (Xcel and all such persons and entities being collectively referred to as the **"Xcel Released Parties"**), in respect of the Support and Capital Subscription Agreement between Xcel and NRG dated May 29, 2002 (such claims are referred to as the **"Support Agreement Claims"**), (B) the Xcel Released Parties in respect of any other matter relating to NRG or any of the NRG Subsidiaries or any of the claims of any creditor against NRG or any of the NRG Subsidiaries and all liabilities and causes of action related to such claims and (C) any other person or entity (together with the Xcel Released Parties, the **"Released Parties"**) to the extent (but only to the extent) that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the Xcel Released Parties in respect thereof, it being understood that the liability of any such person or entity other than to the extent of its claims against the Xcel Released Parties shall not be released and is expressly preserved (the claims set forth in clauses (B) and (C), as more particularly described in Section IV.A and subject to the exceptions described in Section IV.B, are referred to as **"All Other Claims"**). Notwithstanding the foregoing, the NRG Released Causes of Action shall not include the Separate Bank Claims. In the event any creditor of NRG or any of the NRG Subsidiaries sells, assigns, trades, or otherwise transfers its claim or cause of action against NRG or any of the NRG Subsidiaries to any third party (including an affiliate or subsidiary of such creditor) (a **"Transferee"**) at any time, such Transferee shall be deemed a creditor of NRG or the NRG Subsidiaries as applicable and subject to the terms of this Term Sheet.
H. "Separate Bank Settlement Group":	Collectively, those members of the Bank Group as identified on **Schedule II.H** hereto that have Separate Bank Claims and who shall be entitled to the Separate Bank Settlement Payment.

PROVIDED AS PART OF SETTLEMENT DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

I. "Separate Bank Claims":	Collectively, all claims or causes of action of any kind or nature, whether known or unknown, which any member of the Separate Bank Settlement Group or a Transferee thereof, directly or indirectly, has or may have against any of the Released Parties related in any manner to or arising in any manner in respect of such Separate Bank Settlement Group member's or Transferee's loans, financings, letter of credit facilities and other financing and support facilities provided to NRG or any of the NRG Subsidiaries, such claims to include, without limitation, claims against the Released Parties of the type described in clauses (2) through (7) and clause (9) of Section IV.A below.
J. "Separate Bank Settlement Payment":	Pursuant to or in connection with the NRG Plan, $112 million of cash to be funded by Xcel on the Xcel Payment Date to NRG will be concurrently paid by NRG to the Separate Bank Settlement Group on the Xcel Payment Date, but expressly subject to 100% of the members of the Separate Bank Settlement Group prior to that time having executed and delivered to Xcel the Separate Bank Settlement Releases as described in Section V.D. The Separate Bank Settlement Payment shall not be property of NRG's chapter 11 estate. The Separate Bank Settlement Payment is being paid by Xcel solely to facilitate the NRG Plan and the benefits to Xcel thereunder. The Separate Bank Settlement Payment is, expressly, not being paid as any concession of the validity of any claims being released.
K. "Xcel Contribution":	(1) Collectively, (1) $640 million, subject to the provisions of Sections III.B and III.C. and (2) the Xcel Released Causes of Action. $238 million of the Xcel Contribution shall be paid in cash to NRG on the Xcel Payment Date (the **"Initial Contribution"**). $50 million of the Xcel Contribution shall be paid to NRG on the later of January 1, 2004 and the Xcel Payment Date (the **"Second Installment"**). The Second Installment may be paid by Xcel in Xcel stock pursuant to the Xcel Shares Option (as described in Section III.C). Except as provided in Section III.B with respect to the timing thereof and subject to reduction as set forth in Section V.C, $352 million of the Xcel Contribution shall be paid in cash to NRG on the later of April 30, 2004 and the Xcel Payment Date (the **"Third Installment"**); provided, however, that Xcel shall not be required to pay NRG the positive difference, if any, between the Third Installment and the amount of the Cash Refund (as defined below) received by Xcel as of such date until 30 days after the due date of the Third Installment.

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	(2) Although, as indicated in Section III.A(2), the Release-Based Amount is being paid in part to facilitate the NRG Plan and the benefits to Xcel thereunder, the payment of the Third Installment will be required regardless of whether the Cash Refund is ever received or whether any Xcel Tax Benefit is later reduced or eliminated on audit by a taxing authority. The Third Installment shall be payable without interest; *provided,* if Xcel defaults in the timely payment of the Third Installment (taking into account the 30 day grace period set forth above), the unpaid amount shall accrue simple interest at 10% per annum from the date of non- payment until the date of payment (in addition to any other remedies such as collection actions, the reasonable cost of which shall also be payable by Xcel).
	(3) An escrow account will be maintained by a disbursing agent for receipt of any portion of the Xcel Contribution received after the Xcel Payment Date; the disbursing agent shall promptly distribute to the Unsecured Creditor Class (defined below) all funds received in this account, subject to requirements for disbursement of the Release-Based Amount and subject to standard hold-back provisions with respect to Disputed Claims.
L. "Xcel Released Causes of Action":	Collectively, all claims or causes of action of any kind or nature (whether known or unknown) which Xcel has or may have against any of the NRG Entities or any officer, director, employee, affiliate or agent of any of the NRG Entities, in each case in their capacity as such, except as otherwise provided in this Term Sheet (such exclusion to include, for instance, Xcel's existing and future intercompany claims against the NRG Entities as set forth in Section IX.A hereof).
M. "Continuing Debtor Subsidiaries":	Those NRG Subsidiaries identified as Continuing Debtor Subsidiaries on **Schedule 1-A** to the PSA.
N. "Noncontinuing Debtor Subsidiaries":	Those NRG Subsidiaries identified as Noncontinuing Debtor Subsidiaries on **Schedule 1-A** to the PSA.

III. Details of the Xcel Contribution and the Separate Bank Settlement Payment

A. Allocation of Xcel Contribution:	(1) $250 million of the Xcel Contribution (the **"Support Agreement Amount"**) shall be in exchange for the release of the NRG Released Causes of Action comprised of the Support Agreement Claims. The Support Agreement Amount shall be payable out of the entire Initial Contribution and $12 million of the Second Installment. The Confirmation Order shall expressly provide that the Support Agreement Claims belong solely and exclusively to NRG and not to any creditor of NRG or of any other NRG Entity and that the Support Agreement Claims are fully released as to all entities as of the Effective Date, subject to payment in full of the Support Agreement Amount.
	(2) Up to $390 million of the Xcel Contribution (the **"Release-Based Amount"**), together with the Xcel Released Causes

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	of Action, shall be in exchange for the releases described in Section V.C of the NRG Released Causes of Action comprised of All Other Claims. The Released-Based Amount shall be paid out of $38 million of the Second Installment and the entire Third Installment.
	The Release-Based Amount is being paid by Xcel solely to facilitate the NRG Plan and the benefits to Xcel thereunder. The Release-Based Amount is, expressly, not being paid as any concession of the validity of any claims being released.
B. Payment of Xcel Contribution in the Event of an Xcel Downgrade	(1) As of April 1, 2003, Xcel's senior unsecured public notes (the **"Xcel Notes"**) were rated BBB- by Standard & Poor's and Baa3 by Moody's (the **"4/1/03 Ratings"**). In the event that on the Confirmation Date the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days through and including the Confirmation Date, then Xcel, in its sole discretion, may, subject to the creditor election described below, pay up to $150 million of the Initial Contribution no later than 10 business days after the Xcel Payment Date in registered, unrestricted and freely-tradable "XEL" common stock (**"XEL Stock"**) that has been registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement (the **"Xcel Downgrade Election"**). In such event, no later than five business days after the Confirmation Date, Xcel shall issue a press release stating whether Xcel has elected to make any or all of $150 million of the Initial Contribution in XEL Stock and the portion, if any, of such part of the Initial Contribution that will be paid in XEL Stock. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Initial Contribution made in XEL Stock divided by (y) the average closing price for XEL Stock for the last ten full trading days through and including the business day prior to the date when the portion of the Initial Contribution to be paid in XEL Stock is made.
	(2) Notwithstanding the foregoing, the "Authorized Party" (as defined below) may request that Xcel not exercise the Xcel Downgrade Election by causing Xcel to receive written notice of such request (an **"NRG Payment Request"**) within five business days after Xcel's issuance of the press release set forth above. After timely receipt by Xcel of an NRG Payment Request, Xcel shall be required to pay NRG the $150 million of the Initial Contribution in cash on the business day after the Xcel Notes have retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days. In addition, through the Effective Date and prior to payment in full by Xcel of the Initial Contribution, the

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Authorized Party may revoke the NRG Payment Request by causing Xcel to receive written notice of such revocation (an **"NRG Payment Revocation"**). Once given, an NRG Payment Revocation shall be irrevocable. In addition, on the 180th day after receipt by Xcel of an NRG Payment Request, if Xcel shall not have been required to pay NRG the $150 million of the Initial Contribution in cash prior to such date, the NRG Payment Revocation shall be deemed given to Xcel. Upon receipt or deemed receipt by Xcel of an NRG Payment Revocation, Xcel shall pay the portion of the Initial Contribution subject to the Xcel Downgrade Election in Xcel Stock within 10 business days after the later of (i) receipt or deemed receipt of the NRG Payment Revocation and (ii) the Xcel Payment Date. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Initial Contribution made in XEL Stock divided by (y) the average closing price for XEL Stock for the last ten full trading days through and including the business day prior to the date when the portion of the Initial Contribution to be paid in XEL Stock is made.

(3) If (i) on the Confirmation Date the Xcel Notes have retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days but (ii) at any time after the Confirmation Date and prior to the Xcel Payment Date the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days, then the provisions of subsections (1) and (2) above shall apply, but Xcel, in its sole discretion, may, subject to an NRG Payment Request, exercise the Xcel Downgrade Election and pay the requisite XEL Stock no later than the later of (1) 10 business days after the Xcel Payment Date and (2) 105 days after the first date on which the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days (the **"Downgrade Date"**). In such event, Xcel shall issue a press release stating the specifics of its Xcel Downgrade Election no later than five business days after the Downgrade Date. In addition, in this instance, upon receipt by Xcel of an NRG Payment Revocation, Xcel shall pay the portion of the Initial Contribution subject to the Xcel Downgrade Election in XEL Stock within the later of (i) 10 business days after receipt of the NRG Payment Revocation and (ii) 105 days after the Downgrade Date.

(4) For purposes of this Section III.B, the term **"Authorized Party"** shall mean collectively, the official committee of unsecured creditors of NRG in the Chapter 11 Cases (the

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	"Creditors' Committee") and the Global Steering Committee. The Creditors' Committee or the Global Steering Committee acting without the other shall not be an Authorized Party.
	(5) In addition to the foregoing, in the event that on the Xcel Payment Date the Xcel Notes have not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days through and including the date payment of the Third Installment is due, then the Third Installment shall be extended to the later of June 30, 2004 and sixty days after the Xcel Payment Date.
C. Xcel Shares Option:	No later than five business days after the date on which the Confirmation Order is entered on the docket of the Bankruptcy Court, Xcel shall issue a press release stating whether Xcel has elected to make any or all of the Second Installment in XEL Stock and the portion, if any, of the Second Installment that will be paid in XEL Stock (the **"Xcel Shares Option"**). To the extent that Xcel chooses the Xcel Shares Option, Xcel shall make such portion of the Second Installment in XEL Stock, pursuant to an effective registration statement. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Second Installment made in XEL stock divided by (y) the average closing price for XEL Stock for the last ten full trading days through and including the business day prior to the date the Second Installment is due.
D. Mechanics of Separate Bank Settlement Payment:	The Separate Bank Settlement Payment shall be in exchange for the release of 100% of the Separate Bank Claims and shall be payable entirely in cash. The Confirmation Order shall expressly provide that when the Separate Bank Settlement Payment is made, the Separate Bank Claims shall be fully released as to all Released Parties as of the Effective Date.
E. Xcel Released Causes of Action:	The component of the Xcel Contribution comprised of the Xcel Released Causes of Action shall be delivered and effective as of the Effective Date.

IV. NRG Released Causes of Action

A. Included Claims:	The "All Other Claims" component of the NRG Released Causes of Action shall include:
	(1) any claim that is property of any NRG Entities' estate pursuant to section 541 of the Bankruptcy Code or otherwise;
	(2) any preference, fraudulent conveyance and other actions under sections 510, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code or any state law equivalents;
	(3) any claims arising out of illegal dividends or similar theories of liability;

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	(4) any claims asserting veil piercing, alter ego liability or any similar theory;
	(5) any claims based upon unjust enrichment;
	(6) any claims for breach of fiduciary duty;
	(7) any claims for fraud, misrepresentation or any state or federal securities law violations;
	(8) any claim that NRG or any NRG Subsidiary may have as a result of having been a member of the Xcel affiliated tax group or a signatory to an Xcel tax sharing agreement; and
	(9) except as described in Section IV.B, all other claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities against the Released Parties as of the Effective Date whether or not liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law or in equity.
B. Excluded Claims:	The "All Other Claims" component of the NRG Released Causes of Action shall not include:
	(1) any obligations relating to Xcel's payment and performance of the Xcel Contribution and the other benefits to be provided by Xcel as described in this Term Sheet;
	(2) any obligations relating to a "transitional services agreement" of the type described in Section VI.E;
	(3) any post-Effective Date obligations relating to the "employee matters agreement" of the type described in Section VI.F;
	(4) any obligations of the Released Parties under the agreements set forth on in **Schedule VI.I**; or
	(5) the Separate Bank Claims.

V. Additional Issues Regarding the XCEL Contribution and the Separate Bank Settlement Payment

A. Classification of Noteholder Group, Bank Group:	(1) The NRG Plan will classify all allowed impaired unsecured claims against NRG (other than convenience claims) into one pari passu class (the **"Unsecured Creditor Class"**). This class will include, without limitation, all unsecured creditors holding funded debt claims against NRG (including the debenture portion of the NRZ Equity Units), all recourse claims against NRG of creditors of the NRG Subsidiaries and other general unsecured claims against NRG such as rejection claims, trade claims, etc.
	(2) All Noteholder claims, all Bank Group claims, including claims under the Lender Facilities, and all Bank project lender recourse claims against NRG (excluding, in each case, postpetition interest, letter of credit fees and other similar postpetition charges not generally allowable under

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	the Bankruptcy Code), will be allowed in full in accordance with the terms of the applicable documents that give rise to such claims, without defense, offset, counterclaim, reduction, subordination or recharacterization. The Parties reserve all rights as to (i) the proper calculation of the amount of any such claims in accordance with the relevant documentation for such claims and (ii) solely in connection therewith, the proper interpretation of all such documents. The Parties will use their commercially reasonable efforts to resolve any issues (if any) concerning such matters either consensually or judicially prior to the commencement of the hearing on the Disclosure Statement for the NRG Plan.
B. Allocation of Support Agreement Amount:	The Support Agreement Amount shall be paid to NRG and available pro rata to all allowed claims in the Unsecured Creditor Class (which claims, as to members of the Separate Bank Settlement Group, shall not be reduced by receipt of the Separate Bank Settlement Payment); *provided*, *however*, that the NRG Plan shall provide which portion, if any, of the Support Agreement Amount shall be retained by NRG to the extent necessary to provide working capital for its business.
C. Timing and Allocation of Release-Based Amount:	(1) In addition to the general releases set forth in the NRG Plan as described in Section VI.A, the relevant ballots distributed in connection with the NRG Plan to the creditors of NRG will have an election (the **"Release Election"**), in form and substance satisfactory to Xcel, by which each creditor of NRG can expressly elect to release, in such creditor's capacity both as a creditor of NRG and (if applicable) as a creditor of any NRG Subsidiary, the Released Parties from all NRG Released Causes of Action by checking an appropriate box on such ballot, subject to such creditor's receipt of its pro rata share of the Release-Based Amount. The Released-Based Amount shall be distributable pro rata to all allowed claims in the Unsecured Creditor Class (which claims, as to members of the Separate Bank Settlement Group, shall not be reduced by receipt of the Separate Bank Settlement Payment), provided that creditors not checking the box would not receive their pro rata portion of the Release-Based Amount; instead, the aggregate share of the Release-Based Amount of those who did not check the box which otherwise would have been payable to all such creditors (if they had checked the box) will be credited against and deducted from the Xcel Contribution in inverse order of maturity.
	(2) The Release-Based Amounts so credited or deducted will be based upon the maximum amount for which such claim(s) could be allowed. In the event such claim(s) are allowed by a Final Order in an amount less than the maximum amount, the Release-Based Amount withheld on account of

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	the difference between the maximum amount and allowed amount, to the extent an Xcel Contribution payment has been reduced by such credit or deduction, will be distributed ratably to creditors entitled to the Release-Based Amount. A party with a claim against NRG and an NRG Subsidiary as of the Petition Date and who agrees to eliminate such claim against NRG as result of separate consideration from an NRG Subsidiary shall be deemed to have retained its original claim against NRG solely for purposes of the Released-Based Amount unless such creditor's claim against the NRG Subsidiary is unimpaired or such creditor agrees to release all of its NRG Causes of Action against the Released Parties as part of the elimination of its claim against NRG. In connection with the NRG Plan, NRG, Xcel, the Creditors' Committee, the Global Steering Committee and the Noteholder Group shall enter into an agreement specifying the details as to how to calculate the Released-Based Amount payable by Xcel to NRG at any time based upon, among other things, the creditors who make the Release Election, the creditors who do not make the Release Election, the allowance and/or estimation of claims and other factors (the **"Released-Based Amount Agreement"**).
D. Timing and Allocation of Separate Bank Settlement Payment:	(1) Provided that 100% of the Separate Bank Settlement Group members have executed and delivered a Separate Bank Settlement Release to Xcel, the Separate Bank Settlement Payment shall be paid in cash simultaneously with the payment of the Initial Contribution and shall be allocated solely to the Separate Bank Settlement Group.
	(2) In addition to the general releases set forth in the Plan as described in Section VI.A and the Release Election described in Section V.C., release forms (the **"Separate Bank Settlement Releases"**) will be distributed to the members of the Separate Bank Settlement Class. The Separate Bank Settlement Releases will not call for a vote on the NRG Plan, as the Separate Bank Claims are only against the Released Parties, not the NRG Entities. The Separate Bank Settlement Releases will be in form and substance satisfactory to Xcel and the Bank Group, will be a condition to the occurrence of the Effective Date and will permit each member of the Separate Bank Settlement Group to expressly elect to release the Released Parties from all Separate Bank Claims by signing and returning the Separate Bank Settlement Release to Xcel. In exchange for 100% of the members of the Separate Bank Settlement Group signing and returning the Separate Bank Settlement Release, such members would receive their share (as determined by and among the members of the Separate

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	Bank Settlement Group) of the Separate Bank Settlement Payment.

VI. Other XCEL-Related Plan and Confirmation Order Provisions

A. General Release of NRG Released Causes of Action:	The NRG Plan would provide that NRG, each of the NRG Subsidiaries and, to the maximum extent permitted by law, each impaired creditor of the NRG Entities would be deemed to have released the Released Parties as of the Effective Date from all NRG Released Causes of Action, whether or not, in the case of a creditor, such creditor has voted for or against, or has not voted with respect to, the NRG Plan and whether or not such creditor has objected to the NRG Plan or the release of its NRG Released Causes of Action against the Released Parties pursuant to the NRG Plan.
B. Tax Issues:	(A) For federal income tax purposes, Xcel shall claim a worthless stock deduction for its NRG stock for the year in which the NRG Plan becomes effective (the **"Loss Year"**). Xcel shall not claim a worthless stock deduction for any year before the Loss Year. **"Xcel Tax Benefit"** means the reduction in federal income tax liability of Xcel, any affiliate and the Xcel consolidated group, as the case may be, attributable to the worthless stock deduction, including without limitation the amount of any cash refund of taxes (including any interest paid thereon) to be generated by the carryback of such deduction in whole or in part to any taxable year prior to the Loss Year (the **"Cash Refund"**) and the reduction of any estimated payments of federal income tax liability in the Loss Year or any subsequent year, which reduction may be made (or not made) by Xcel in its sole discretion.
	The NRG Plan and the Confirmation Order would provide that:
	The Xcel Tax Benefit would be the sole and exclusive property of Xcel, and the NRG Entities and any party claiming by or through them would release any right or interest that they might otherwise have in the Xcel Tax Benefit as part of the NRG Plan; and
	NRG and its direct and indirect subsidiaries would not be (a) reconsolidated with Xcel or any of its other affiliates for tax purposes at any time after their June 2002 re-affiliation or (b) treated as a party to or otherwise entitled to the benefits of any tax sharing agreement with Xcel.
	(B) From the Petition Date through and including the Effective Date, NRG shall neither cause nor permit to be made any distribution from an NRG subsidiary to the extent that (1) the distribution would be treated as a dividend for federal income tax purposes and (2) the distribution or portion thereof so treated, alone or in combination with any other distribution during that period, to the extent so treated, would exceed $x. For purposes

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	of this limitation, "x" shall be based on (and be less than) the excess of NRG's aggregate gross receipts over its aggregate receipts from the passive income sources listed in section 165(g)(3)(B) of the Internal Revenue Code and shall be determined by Xcel and communicated to NRG as quickly as practicable after completion of the remaining due diligence on the "gross receipts" test set forth in that section.
C. Injunctions:	The Confirmation Order shall:
	(1) (A) contain a finding that certain NRG Released Causes of Action to be specified by Xcel (including all veil piercing, alter ego and similar claims and Support Agreement Claims) are, to the maximum extent permitted by law, the exclusive property of the NRG Entities, as debtors-in-possession, pursuant to section 541 of the Bankruptcy Code, (B) contain a ruling that all NRG Released Causes of Action and all Separate Bank Claims against the Released Parties are fully settled and released under the NRG Plan, (C) contain a ruling that the Separate Bank Settlement Payment is not property of NRG's chapter 11 estate and (D) permanently enjoin any creditor of any of the NRG Entities from pursuing any NRG Released Causes of Action or any Separate Bank Claims against any of the Released Parties; and
	(2) permanently enjoin any person or entity that holds, has held or may hold a claim or cause of action released under the NRG Plan from taking any of the following actions on account of any NRG Released Causes of Action or the Separate Bank Claims: (A) commencing or continuing in any manner any action or other proceeding; (B) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting or enforcing any lien or encumbrance, (D) asserting any setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to any released person or entity; and (E) commencing or continuing any action in any manner, in any place, that does not comply with or is inconsistent with the provisions of the NRG Plan.
	(3) Notwithstanding anything herein to the contrary, if 100% of the members of the Separate Bank Settlement Group do not sign the Separate Bank Settlement Release or the Separate Bank Settlement Payment is not made in accordance with the terms herein, the Separate Bank Claims shall not be released, discharged or otherwise impaired in any way by the NRG Plan, the Confirmation Order or any other order in the Chapter 11 Cases.
D. Certain Obligations and Arrangements:	On the Effective Date, all Xcel guarantees, equity contribution obligations, indemnification obligations, arrangements whereby

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	Xcel has posted cash collateral and all other credit support obligations with respect to NRG or any NRG Subsidiary, in each case set forth on **Schedule VI.D** hereto or such additional items added to Schedule VI.D. by Xcel by the NRG bar date not to exceed in the aggregate $5 million of face amount for such added items (collectively, the **"Guarantees"**), shall be terminated (with Xcel having no further liability for such obligations or arrangements) and all such cash collateral shall be returned to Xcel on the Effective Date, except that NRG shall cooperate with Xcel and support the return to Xcel of the $11.5 million of cash collateral posted by Xcel for the Mid-Atlantic project at the earliest practical date after the current expiration of the relevant Mid-Atlantic agreement in July of 2003. NRG and the NRG Subsidiaries shall be solely responsible for renewing, administering and paying for their own insurance policies starting with insurance policies relating to property and other coverages expiring as of June, 2003, and insurance policies covering director and officer liabilities (the **"D&O Policy"**) expiring on August 18, 2003 (the **"D&O Expiration Date"**); provided, however, that Xcel shall (1) not cancel the D&O Policy before the D&O Expiration Date, (2) reasonably cooperate with NRG's past or current officers and directors who may be entitled to coverage under the D&O Policy to allow them to administer their claims and (3) if available and at the sole cost of NRG, and after receiving sufficient funds from NRG, at NRG's request purchase customary tail coverage for NRG's officers and non-Xcel directors in office on the day prior to the Petition Date and who are entitled to coverage under the D&O Policy.
E. Transitional Services Agreement:	The NRG Plan would, if desired by NRG, incorporate a transitional services agreement pursuant to which Xcel would provide NRG specified administrative services for a specified reasonable agreed period after the Effective Date, as requested by NRG, and would receive compensation therefor at the cost to Xcel of goods provided or the fair value of services provided.
F. Employee Matters Agreement:	The NRG Plan would approve an employee matters agreement pursuant to which various obligations with respect to employees and benefit plans would be allocated between Xcel and NRG as set forth in **Schedule VI.F** hereto as of the Effective Date.
G. Tax Matters Agreement and Control Group Indemnity:	Effective as of the Effective Date, Xcel and NRG shall enter into a tax matters agreement that addresses liability for any unpaid taxes of NRG and Xcel for periods during which NRG and Xcel were part of the same consolidated, combined or unitary tax group, entitlement to any tax refunds for such periods, the control of contests for such periods, cooperation with respect to audits and such other matters as would be customary in a tax matters agreement between similarly-situated corporations. In addition, Xcel and NRG shall use their

	commercially reasonable efforts to negotiate and execute on the Effective Date an agreement satisfactory to the Parties whereby Xcel and NRG (on behalf of itself and the NRG Subsidiaries) shall separately indemnify each other on and as of the Effective Date for any actions taken by the indemnifying party through the Effective Date where the statutory liability imposed on the indemnified party is solely by reason of Xcel's direct or indirect ownership of NRG and the NRG Subsidiaries.
H. NRZ Equity Units:	The Confirmation Order shall provide that the right and obligation of any holder of an NRZ Equity Unit to purchase common shares of Xcel was terminated as of the Petition Date.
I. Other Xcel Agreements:	The NRG Plan would provide for assumption by NRG of the agreements with Xcel described on **Schedule VI.I** hereto. Agreements not on Schedule VI.I would be rejected.

VII. Overall NRG Plan Classification and Treatment of Claims

Class	Type of Claim/Interest	Treatment	Voting Rights
Class 1	Unsecured Priority Claims	*Unimpaired.* Each holder of a Class 1 Claim will receive cash in an amount equal to the allowed amount of their claim.	Not entitled to vote. Deemed to accept.
Class 2	Convenience Claims	*Unimpaired.* Each holder of an allowed claim in Class 2 will receive cash equal to the amount of such Claim against such Debtor (as reduced, if applicable, pursuant to an election by the holder thereof in accordance with Section 3.4 of the NRG Plan).	Not entitled to vote. Deemed to accept.
[Class 3	**Secured Claims against Noncontinuing Debtor Subsidiaries**	***Impaired.* At the Debtors' option, the Debtors shall distribute to each holder of a secured claim classified in Class 3 (a) the collateral securing such allowed secured Claim, (b) cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any collateral securing such allowed secured claim, less the actual costs and expenses of disposing of such collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of such allowed secured claim, on the later of (i) the Effective Date and (ii) the fifteenth business day of the first month following the month in which such claim becomes an allowed secured claim, or as soon after such dates as is practicable. Each holder of an allowed claim in Class 3 shall retain the liens securing such claim as of the confirmation date until the Debtors shall have made the distribution to such**	**Entitled to vote]**

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Class	Type of Claim/Interest	Treatment	Voting Rights
		holder provided for in Article IV of the NRG Plan.]	
Class 4	*Intentionally Omitted*		
[Class 5	**Miscellaneous Secured Claims**	***Impaired.*** **At the Debtors' option, the Debtors shall distribute to each holder of an allowed miscellaneous secured claim (a) the collateral securing such allowed secured claim, (b) cash in an amount equal to the proceeds actually realized from the sale, pursuant to section 363(b) of the Bankruptcy Code, of any collateral securing such allowed secured claim, less the actual costs and expenses of disposing of such collateral, or (c) such other treatment as may be agreed upon by the Debtors and the holder of an allowed miscellaneous secured claim, on the later of (i) the Effective Date and (ii) the fifteenth business day of the first month following the month in which such claim becomes an allowed secured claim, or as soon after such dates as is practicable. Each holder of an allowed claim in Class 5 shall retain the Liens securing such claim as of the confirmation date until the Debtors shall have made the distribution to such holder provided for in Article IV of the NRG Plan.]**	**Entitled to vote**
Class 6	NRG Unsecured Claims, including NRG Rejected Guaranty Claims	*Impaired.* Except as otherwise provided in the NRG Plan with respect to certain letter of credit claims, each holder of an allowed claim in Class 6 will receive its pro rata share of (a) on the Effective Date, the New NRG Notes, (b) on the Effective Date, 100,000,000 shares of New NRG Common Stock, subject to dilution by the Management Incentive Plan as set forth in Section IX.J of this Term Sheet, and (c) on the date of the Third Installment (or as soon thereafter as practical), cash in an amount not less than the Release-Based Amount; and *provided further that* the Cash distributable to holders of allowed claims in Class 6 represents a pro rata share of the Released-Based Amount, as set forth and described in Section III.A of this Term Sheet and each holder of an Allowed Claim classified in Class 6 shall receive its pro rata share of such cash only if such holder elects (by checking the appropriate box on its	Entitled to vote

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Class	Type of Claim/Interest	Treatment	Voting Rights
		Ballot) to grant the releases described in Section III.A of this Term Sheet.	
Class 7	PMI Unsecured Claims	*Impaired.* On the Effective Date, each holder of an allowed Class 7 claim will receive its pro rata share of New NRG Notes and shares of New NRG Common Stock allocated to Class 7 from Class 6.	Entitled to vote
Class 8	Unsecured Noncontinuing Debtor Subsidiary Claims	*Impaired.* Each holder of an allowed Class 8 claim shall receive no distribution under the NRG Plan on account of such Class 8 Claims.	Not entitled to vote. Deemed to reject.
Class 9	NRG Intercompany Claims	To be discussed.	To be discussed.
Class 10	*Intentionally Omitted*		
Class 11	NRG Old Common Stock	*Impaired.* No property will be distributed to or retained by the holders of allowed equity Interests in Class 11. On the Effective Date, each and every equity interest in Class 11 shall be cancelled and discharged and the holders of Class 11 equity interests shall receive no distribution under the NRG Plan on account of such equity interests.	Not entitled to vote. Deemed to reject.
Class 12	PMI Common Stock	*Unimpaired.* NRG shall retain its 100% ownership interest in PMI.	Not entitled to vote. Deemed to accept.
Class 13	Securities Litigation Claims	*Impaired.* Each and every claim in Class 13 shall be cancelled and discharged and the holders of Class 13 claims shall receive no distribution under the NRG Plan on account of such claims.	Not entitled to vote. Deemed to reject.
Class 14	Noncontinuing Debtor Subsidiary Common Stock	*Impaired.* Each and every equity interest in Class 14 shall be cancelled and discharged and the holders of Class 14 equity interests shall receive no distribution under the NRG Plan on account of such equity interests.	Not entitled to vote. Deemed to reject.

VIII. Details of Class 6 Distributions

A. The **"New NRG Notes"**:	The New NRG Senior Subordinated Notes shall (i) be in an initial principal amount of $500,000,000.00; (ii) at the option of reorganized NRG either (a) accrue interest commencing on the Effective Date payable semiannually in cash at a rate of 10% per annum, or (b) accrue interest at a rate of 12% per annum payable in kind; *provided, however,* that any interest paid in kind shall be paid in cash upon the earlier of the fifth anniversary of the Effective Date or the original maturity date of the New NRG Notes; **[(iii) be subordinate to any exit facility undertaken by reorganized NRG,]** and (iv) mature on the seventh anniversary of the Effective Date. The New NRG

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	Notes will be issued under a new indenture in a form contained in the NRG Plan supplement.
B. The **"New NRG Common Stock "**:	(1) The New NRG Common Stock would be registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement or, if applicable, pursuant to Bankruptcy Code § 1145, and NRG would use its best efforts to obtain NASDAQ listing.
	(2) Registration Rights Agreement for a percentage of New NRG Common Stock to be agreed upon by the Parties and subject to customary blackout periods.
C. The **"NRG Cash Amount"**:	**[Formula [Open] for determining amount of NRG cash (i.e., not including any Xcel Contribution) to be distributed to Class 6, including relationship to Exit Financing]**

IX. Miscellaneous

A. Intercompany Claims:	(1) As part of the settlement with Xcel, any pre- or postpetition claims of Xcel against any of the NRG Entities arising from the provision of intercompany goods or services to any of the NRG Subsidiaries or from payment by Xcel under any Guaranty shall paid in full in cash by NRG in the ordinary course (including payment during the Chapter 11 Cases) in the appropriate amount based on the underlying contracts or agreements between the parties (including all agreements listed on Schedule VI.I), without any subordination or recharacterization of such claims, except that the claims which are to be paid in full in the ordinary course during the Chapter 11 Cases shall not include claims of Xcel arising under the Guarantees listed in Schedule VI.D but shall include any claims of Xcel related to RDF, Thermal and NSP-Minnesota. Notwithstanding the foregoing, (A) all claims arising or accruing on or prior to January 31, 2003 for the provision of intercompany goods or services under the Xcel/ NRG administrative Services Agreement dated June, 2002 (the **"ASA"**) and all claims for amounts paid by Xcel on or prior to January 31, 2003 under any Guaranty (collectively, the **"Settled Claims"**) shall not be paid until the Effective Date, at which time Xcel shall receive, on account of and in full and final settlement of such claims, an unsecured, 2.5 year non amortizing promissory note of NRG in the principal amount of $10 million bearing interest at the per annum rate of 3%; and (B) after January 31, 2003 NRG shall only be responsible for amounts billed under the ASA related to corporate insurance obtained for the benefit of NRG and other services requested by NRG (collectively, the **"Reimbursable Claims"**). A comprehensive schedule of the types of all existing intercompany claims is set forth on *Schedule IX.A* hereto. NRG agrees that it shall not order

	services from Xcel under the ASA or otherwise inconsistent with the provisions of this Term Sheet.
	(2) NRG shall not take any action, or fail to take any action, which would increase the likelihood that Xcel will be required to make any payment on any Guaranty during the Chapter 11 Cases.
	(3) To the extent, if any, that intercompany claims of Xcel (other than Settled Claims and other than claims under the ASA which are not Reimbursable Claims, but including claims for reimbursement of payments made by Xcel under Guarantees) are unpaid as of the Effective Date, such amounts shall be paid in full in cash on the Effective Date by the relevant NRG Entity under the NRG Plan without any subordination or recharacterization of such claims.
	(4) The provisions of this Section IX.A shall not apply to any tax sharing agreement. All tax sharing agreements, to the extent otherwise binding on Xcel and NRG, shall terminate (without any residual or ongoing liability of either party to the other) as of the Effective Date for all taxable periods, past, present and future. On and after the Effective Date, tax matters shall be governed exclusively by the tax matters agreement referred to in Section VI.G above.
	(5) A schedule of the types of existing intercompany claims is set forth on **Schedule IX.A** hereto. Except as provided in the foregoing paragraphs in this Section IX.A, no intercompany claims between NRG and Xcel shall be paid.
B. Solicitation; Fiduciary Duties:	As discussed in the introductory language to this Term Sheet and in the PSA, notwithstanding anything herein to the contrary, each Party expressly acknowledges and agrees that the Parties do not desire and do not intend in any way to derogate from or diminish the solicitation requirements of applicable securities and bankruptcy law, the fiduciary duties of the NRG Entities as debtors in possession, the fiduciary duties of any Noteholder or member of the Bank Group that is appointed to the Creditors' Committee or the role of any state or federal agencies with regulatory authority concerning Xcel or any of the NRG Entities.
C. Board of Directors and Management:	(A) Xcel has informed the Parties that the NRG Board of Directors immediately after the time of the order for relief in the Chapter 11 Cases shall be:
	(1) Scott Davido, who shall also be Chairman of the Board;
	(2) Ershel C. Redd, Jr.; and
	(3) Leonard LoBiondo, who shall also be CRO of NRG.
	(B) The Board of Directors of reorganized NRG will be staggered and will consist of:
	(1) six directors designated by the Noteholder Group;

	(2) four directors designated by the members of the Bank Group; and (3) the post-reorganization CEO. In addition, there will be a committee consisting of two designees of the Noteholder Group and two designees of the Global Steering Committee. Such committee, by majority vote, shall be satisfied as of the Effective Date with the persons designated to serve as Chief Executive Officer and Chief Financial Officer of reorganized NRG, as well as the employment terms for such persons.
D. Charter/ Bylaws:	Other governance matters (e.g., charter and bylaws) of reorganized NRG to be discussed in good faith.
E. Other Releases:	In addition to the releases described in Sections V.C, and VI.A above, the NRG Plan shall contain customary releases for directors, officers, pre and post petition committees, professionals, Xcel, NRG, etc.
F. Other Injunctions:	In addition to the injunctions described in Section VI.C above, the NRG Plan shall contain other customary Chapter 11 injunctions.
G. Indemnification:	The NRG Plan shall contain customary indemnification provisions for directors, officers, pre and post petition committees, professionals, Xcel, NRG, etc.
H. Dutch Auction Provisions:	The NRG Plan will incorporate voluntary debt/equity reallocation procedures as more fully described in the NRG Plan.
I. Settlements with Holders of Project-Level Secured Debt and Funding of Finco Projects:	NRG and the applicable debtor intend to seek from project-level secured lenders, on a project-by-project basis, a consensual restructuring or discharge of such debt. NRG is continuing to evaluate what additional modifications, if any, are appropriate. In the interim, during the pendency of the Chapter 11 Cases, NRG shall fund the "NRG Finco" projects pursuant to the NRG subsidiary term sheet attached as **Schedule IX.I** hereto.
J. Management Incentive Plan:	The NRG Plan will include a management incentive plan to be determined.
K. Disputed Claims:	(1) Customary NRG interest-bearing reserve pending resolution of Disputed Claims; and (2) An interest-bearing reserve for Xcel's Release-Based Amount for Disputed Claims as described in Section V.C above.

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Schedule II.H

SEPARATE BANK SETTLEMENT GROUP(1)

The banks and other financial institutions from time to time parties to (a) the $1,000,000 364-Day Revolving Credit Agreement, dated as of March 8, 2002, between NRG Energy, Inc., as Borrower, and ABN AMRO Bank N.V., as Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified; (b) the $2,000,000,000 Credit Agreement, dated as of May 8, 2002, between NRG Finance Company I LLC, as Borrower, and Credit Suisse First Boston, as Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified; and (c) the $125,000,000 Standby Letter of Credit, dated as of November, 1999, between NRG Energy, Inc., as Borrower, and Australia and New Zealand Banking Group Limited, as Administrative Agent, as the same may be amended, restated, supplemented or otherwise modified.

1 Allocation and mechanics (including concerning a reserve for undrawn ANZ Letters of Credit) as agreed to between the agents.

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SCHEDULE VI.D

(Certain Obligations and Arrangements Between Xcel and NRG)

GUARANTEES

Counterparty	Physical/ Financial	Commodity	Amount of Guaranty	Date Guaranty Expires or Expired (NOTE "A")
AEP Energy Services, Inc.	FINANCIAL	ALL	$ 7,000,000	12/31/2002
American Electric Power Service Corp	FINANCIAL	ALL		
American Electric Power Service Corp	PHYSICAL	ELECTRIC		
Aquila Merchant Services, Inc.	FINANCIAL	ALL	$ 10,000,000	10/12/2002
Aquila Merchant Services, Inc.	PHYSICAL	ELECTRIC		
Aquila Merchant Services, Inc.	PHYSICAL	NAT GAS		
Bank of America, N.A.	FINANCIAL	ALL	$ 10,000,000	8/31/2003
Consolidated Edison Energy, Inc.	PHYSICAL	ELECTRIC	$ 10,000,000	12/31/2003
Constellation Power Source, Inc.	FINANCIAL	ALL	$ 15,000,000	7/31/2003
Constellation Power Source, Inc.	PHYSICAL	ELECTRIC		
Duke Energy Trading & Marketing LLC	FINANCIAL	ALL	$ 15,000,000	5/24/2003
Duke Energy Trading & Marketing LLC	PHYSICAL	ELECTRIC		
Duke Energy Trading & Marketing LLC	PHYSICAL	NAT GAS		
El Paso Merchant Energy, L.P.	FINANCIAL	ALL	$ 12,000,000	2/28/2002
El Paso Merchant Energy, L.P.	PHYSICAL	ELECTRIC		
El Paso Merchant Energy, L.P.	PHYSICAL	NAT GAS		
Entergy-Koch Trading, LP	FINANCIAL	ALL	$ 8,500,000	3/31/2003
Entergy-Koch Trading, LP	PHYSICAL	ELECTRIC		
Entergy-Koch Trading, LP	PHYSICAL	NAT GAS		
Exelon Generation Company, LLC	FINANCIAL	ALL	$ 7,000,000	3/31/2003
Exelon Generation Company, LLC	PHYSICAL	ELECTRIC		
HQ Energy Services (U.S.) Inc.	(tolling agmt)	(tolling agmt)	Terminated, Effective 11/30/02	(n/a)
J. Aron & Company	FINANCIAL	ALL	$ 10,000,000	1/31/2004
Morgan Stanley Capital Group Inc.	FINANCIAL	ALL	$ 15,000,000	9/30/2003
Morgan Stanley Capital Group Inc.	PHYSICAL	ELECTRIC		
PG&E Energy Trading — Gas Corporation	FINANCIAL	ALL	$ 2,000,000	12/31/2002
PG&E Energy Trading — Gas Corporation	PHYSICAL	NAT GAS		
PG&E Energy Trading — Power, L.P.	FINANCIAL	ALL	$ 9,000,000	12/31/2002
PG&E Energy Trading — Power, L.P.	PHYSICAL	ELECTRIC		
PJM Interconnection, LLC	FINANCIAL	ALL	$ 17,000,000	$ 12M 4/30/03, $ 5M 7/31/03
PJM Interconnection, LLC	PHYSICAL	ELECTRIC		
Select Energy, Inc.	FINANCIAL	ALL	$ 3,000,000	8/31/2002
Select Energy, Inc.	PHYSICAL	ELECTRIC		
Sprague Energy Corp.	FINANCIAL	ALL	$ 4,000,000	11/30/2003
Sprague Energy Corp.	PHYSICAL	NAT GAS		
Williams Energy Marketing & Trading	FINANCIAL	ALL	Terminated, Effective 11/15/02	(n/a)
Williams Energy Marketing & Trading	PHYSICAL	ELECTRIC		
Atlantic City Electric Company, dba Conectiv (BGS Auction)	FINANCIAL	ALL	$ 11,500,000	7/31/2003
NEPOOL	PHYSICAL	ELECTRIC	$ 60,000,000	12/31/2003
Obligation total, for the counterparties from above			$ 226,000,000	
Obligation total above covered under Xcel guaranties or assignments			$ 226,000,000	

NOTE "A":

Any transactions that were entered into with a CP on or before the expiration date of the guaranty will be covered through the duration of the trade(s) on an "evergreen" basis. Thus, for Aquila, El Paso, and PGET Power, all trade obligations of NRG were entered into prior to the expiration dates of those guaranties, even though the periods ultimately covered under those trade obligations are relatively far out into the future (to 12/03 for Aquila and PGET Power, to 12/06 for El Paso). The inclusion of a guaranty or other item on this *Schedule VI.D.* which has expired shall not be deemed a statement that such guaranty or other item is otherwise effective or in force or effect.

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Bonds

Number	Principal	Amount	Description	Bond Obligee	Eff Date	Exp Date	Premium	Surety	Div.	Indemnity
INDEMNIFIED BY XCEL ENERGY:										
ST. PAUL BONDS										
400SD3190	NRG Processing Solutions LLC	$20,000.00	License Bond	Hennepin County	6/30/2002	6/30/2003	$200.00	St. Paul	NRG	Yes
400SF4076	NRG Energy Center Pittsburgh	$75,000.00	Street Opening Bond	City of Pittsburgh	5/15/2002	5/15/2003	$300.00	St. Paul	NRG	Yes
400SH7762	Meriden Gas Turbines, LLC	$876,800.00	Subdivision Bond	City of Meriden	8/24/2001	8/24/2003	$1,754.00	St. Paul	NRG	Yes
400SH7763	Meridan Gas Turbines, LLC	$768,490.00	Subdivision Bond	City of Meriden	8/24/2001	8/24/2003	$1,537.00	St. Paul	NRG	Yes
Sub-Total St. Paul		$1,740,290.00					$3,791.00			
SAFECO BONDS										
6161831	Xcel Energy, Inc.	$20,000.00	Solid Waste Facility Bond	County of Hennepin	8/9/2002	8/9/2003	$200.00	Safeco	NRG	Yes
Sub-Total Safeco		$20,000.00					$200.00			
CNA BONDS										
929214989	NRG Energy Center	$100,000.00	Highway Occupancy Permit Obligation Bond	PA Dept. of Trans.	9/21/2002	9/21/2003	$450.00	CNA	NRG	Yes
929215308	NRG Power Marketing, Inc.	$250,000.00	License Bond	Pennsylvania Public Utility Commission	9/12/2002	9/12/2003	$2,250.00	CNA	NRG	Yes
929215309	NRG Energy Center San Diego LLC	$5,000.00	Franchise Bond	City of San Diego	9/2/2002	9/2/2003	$100.00	CNA	NRG	Yes
929222788	NRG Processing Solutions LLC	$100,000.00	Tree & Yard Waste Permit Bond	Scott County	10/12/2002	10/12/2003	$560.00	CNA	NRG	Yes
929222789	NRG Processing Solutions LLC	$45,000.00	Yard Waste Composting & Processing Facility Permit Bond	Dakota County	10/10/2002	10/10/2003	$252.00	CNA	NRG	Yes
929222790	NRG Processing Solutions LLC	$72,400.00	Solid Waste Facility Permit Bond	Dakota County	10/10/2002	10/10/2003	$405.00	CNA	NRG	Yes
929222795	NRG Power Marketing, Inc.	$1,000,000.00	Bond of Distributor of Automotive Fuel	State of New York	10/12/2002	10/12/2003	$2,250.00	CNA	NRG	Yes
929222796	NRG Power Marketing Inc.	$1,000,000.00	Motor Fuels Tax Bond	State of New Jersey	10/12/2002	10/12/2003	$2,250.00	CNA	NRG	Yes
929224970	NRG Processing Solutions LLC	$100,000.00	Waste Facility License & Permit Bond	County of Anoka	11/17/2002	11/17/2003	$560.00	CNA	NRG	Yes
929224971	NRG Processing Solutions LLC	$25,000.00	Waste Facility License/ Permit Bond	County of Anoka	11/17/2002	11/17/2003	$140.00	CNA	NRG	Yes
929224973	El Segundo Power LLC	$10,000.00	Lease Bond	State of California	11/9/2002	11/9/2003	$100.00	CNA	NRG	Yes
929224975	MM SKB Energy LLC	$19,215.00	Processing Facility Bond	Commonwealth of PA	11/25/2002	11/25/2003	$108.00	CNA	NRG	Yes
929224986	Dunkirk Power LLC	$25,000.00	Bond of Distributor of Automotive Fuel	State of New York	1/1/2003	1/1/2004	$100.00	CNA	NRG	Yes
929224987	Huntley Power LLC	$35,000.00	Bond of Distributor of Automotive Fuel	State of New York	1/2/2003	1/3/2004	$100.00	CNA	NRG	Yes
929225083	NRG Northeast Affiliate Services, Inc.	$29,000.00	Workers' Compensation Bond	State of New York	12/31/2002	12/31/2003	$351.00	CNA	NRG	Yes
929231861	NRG Ilion LP LLC	$52,308.00	Utility Payment Bond	Niagra Mohawk Power Corp.	12/12/2002	12/12/2003	$471.00	CNA	NRG	Yes
929239784	NRG Energy Center Pittsburgh LLC	$80,000.00	Highway Restoration & Maintenance Bond	Commonwealth of PA	6/18/2002	6/18/2003	$160.00	CNA	NRG	Yes
929239794	Dunkirk	$53,000.00	Mined Land	State of New York	5/15/2002	5/15/2003	$106.00	CNA	NRG	Yes

	Power, LLC		Reclamation Bond							
929239797	Cabrillo Power LLC	$100,000.00	Lease Bond	State of California	5/21/2002	5/21/2003	$175.00	CNA	NRG	Yes
929239799	NRG Energy	$1,500,000.00	Permit Bond	City of St. Paul, MN	5/23/2002	5/23/2003	$2,625.00	CNA	NRG	Yes
929242598	Arthur Kill Power LLC	$10,000.00	Performance Bond	Department of Energy Conservation	3/18/2002	3/18/2003	$50.00	CNA	NRG	Yes
Sub-Total CNA		$4,610,923.00					13,563.00			
TOTAL INDEMNIFIED BY XCEL ENERGY		**$6,371,213.00**					**$17,554.00**			
NON-INDEMNIFIED BONDS										
U668424	NRG Energy, Inc.	$30,000.00	Solid Waste Management Bond	County of Washington	1/20/1999	1/20/2004	$400.00	Reliance	NRG	No
Total All NRG Bonds		**$6,401,213.00**					**$17,954.00**			

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OTHER INDEMNIFICATION OBLIGATIONS

Agreement and Consent for Transfer to NRG between Northern States Power Company, NRG Energy, Inc., Anoka County, Hennepin County, Sherburne County, and Tri-County Solid Waste Management Committee dated on or about August 20, 2001.

Affirmation Agreement between Northern States Power Company and NRG Energy, Inc. dated August 8, 1993.

OTHER GUARANTY OBLIGATIONS

Guarantees of employment agreements for three NRG employees.

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DISCUSSIONS; SUBJECT TO FEDERAL RULE OF EVIDENCE 408 AND ALL BANKRUPTCY AND STATE LAW EQUIVALENTS

SCHEDULE VI.F

(Employee Benefit Matters)

Qualified Defined Benefit Pension Plans

- Xcel would continue to maintain the NRG benefit formulas for NRG employees as part of the Xcel/ NRG plan (the "Merged Plan") until the Effective Date.

- On the Effective Date, (a) NRG employees would stop participating in the Merged Plan, (b) all NRG employee Merged Plan benefits would be frozen (except as set forth below) and (c) the obligation for all such benefits would remain in the Merged Plan and would be the responsibility of the Merged Plan and Xcel to fund and provide. To the extent a partial termination, within the meaning of Section 411(d)(3) of the Internal Revenue Code, of the Merged Plan would occur as of the Effective Date, either as a result of the NRG employees ceasing to be employed by Xcel and its subsidiaries or otherwise, such employees would be fully vested as of the Effective Date in their frozen benefits under the Merged Plan as and to the extent provided by Section 411(d)(3) of the Internal Revenue Code. On and after the Effective Date, the Merged Plan would provide that, as of the Effective Date, with respect to NRG employees who are employed by NRG and are participants in the Merged Plan on the Effective Date, credit for employment with NRG on or after the Effective Date would be credited (i) for vesting purposes under the Merged Plan, if no such partial termination occurred, and (ii) for purposes of eligibility for entitlement for the commencement or receipt of benefits under the Merged Plan (including, without limitation, for eligibility for commencement or receipt of any early retirement benefit or supplement), but (iii) for no other purposes including, without limitation, benefit accrual purposes. As hereby modified, such benefits to which NRG employees are entitled under the terms of the Merged Plan would be paid to them by the Merged Plan as and when provided therein.

Non-Qualified Retirement Plans ("NQRPs")

- Xcel and NRG would determine prior to the Effective Date what proportion of the obligations owing to current NRG employees under the NRG NQRPs is legally allocable to Xcel by virtue of prior service by those employees as Xcel (NSP) employees (the "Xcel NQRP Amount").

- Xcel would maintain responsibility for the Xcel NQRP Amount to the extent it has not already satisfied its obligation therefor. The difference between the total amount owing to current NRG employees under the NQRPs and the Xcel NQRP Amount (the "NRG NQRP Amount") would be reinstated or replaced with a similar nonqualified plan approved by the NRG Plan. Any new plan in respect of the NRG NQRP Amount would be developed in consultation with the Bank Group and the Noteholder Group.

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SCHEDULE VI.I

(Xcel/ NRG Agreements To Be Assumed)

1. Agreement for the Use and Operation of Certain Facilities Located at the High Bridge Plant dated Jan. 23, 2002.

2. Agreement for the Sale of Thermal Energy and Wood Byproduct between Northern States Power Company and NRG Thermal f/k/a Norenco Corporation, dated November 16, 1989.

3. Refuse Derived Fuel Supply Agreement between Northern States Power Company and NRG Resource Recovery, Inc." (not dated) (Term: 1-1-1992 to 12-31-2001, automatically renewing for five year terms thereafter, unless terminated by six month written notice.)

4. Lease and Agreement between Northern States Power Company and Minnesota Waste Processing Company, L.L.C. dated September 13, 1994.

5. Lease and Agreement between Northern States Power Company and NRG Energy Inc. dated July 21, 1997.

6. Short Term Coal Agreement for the Sale of Coal from Northern States Power Company (dba Xcel Energy, Seller) to NRG Energy Center-Rock Tenn LLC (Buyer) dated January 6, 2003.

7. Letter Agreement between e prime and NRG Energy, Inc. dated on or about February 25, 2003.

8. Agreement For Consulting Services Between NRG Energy, Inc. And Utility Engineering Corporation dated May 22, 2000.

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SCHEDULE IX.A

(Intercompany Claims Owing to Xcel)

1. All amounts owed by NRG to Xcel in connection with various payments made by Xcel in connection with the Guarantees.

2. Third Quarter 2002 estimated tax payment made to NRG.

3. All amounts owed by NRG to Xcel in connection with the ASA.

4. All amounts owed by NRG to Xcel in connection with various Northern States Power Company and other agreements listed on Schedule VI.I.

5. All amounts owed by NRG to Xcel in connection with various engineering services.

6. All amounts owed by NRG to Xcel in connection with e prime.

7. All amounts owed by NRG to Xcel in connection with NSP-Wisconsin.

8. All amounts owed by NRG to Xcel in connection with PSCo.

9. All amounts, if any, owed by NRG to Xcel for NRG's own utility usage.

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SCHEDULE IX.I

(NRG Finco Project Funding)

Provided as part of settlement

discussions; subject to Federal Rule of Evidence 408 and all Bankruptcy and state law equivalents

TERM SHEET CONCERNING CERTAIN SUBSIDIARIES OF NRG ENERGY INC.

DATED AS OF MAY 2003

The following (the "Term Sheet") concerns certain matters relating to the following indirect wholly-owned subsidiaries of NRG Energy Inc. ("NRG"): (a) NRG Audrain Generating LLC ("Audrain"); (b) LSP-Nelson Energy, LLC ("LSP-Nelson") and NRG Nelson Turbines LLC (together with LSP-Nelson, "Nelson"); and (c) LSP-Pike Energy, LLC ("Pike" and, together with Audrain and Nelson, the "Projects").

The Term Sheet is subject to finalization and execution of the Plan Support Agreement, dated as of May , 2003 (the "Plan Support Agreement"), by and among NRG, certain of NRG's subsidiaries and affiliates as set forth therein, Excel Energy Inc., the Supporting Noteholders (as defined therein), and the Supporting Lenders (as defined therein).

Notwithstanding anything to the contrary in the foregoing, the Term Sheet is being provided as part of settlement discussions and, as a result, shall be treated as such pursuant to Federal Rule of Evidence 408 and all bankruptcy and state law equivalents.

Parties:	NRG, Audrain, Nelson, Pike and the lenders (the "FinCo Lenders") pursuant to the Credit Agreement, dated as of May 8, 2001, by and among NRG Finance Company I LLC, Audrain, LSP-Nelson, Pike, NRG Turbine LLC, Credit Suisse First Boston, as Administrative Agent, and the FinCo Lenders, together with all amendments, modifications, renewals, restatements, substitutions and replacements thereof and all documents, agreements or instruments related thereto (the "FinCo Credit Agreement").
Collateral:	The FinCo Lenders, pursuant to the FinCo Credit Agreement, assert, and NRG does not dispute, a security interest in substantially all of the assets of Audrain (the "Audrain Collateral"), the assets of Nelson (the "Nelson Collateral") and the assets of Pike (the "Pike Collateral" and, collectively with the Audrain Collateral and Nelson Collateral, the "Collateral"), as more fully described in the FinCo Credit Agreement.
Audrain:	NRG shall, subject to Bankruptcy Court approval (if necessary), lend to Audrain reasonably necessary funds (the "NRG Audrain Funds") to preserve, maintain, operate and sell or otherwise dispose of the Audrain Collateral until the earlier of (a) December 31, 2003 and (b) the first date on which the NRG Audrain Funds are equal to or exceed $750,000. As a precondition to NRG's obligation to lend the NRG Audrain Funds to Audrain, the FinCo Lenders shall agree to subordinate their claims against Audrain, including any payment of principal or interest in respect thereof, to the prior repayment in full to NRG of the NRG Audrain Funds.
Nelson:	The reasonably necessary funds to preserve, maintain and sell or otherwise dispose of the Nelson Collateral shall (a) first, be provided from the funds deposited in the bank accounts of Nelson and any insurance proceeds or refunds related to Nelson and (b) thereafter, be provided by NRG, subject to Bankruptcy Court

	approval (if necessary), in an amount not to exceed $500,000 (the funds to be provided by NRG are referred to as the "NRG Nelson Funds"). As a precondition to NRG's obligation to lend the NRG Nelson Funds to Nelson, the FinCo Lenders shall agree to subordinate their claims against Nelson, including any payment of principal or interest in respect thereof, to the prior repayment in full to NRG of the NRG Nelson Funds.
Pike:	The reasonably necessary funds to preserve, maintain and sell or otherwise dispose of the Pike Collateral shall be provided from the funds deposited in the bank accounts of Pike and any insurance proceeds or refunds related to Pike.
Sale or Disposition:	NRG shall not sell or otherwise dispose of the Collateral without the prior approval of the FinCo Lenders; provided, the foregoing shall not preclude NRG from abandoning any of the Collateral if permissible under applicable law.
Proceeds:	To the extent NRG receives any proceeds or refunds related to any of the Projects, including, without limitation, insurance proceeds, such proceeds and refunds shall be remitted to the appropriate Project within 3 business days of NRG's receipt of such funds.
Expenses of Disposition:	Any expenses incurred in the sale or disposition of the Collateral, including, without limitation, investment banker, broker and other professional fees, shall be for the account of the FinCo Lenders and not chargeable against or payable by NRG (but the foregoing is not intended to preclude the FinCo Lenders from applying any of the funds lent by NRG to, or already on deposit with, any of the Projects).

EXHIBIT C

SCHEDULE OF NRG PUBLIC NOTES

EXHIBIT C

Issuance	Issue Amount	Indenture Date	Maturity	CUSIP No.
6.750% Senior Notes	$ 340 million	March 13, 2001; July 15, 2006	July 16, 2001	
7.500% Senior Notes	$ 250 million	June 1, 1997	June 15, 2007	
7.500% Senior Notes	$ 300 million	May 25, 1999	June 1, 2009	
7.625% Senior Notes	$ 125 million	January 21, 1996	February 1, 2006	
7.750% Senior Notes	$ 350 million	March 13, 2001; April 1, 2011	April 5, 2001	
7.970% Senior Notes (ROARS)	$ 233 million	March 20, 2000	March 15, 2020	
8.000% Senior Notes (ROARS)	$ 240 million	November 8, 1999	November 1, 2013	
8.250% Senior Notes	$ 350 million	September 11, 2000	September 15, 2010	
8.625% Senior Notes	$ 500 million	March 13, 2001; April 5, 2001; July 16, 2001	April 1, 2031	
6.500% Equity Unit Bond	$287.5 million	March 13, 2001	May 16, 2006	
8.700% Senior Notes (issued in connection with a certain debt and derivative transaction to synthetically issue £160 million debt)	$ 250 million	March 20, 2000	March 15, 2005	

EXHIBIT D

SEPARATE BANK RELEASE AGREEMENT

SEPARATE BANK SETTLEMENT GROUP RELEASE AGREEMENT

This Separate Bank Settlement Group Release Agreement (this "Release") is made as of the Confirmation Date (defined below) by and among (i) each of the lenders party to the NRG Unsecured Revolver Agreement, the NRG Letter of Credit Facility, and the NRG FinCo Secured Revolver Agreement, each as defined below (collectively, the "Releasors") for themselves and their respective successors; assigns; Transferees (as defined below); and current and former officers, directors, agents, and employees, in each case in their capacity as such, and any other person or entity that could initiate or continue litigation, arbitrations or proceedings on behalf of any of the foregoing parties, and (ii) Xcel Energy Inc. ("Xcel" and together with the Releasors, the "Parties"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby covenant and agree as follows.

A. *Definitions*

1. *Bankruptcy Code* means title 11 of the United States Code.

2. *Bankruptcy Court* means the United States Bankruptcy Court for the Southern District of New York which has jurisdiction over the Chapter 11 Cases.

3. *Cause of Action* means all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims whatsoever, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Plan Effective Date.

4. *Chapter 11 Cases* means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the United States Bankruptcy Court for the Southern District of New York on May 14, 2003 and jointly administered under Case No. 03-13024 (PCB).

5. *Claim* has the meaning set forth in section 101(5) of title 11 of the United States Code and shall be deemed to include any "Claim" arising on or after the Petition Date through and including the Plan Effective Date.

6. *Confirmation Date* means the date on which there occurs the entry of an order confirming the Plan on the docket of the Bankruptcy Court.

7. *Debtors* means NRG, NRGenerating Holdings (No. 23) B.V., NRG Power Marketing Inc., NRG Capital LLC, NRG Finance Company I LLC.

8. *Escrow Agent* means an institution acceptable to each of the administrative agents under the Lender Facilities specified to Xcel prior to the Confirmation Date.

9. *Escrow Agreement* means the agreement between each of the administrative agents under the Lender Facilities and the Escrow Agent, a copy of which will be provided to Xcel prior to the Confirmation Date.

10. *Final Order* means an order or judgment of the relevant court of competent jurisdiction as entered on the docket in the relevant cases that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been resolved by the highest court to which the order or judgment was appealed from or from which certiorari was sought.

11. *Lender Facilities* means the NRG Unsecured Revolver Agreement, the NRG Letter of Credit Facility, and the NRG FinCo Secured Revolver Agreement.

12. *N-Cad Letters of Credit* means that certain letter of credit bearing reference number NZS473827, in an amount of $2,850,000 collectively with the letter of credit bearing reference number 2890/8200, in the

amount of $1,850,000 and the letter of credit bearing reference number US5978, in the initial amount of $3,900,000.

13. *NRG FinCo Secured Revolver Agreement* shall have the meaning ascribed in Exhibit F to the Plan.

14. *NRG Letter of Credit Facility* shall have the meaning ascribed in Exhibit F to the Plan.

15. *NRG* means NRG Energy, Inc., a Delaware corporation and a debtor in the Chapter 11 Cases.

16. *NRG Unsecured Revolver* Agreement shall have the meaning ascribed in Exhibit F to the Plan.

17. *NRG Subsidiaries* means NRG's direct and indirect majority-owned subsidiaries.

18. *Petition Date* means May 14, 2003.

19. *Plan* means the Debtors' Third Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code dated , 2003.

20. *Plan Effective Date* means the "Effective Date" of the Plan, as such term is defined in Exhibit F to the Plan.

21. *Release* shall have the meaning ascribed to it in the preamble of this Release.

22. *Release Effective Date* shall have the meaning ascribed to it in Section F of this Release.

23. *Released Parties* means: (i) Xcel and any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent, or other party acting on behalf of Xcel or an affiliate of Xcel (other than NRG and the NRG Subsidiaries), in each case, in their capacity as such, and (ii) any other person or entity to the extent that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the persons or entities listed in clause (i).

24. *Releasor* shall have the meaning ascribed in the Preamble.

25. *Separate Bank Settlement Group* shall mean all lenders party to the Lender Facilities or their Transferees.

26. *Separate Bank Settlement Payment* means the payment by Xcel on the Xcel Payment Date of $112 million in cash, pursuant to or in connection with the Plan, to NRG on behalf of and in trust for the Separate Bank Settlement Group that will be concurrently paid by NRG to the Escrow Agent on the Xcel Payment Date.

27. *Settlement Agreement* shall mean that settlement agreement among Xcel, NRG, and each of the NRG Subsidiaries that are signatories thereto, dated as of the Confirmation Date.

28. *Transfer* shall mean (a) the sale, transfer, assignment, pledge, or other disposal, directly or indirectly, of any right, title or interest in respect of any and all claims under the Lender Facilities, in whole or in part, or any interest therein, (b) the grant of any proxies, deposit of any claims under the Lender Facilities into a voting trust, or the entry into a voting agreement with respect to any of such claims, and/or (c) the sale, transfer, assignment, pledge, or other disposal, directly or indirectly, of any right, title or interest in respect of any and all claims that are being released hereunder other than those under the Lender Facilities.

29. *Transferee* means any party who obtains, at any time, a Transfer from a Releasor.

30. *Xcel* shall have the meaning ascribed in the preamble to this Release.

31. *Xcel Guaranties* means several hundred million dollars of guaranties granted by Xcel to a number of NRG's trading counterparties as credit support for NRG's trading transaction.

32. *Xcel Payment Date* means the later of (i) 90 days after the Confirmation Date, and (ii) one business day after the Plan Effective Date.

B. *Release of Claims*

The Releasors, for themselves and on behalf of each of the other parties set forth in the preamble to this Release (collectively with the Releasors, the "Releasing Parties"), subject to Xcel's payment of the Separate Bank Settlement Payment as set forth in Section D hereof, without reservation or condition, do hereby fully acquit and waive, release and forever discharge the Released Parties from all Claims or Causes of Action of any kind or nature, whether known or unknown, which any Releasor, or a Transferee thereof, directly or indirectly, has or may have against any of the Released Parties related in any manner to or arising in any manner in respect of such Releasor's or Transferee's loans, financings, letter of credit facilities and other financing and support facilities provided to NRG or any of the NRG Subsidiaries, such Claims to include, without limitation (i) any preference, fraudulent conveyance and other actions under sections 510, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code or any state law equivalents; (ii) any Claims arising out of illegal dividends or similar theories of liability; (iii) any Claims asserting veil piercing, alter ego liability or any similar theory; (iv) any Claims based upon unjust enrichment; (v) any Claims for breach of fiduciary duty; (vi) any Claims for fraud, misrepresentation or any state or federal securities law violations; (vii) any Claims for indemnification, reimbursement, contribution, subrogation; (viii) any Claims against Xcel or any of the Released Parties asserting liability of any of the Released Parties for false and misleading representations and warranties made by NRG under or in connection with any of the NRG Unsecured Revolver Agreement, the NRG FinCo Secured Revolver Agreement, or the NRG Letter of Credit Facility; and (ix) any other Claims under any theory of law or equity, obligations, suits, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party Claims, indemnity Claims, damages, debts, rights, liabilities, or any other Claims whatsoever against the Released Parties as of the Plan Effective Date whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, then existing or thereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date, in each case related in any manner to NRG or any of the NRG Subsidiaries. This Release may be pled as a release of all such Claims and Causes of Action and shall constitute a bar to any such Claims or Cause of Action the Releasing Parties may have against the Released Parties.

The Releasors knowingly grant this Release notwithstanding that they may hereafter discover facts in addition to, or different from, those which they now know or believe to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and the Releasors expressly waive any and all rights that any Releasing Party may have under any statute or common law principle, including Section 1542 of the California Civil Code (set forth below), which would limit the effect of this Release to those Claims or Causes of Action actually known or suspected to exist at the time of execution of this Release.

Section 1542 of the California Civil Code

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him may have materially affected his settlement with the debtor.

C. *Claims Not Released*

For the avoidance of doubt, nothing in this Release shall be construed to be a release of any Claims or Causes of Action that a Releasor may have against any Released Party and that is unrelated to and does not involve in any manner whatsoever NRG, any of the NRG Entities or any transaction or circumstance involving NRG or any of the NRG Entities. Notwithstanding anything to the contrary contained herein, this Release shall not act to release any Released Party from, or affect any obligation of any Released Party under, a written and enforceable (i) guaranty (including a guaranty of the nature of the Xcel Guaranties), (ii) contract, (iii) agreement, or (iv) separate undertaking between any Released Party and such Releasor, and any defenses the Released Parties may have with respect thereto are expressly preserved. In addition, to the extent any Releasor has a subrogation claim against a Released Party with respect to the N-Cad Letters of Credit, such subrogation claims related thereto shall not be released by this Release and any all defenses the Released Parties may have with respect thereto are expressly preserved. For purposes of the definition of

"Excluded Claims" in the Plan, the phrase "any claims reserved to the Banks pursuant to the Separate Bank Settlement Agreement" shall mean solely the claims reserved in this Section C.

In the event any Releasor is required by a Final Order to return its portion of the Separate Bank Settlement Payment in connection with an avoidance action brought against such Releasor in connection with the bankruptcy or insolvency of any Released Party any release of such Released Party granted by such Releasor hereunder shall be null and void and any and all of such Claims and Causes of Action of such Releasor against such Released Party shall be reinstated.

D. *Payment of Separate Bank Settlement Payment*

The Separate Bank Settlement Payment shall be paid by Xcel on the Xcel Payment Date or as soon thereafter as is practicable to NRG as disbursing agent who shall in turn concurrently make the Separate Bank Settlement Payment to the Escrow Agent which shall then be distributed by the Escrow Agent in accordance with the Escrow Agreement among the Releasors such that 52.63% shall be distributed to those Releasors party to the NRG Unsecured Revolver Agreement, 43.42% to those Releasors party to the NRG FinCo Secured Revolver Agreement, and 3.95% to those Releasors party to the NRG Letter of Credit Facility, in each case in accordance with the terms of each relevant agreement; *provided, however,* Xcel shall not be required to pay the Separate Bank Settlement Payment unless and until each lender party to the Lender Facilities or their Transferees has executed this Release.

E. *Representation of Claim Ownership and Corporate Authority*

Each Releasor represents and warrants that as of the Release Effective Date it is the beneficial owner of the Claims indicated below its signature in the principal amounts so indicated. In addition, each Party represents and warrants to the other Party that its execution, delivery and performance of this Agreement are within the power and authority of such Party and have been duly authorized by such Party.

F. *Release Effective Date*

As to any Releasor, this Release shall become effective and enforceable only upon the occurrence of each of: (i) the date that the Escrow Agent receives the Separate Bank Settlement Payment, (ii) the occurrence of the Plan Effective Date, and (iii) the occurrence of the Effective Date of the Settlement Agreement (as defined therein).

G. *Breach*

It is understood and agreed by each of the parties that money damages would not be a sufficient remedy for any breach of this Release and as such any non-breaching party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for such breach.

H. *Acknowledgement*

Each Releasor agrees that this Release has been fully read and understood by Releasor, and such Releasor received independent legal advice from its respective attorneys as to the effect and import of its provisions.

I. *Governing Law*

This Release shall be governed by and construed and interpreted in accordance with the internal laws of the State of New York, without regard to its conflict of laws that would require the law of another jurisdiction to be applied.

J. *Severability and Interpretation*

Should any provision of this Release be held invalid or illegal, such invalidity or illegality shall not invalidate the whole of this Release.

K. *Assignment of Claims*

Releasor shall not sell, assign, dispose or otherwise Transfer its Claims or Causes of Action related in any manner to or arising in any manner in respect of such Releasor's or Transferee's loans, financings, letter of credit facilities and other financing and support facilities provided to NRG or any of the NRG Subsidiaries (such Claims to include, without limitation all Claims against the Released Parties set forth in Section B hereof) to any Transferee unless such Transferee agrees in writing to be bound by this Release in its entirety without revision. Any Transfer that does not comply with this paragraph shall be null and void *ab initio*. In the event of a Transfer, the transferor shall within three business days provide written notice of such Transfer to Xcel together with a copy of the written agreement of the Transferee to be bound by this Release in its entirety without revision.

L. *Counterparts*

This Release may be executed by the Parties in one or more separate counterparts, all of which shall constitute a single agreement, binding upon and inuring to the benefit of the parties hereto and their respective successors and assigns.

M. *Entire Agreement*

This Agreement and the applicable provisions in the Plan constitute the complete and entire agreement between the Parties with respect to the matters contained in this Agreement, and supersede all prior agreements, negotiations, and discussions between the Parties with respect thereto.

N. *Amendment; Waiver*

It is expressly understood and agreed that this Agreement may not be altered, amended, modified or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of each of the Parties, and the Parties further acknowledge and agree that they will make no claim at any time or place that this Agreement has been orally supplemented, modified, or altered in any respect whatsoever. In addition, no failure on the part of any Party to this Agreement to exercise, and no delay on its part in exercising, any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy.

O. *No Admissions*

This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of the Released Parties of any Claim, Cause of Action, or any fault or liability or damages whatsoever. The Released Parties deny any and all wrongdoing or liability of any kind, and do not concede any infirmity in the Claims, Causes of Action, or defenses which they have asserted or would assert.

P. *Interpretation*

This Agreement is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

XCEL ENERGY INC.

By:
Title:

Name of Institution:

By:
Title:

Unpaid principal amount of Claim held under NRG Letter of Credit Facility

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Name of Institution:

By:
Title:

Unpaid principal amount of Claim held under NRG FinCo Secured Revolver Agreement

$

Name of Institution:

By:
Title:

Unpaid principal amount of Claim held under NRG Unsecured Revolver Agreement

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EXHIBIT E

SCHEDULE OF NRG FINCO ASSETS

NRG FINANCE COMPANY I LLC ("NRG FINCO")

EXHIBIT E — SCHEDULE OF NRG FINCO ASSETS

1. Intercompany Note by LSP-Nelson Energy, LLC in favor of NRG Finance Company I LLC

2. Intercompany Note by LSP-Pike Energy, LLC in favor of NRG Finance Company I LLC

3. Intercompany Note by NRG Audrain Generating LLC in favor of NRG Finance Company I LLC

4. All of the ownership interests and related books and records of NRG Turbines LLC

5. The Bond Purchase Contract, dated May 1, 2002, among NRG Finance Company I LLC, by LSP-Pike Energy, LLC and Mississippi Business Finance Corporation

6. The Bond(s) issued by the Mississippi Business Finance Corporation under the Bond Purchase Contract

7. The Interests of NRG Finance Company I LLC in certain related agreements to the Bond Purchase Contract

8. All of the Bank Accounts listed in the Depository Agreement, including but not limited to the Development Account, Loss Proceeds Account, Revenue Account and all sub-accounts thereof.

9. The NRG Energy Equity Undertaking Agreement.

EXHIBIT F

SCHEDULE OF DEFINITIONS

DEFINITIONS

As used in the Plan and the Disclosure Statement, the following terms have the respective meanings specified below:

Administrative Expense Claims means all Claims against the Debtors constituting a cost or expense of administration of the Chapter 11 Case under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including all actual and necessary costs and expenses of preserving the Estates of the Debtors, all actual and necessary costs and expenses of operating the business of the Debtors, any indebtedness or obligations incurred or assumed by the Debtors in connection with the conduct of their businesses, all cure amounts owed in respect of executory contracts and unexpired leases assumed by the Debtors to the extent that the same are not paid or discharged in the context of a sale or disposal of assets, all Professional Compensation and Reimbursement Claims to the extent allowed under sections 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estates under section 1930 of chapter 123 of title 28 of the United States Code.

Adversary Proceeding means the adversary proceeding commenced by PMI in the United States District Court for the Southern District of New York on May 19, 2003 against CDPUC and CTAG seeking declaratory and injunctive relief pertaining to the FERC Proceeding.

AEP means American Electric Power.

Affiliate has the meaning set forth in section 101(2) of the Bankruptcy Code; provided, however, that such definition shall not include Xcel or any of Xcel's affiliates, except for the Debtors and the Debtors' direct and indirect subsidiaries.

Agents means the Balloting Agent and the Claims Agent.

Allowed means, with reference to any Claim against or Equity Interest in the Debtors, (i) any Claim which has been listed by the Debtors in the Debtors' Bankruptcy Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and for which no contrary proof of claim or objection to claim has been timely filed; (ii) any Claim or Equity Interest allowed hereunder; (iii) any Claim, or portion thereof, or Equity Interest which is not Disputed; (iv) any Claim or Equity Interest that is compromised, settled or otherwise resolved pursuant to a Final Order of the Bankruptcy Court or under the Plan; or (v) any Claim or Equity Interest which, if Disputed, has been Allowed by Final Order or ceased to be Disputed; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered an Allowed Claim hereunder. Unless otherwise specified herein or by order of the Bankruptcy Court, an Allowed Administrative Expense Claim or Allowed Claim shall not, for any purpose under the Plan, include interest on such Administrative Expense Claim or Claim from and after the Petition Date.

Amended and Restated Certificate of Incorporation shall have the meaning set forth in Section 8.2 of the Plan.

AMT means alternative minimum tax.

AMTI means alternative minimum taxable income.

ANZ Letter of Credit Reserve shall mean the escrow account set up with an independent escrow agent in form and substance acceptable to the Debtors and ANZ.

Assumed Agreements means those agreements between the Debtors and Xcel as more fully described in the Xcel Settlement Agreement to be assumed by the Debtors.

BACT means Best Available Control Technology.

Ballot means the ballot, in form and substance satisfactory to Xcel, the Committee and the Global Steering Committee, distributed to each holder of an Impaired Claim on which such holder shall indicate among other things, acceptance or rejection of the Plan and the Release Election.

Balloting Agent means Innisfree M&A Incorporated.

Bank Group means the legal or beneficial holders of all Claims under the Lender Facilities.

Bankruptcy Code means title 11 of the United States Code, as amended from time to time.

Bankruptcy Court means the United States District Court for the Southern District of New York having jurisdiction over the Chapter 11 Case and, to the extent of any reference under section 157 of title 28 of the United States Code, the Bankruptcy Court unit of such District Court, or any court having competent jurisdiction to hear appeals or certiorari petitions therefrom, or any successor thereto that may be established by an act of Congress or otherwise, and that has competent jurisdiction over the Chapter 11 Case.

Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, and any Local Rules of the Bankruptcy Court, as amended from time to time, as applicable to the Chapter 11 Case.

Bar Date means with respect to nongovernmental Claims against the Debtors, July 14, 2003, or with respect to governmental Claims against the Debtors November 10, 2003, or any other bar date for the filing of Claims established by a separate order of the Bankruptcy Court in connection with the Chapter 11 Case.

BARCT means Best Available Retrofit Control Technology.

Beneficial Holder or Beneficial Owner means the beneficial holder of a Claim.

Beneficial Holders Claims means Claims derived from or based on publicly traded securities.

Business Day means any day other than a Saturday, a Sunday or any other day on which commercial banks in the State of New York are required or authorized to close by law or executive order.

Business Plan means the business plan provided by management and used in the calculation of value of Reorganized NRG.

CA ISO means the California ISO approved by FERC.

Cajun Facilities means NRG's power generation facilities in New Roads, Louisiana.

CAPM means Capital Asset Pricing Model.

Cash means legal tender of the United States of America.

Cash Management Motion means the Motion For Order Authorizing Debtors To: (I) Continue To Use Existing Cash Management System And Bank Accounts; (II) Provide Administrative Priority Status To Postpetition Intercompany Claims; (III) Continue To Use Existing Checks And Business Forms; And (IV) Continue To Use Existing Investment Practices, filed with the Bankruptcy Court on the Petition Date.

Cause of Action means all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims whatsoever, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Case, including through the Effective Date.

CDPUC means the Connecticut Department of Public Utility Control.

CDWR means California Department of Water Resources.

CEC means the California Energy Commission.

Chapter 11 Case means, collectively, the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court on May 14, 2003 and administratively consolidated under chapter 11 Case No. 03-13024 (PCB).

CL&P means Connecticut Light & Power Company.

CL&P Agreement means that certain Standard Offer Service Wholesale Sales Agreement, dated as of October 29, 1999 by and between CL&P and PMI.

CL&P Appeal means CL&P's Notice of Appeal of the Rejection Order, filed on June 4, 2003.

Claim has the meaning set forth in section 101(5) of the Bankruptcy Code.

Claims Agent means Kurtzman Carson Consultants LLC.

Claims Objection Deadline means the deadline for filing objections to Claims, which is the date 90 days after the Effective Date (subject to being extended by the Bankruptcy Court upon a motion of the Debtors with notice and a hearing).

Class means a category of holders of Claims against or Equity Interests in the Debtors as set forth in Articles IV and V of the Plan.

Clerk means the clerk of the Bankruptcy Court.

CO_2 means carbon dioxide.

CODI means cancellation of debt income.

Collateral means any property or interest in property of the Estates of the Debtors subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or applicable law.

Committee means the official committee of unsecured creditors appointed by the United States Trustee on May 21, 2003 pursuant to section 1102 of the Bankruptcy Code.

Common Stock means the current issued and outstanding shares of the common stock of NRG Energy, Inc., all of which is held by Xcel.

Confirmation Date means the date on which the Clerk enters the Confirmation Order on the Bankruptcy Court's docket.

Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be adjourned or continued from time to time.

Confirmation Hearing Date means November 21, 2003 at 2:30 p.m. Eastern Time, the date and time for which the Bankruptcy Court has scheduled the Confirmation Hearing.

Confirmation Hearing Notice means notice of the Confirmation Hearing, to be published by the Debtors in national and local newspapers and included with solicitation packages mailed to all creditors.

Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

Connecticut Parties means CL&P, CDPUC and CTAG.

Convenience Claims means all General Unsecured Claims excluding Note Claims and Bank Claims against any Debtor that would be included in either Class 5 or Class 6, but with respect to each such Claim, the applicable Claim either (i) is equal to or less than $50,000.00 or (ii) is reduced to $50,000.00 pursuant to an election by such holder made in the Ballot.

CPUC means the California Public Utilities Commission.

Cross-Over Lenders means a member of the Bank Group that has a claim against Xcel under any Xcel credit facility.

CTAG means the Attorney General for the State of Connecticut.

DCF means Discounted Cash Flow.

Debtors means NRG, NRGenerating, PMI, NRG Capital and NRG FinCo.

Debtors' Bankruptcy Schedules means the schedules of assets and liabilities, schedules of current income and expenditures, schedules of executory contracts and unexpired leases, and statements of financial affairs filed in this Chapter 11 Case by the Debtors pursuant to section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as amended from time to time.

DEC means the New York State Department of Environmental Conservation.

DEQ means the Louisiana Department of Environmental Quality.

DIP Agreement means that certain Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement that NRG, and the DIP Borrowers have fully negotiated with GECC.

DIP Borrowers means NRG Northeast Generating LLC, Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Middletown Power LLC, Montville Power LLC, Norwalk Power LLC, the Oswego Harbor Power LLC, Somerset Power LLC, and Berrians I Gas Turbine Power LLC.

DIP Facility means up to $250 million made available under the DIP Agreement for working capital and general corporate needs of the DIP Borrowers.

DIP Motion I means the Motion Of Entry Of (I) Interim And Final Orders Authorizing The Debtors To (A) Obtain Postpetition Financing From General Electric Capital Corporation, (B) Use Cash Collateral, and (C) Provide Adequate Protection To Secured Bondholders And (II) Order Scheduling A Final Hearing Pursuant To Bankruptcy Rule 4001, filed with the Bankruptcy Court on the Petition Date.

DIP Motion II means the Interim Order Pursuant To 11 U.S.C. §§361, 362, And 364 And Fed. R. Bankr. P. 4001 Approving Debtors' Motion For Interim And Final Orders (I) Authorizing Debtors To Incur Postpetition Secured Indebtedness, (II) Granting Security Interests And Priority, (III) Modifying Automatic Stay and (IV) Modifying Cash Management Procedures, filed with the Bankruptcy Court on the Petition Date.

DIP Motions means DIP Motion I and DIP Motion II.

Disbursing Agent means any Entity in its capacity as a disbursing agent under Section 6.5(a) of the Plan.

Disclosure Statement means the Third Amended Disclosure Statement for the Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code for the Debtors, proposed by the Debtors, dated as of October 10, 2003, as amended, including all exhibits, supplements, appendices and schedules thereto, as approved by the Bankruptcy Court pursuant to the Disclosure Statement Order and all modifications thereto.

Disclosure Statement Order means the Bankruptcy Court's order which, among other things, approves the Disclosure Statement establishes the voting procedures, schedules the Confirmation Hearing, and sets the voting deadline and the deadline for objecting to confirmation of the Plan.

Disputed means, with respect to any Claim or Interest, any Claim or Interest to which the Debtors or any other party in interest has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules or is otherwise disputed by the Debtors in accordance with applicable law, which objection, request for estimation or dispute has not been settled, waived, withdrawn or determined by a Final Order. A Claim that is Disputed by the Debtors as to its amount only shall be deemed Allowed in the amount the Debtors admit owing, if any, and Disputed as to the excess.

Disputed Claims Reserve means the reserve holdings, if any, of Reserved Cash, Reserved Shares, and Reserved Notes established pursuant to Article X other than Section 10.2 thereof, which reserve will be maintained in trust for holders of Allowed Claims in Class 5 or Class 6 and will not constitute property of any Reorganized Debtors.

Disqualified Interest means the aggregate amount of all interest deductions in respect of debt exchanged for the corporation's stock during the three prior taxable years and the portion of the current taxable year ending on the date of the ownership change, which amount shall not be taken into account under the Section 382(l)(5) Rule when computing the corporation's NOL and credit carryovers.

Distribution Date means, with respect to a particular Claim, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim.

Distribution Record Date means five (5) Business Days after the Confirmation Date.

District Court means the United States District Court for the Southern District of New York.

DNREC means Delaware Department of Natural Resources and Environmental Control.

DTC means The Depository Trust Company.

Dynegy means Dynegy Power Corporation.

Effective Date means the date on which the conditions specified in Section 12.2 of the Plan have been satisfied or waived pursuant to Section 12.4 of the Plan.

Elected Cash Amounts means an amount of Cash not less than $30,000.00, which an Eligible Reallocation Creditor is entitled to receive as a distribution in satisfaction of an Allowed Claim pursuant to the Plan.

Elected Debt Amounts means an amount not less than $40,000.00 of New NRG Senior Notes, which an Eligible Reallocation Creditor is entitled to receive as a distribution in satisfaction of an Allowed Claim pursuant to the Plan.

Elected Equity Amounts means an amount of shares nominated by the Eligible Reallocation Creditor of New NRG Common Stock, which an Eligible Reallocation Creditor is entitled to receive in satisfaction of an Allowed Claim as a distribution pursuant to the Plan.

Electing Cash and Debt Recipient means an Eligible Reallocation Creditor that has elected on its Ballot, with respect to its Allowed Claims in Class 5 or Class 6, to offer to reduce its initial allocation of all of its New NRG Common Stock in return for specified Cash or New NRG Senior Notes consideration, in accordance with the reallocation procedures set forth in Article V of the Plan.

Electing Cash and Debt Recipient Election means the election available to Eligible Reallocation Creditors on the Ballot to reduce its initial allocation of all of its New NRG Common Stock in return for specified Cash or New NRG Senior Notes consideration, in accordance with the reallocation procedures set forth in Article V of the Plan.

Electing Equity Recipient means an Eligible Reallocation Creditor that has elected on its Ballot, with respect to its Allowed Claims in Class 5 or Class 6, to offer to receive additional New NRG Common Stock in exchange for the Cash (if such Creditor has an Allowed Claim in Class 5) or New NRG Senior Notes which it would otherwise have received under the Plan, all pursuant to reallocation procedures set forth in Article V of the Plan.

Electing Equity Recipient Election means the election available to Eligible Reallocation Creditors on the Ballot to offer to receive additional New NRG Common Stock in exchange for the Cash or New NRG Senior Notes, which it would otherwise have received under the Plan, all pursuant to reallocation procedures set forth in Article V of the Plan.

Eligible Reallocation Creditors means holders of Allowed Class 5 or Class 6 Claims.

Emergency Motion means NRG New England Subsidiaries' Joint Motion for Emergency Expedited Issuance of Order by March 17, 2003 in Docket No. ER03-563-000.

Employee Matters Agreement means an employee matters agreement which will be executed by NRG and Xcel, that will, as of the Effective Date, govern the employee matters between NRG, Xcel, and any

affiliates thereof. A copy of the Employee Matters Agreement will be made available on the Claims Agent's website at www.kccllc.net.

Entity has the meaning set forth in section 101(15) of the Bankruptcy Code.

Environmental Claims means all Claims against the Debtors arising from (i) any accusation, allegation, notice of violation, action, claim, environmental Lien, demand, abatement or other order, restriction or direction (conditional or otherwise) by any Governmental Entity or any other Person for personal injury (including, but not limited to, sickness, disease or death), tangible or intangible property damage, Punitive Damages, damage to the environment, nuisance, pollution, contamination or other adverse effect on the environment or costs (to the extent recoverable under applicable non-bankruptcy law) of any Governmental Entity related thereto, in each case resulting from or based upon (a) the existence, or the continuation of the existence, of a release of (including, but not limited to, sudden or non-sudden accidental or non-accidental releases), or exposure to, any hazardous or deleterious material, substance, waste, pollutant or contaminant, odor or audible noise in, into or onto the environment (including, but not limited to, the air, soil, surface water or groundwater) at, in, by, from or related to any property (including any vessels or facilities of the Debtors) presently or formerly owned, operated or leased by the Debtors or any activities or operations thereof, (b) the transportation, storage, treatment or disposal of any hazardous or deleterious material, substance, waste, pollutant or contaminant in connection with any property presently or formerly owned, operated or leased by the Debtors or its operations or facilities, or (c) the violation or alleged violation, of any environmental law, order or environmental permit or license of or from any Governmental Entity relating to environmental matters connected with any property presently or formerly owned, operated or leased by the Debtors (including any FERC license pertaining to any environmental matter); and (ii) any claim for indemnification or contribution (whether based on contract, statute or common law) against the Debtors by any third party, where such indemnification or contribution claim of such third party is based on a claim against such third party that if asserted directly against the Debtors would be a claim included with the immediately preceding clause (i); provided, however, that Environmental Claims shall not include (A) any Claims fully settled, liquidated or determined by a Final Order or a binding award, agreement or settlement prior to the Petition Date for amounts payable by the Debtors for damages or other obligations in a fixed dollar amount payable in a lump sum or by a series of payments (which Claims are classified as General Unsecured Claims), (B) Tort Claims, (C) Securities Litigation Claims, or (D) Pending Litigation Claims.

Equity Interest or Interest means any share of Common Stock or other instrument evidencing an ownership interest in the Debtors, whether or not transferable, and any option, warrant or other right, contractual or otherwise, to acquire any such interest or any legal, equitable, or contractual Claim arising therefrom, including Claims arising from rescission of the purchase or sale of an Equity Interest, for damages arising from the purchase or sale of an Equity Interest, or for reimbursement or contribution on account of such Claim.

Estate means the estate of a Debtor created pursuant to section 541 of the Bankruptcy Code.

EWG means exempt wholesale generator, which is granted relief from regulation under PUHCA by the Energy Policy Act of 1992.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Exchange Agent means the Bank of New York.

Excluded Claims means any claims against Xcel under (i) the Xcel Settlement Agreement; (ii) the Employee Matters Agreement; (iii) the Tax Matters Agreement; or (iv) the Assumed Agreements, and (v) any Separate Bank Claims and any claims reserved to the Banks pursuant to Section C of the Separate Bank Release Agreement.

Exit Facility means the facility described in Section 2.4 of the Plan.

Face Amount means, with respect to all Disputed Claims, either (i) the full stated amount claimed by the holder of such Claim in any proof of Claim filed by the Bar Date or otherwise deemed timely filed under applicable law, to the extent the proof of Claim specifies a liquidated amount; or (ii) if no proof of Claim has

been filed by the Bar Date or has otherwise been deemed timely filed under applicable law or if the proof of Claim specifies an unliquidated amount, the amount of a Claim acknowledged by the applicable Debtor or Reorganized Debtor in any objection filed to such Claim as an undisputed, noncontingent and liquidated Claim, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code.

Fee Application means an application of a Professional Person or other request for compensation or reimbursement of expenses incurred in connection with the Chapter 11 Cases.

FERC means the Federal Energy Regulatory Commission.

FERC Complaint means the complaint filed with FERC by the CTAG commencing the FERC Proceeding and seeking entry of an order by the FERC staying termination of the CL&P Agreement and requiring PMI to continue to perform under the CL&P Agreement.

FERC Order means the order issued by FERC on May 16, 2003 requiring PMI to continue to provide service to CL&P pursuant to the rates, terms and conditions under the CL&P Agreement until FERC has an adequate opportunity to evaluate the proposed termination of the contract and the opposition to such action.

FERC Proceeding means the proceeding initiated by CTAG with the filing of the FERC Complaint.

FGD means flue gas desulfurization.

Final Order means an order or judgment of the Bankruptcy Court as entered on the docket in the Chapter 11 Case that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been resolved by the highest court to which the order or judgment was appealed from or from which certiorari was sought.

FPA means the Federal Power Act of 1935.

FUCO means foreign utility company, which is granted relief from regulation under PUHCA by the Energy Policy Act of 1992.

GE means General Electric Company.

GECC means General Electric Capital Corporation.

General Unsecured Claims means any unsecured claim not included in any other Class including (a) Claims against the Debtors arising from the rejection of executory contracts and unexpired leases as defined in section 365 of the Bankruptcy Code; (b) Claims against the Debtors relating to prepetition litigation (other than any Securities Litigation Claim); and (c) Claims against the Debtors by the Debtors' vendors, suppliers and service providers.

Global Steering Committee means, as of the Petition Date, the Persons identified as such on *Exhibit J* to the Plan, being members of the Bank Group together with any replacements, successors or assigns from time to time a member of the Global Steering Committee.

Governmental Entity has the meaning set forth for a governmental unit in section 101(27) of the Bankruptcy Code.

G-Reorganization means a contribution of assets by NRG to New NRG, the issuance of New NRG Common Stock and New NRG Senior Notes to NRG, and the subsequent transfer of New NRG Common Stock and New NRG Senior Notes by NRG to Creditors of the Debtors, in accordance with the Plan and section 368(a)(1)(G) of the Internal Revenue Code of 1956, as amended.

HSR means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

ICF Consulting means ICF Consulting Group, Inc.

Impaired means any Class of Claims against or Equity Interests in the Debtors that is impaired within the meaning of section 1124 of the Bankruptcy Code.

Inepar means Inepar Industria e Construcoes, the former EPC contractor for a 156MW hydro project owned by Itiquira.

Intercompany Claims means the claims set forth on Exhibit L and Exhibit M to the Plan.

IRS means the United States Internal Revenue Service.

ISO means Independent System Operator.

ISO-NE means the New England ISO approved by FERC.

Itiquira means Itiquira Energetica S.A., an indirectly controlled Brazilian project company of NRG.

KZC means Kroll Zolfo Cooper LLC.

Lender Facilities means the NRG Letter of Credit Facility, the NRG Unsecured Revolver and NRG FinCo Secured Revolver.

Letters of Credit mean the letters of credit issued under the NRG Letter of Credit Facility.

Lien has the meaning set forth in section 101(37) of the Bankruptcy Code.

Liquidation Analysis means the liquidation analysis annexed to the Disclosure Statement as Exhibit B.

Liquidation Value means the aggregate dollar amount that would be available if each of the reorganization cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor's assets were liquidated by a chapter 7 trustee.

LMP means locational marginal pricing — pricing by location rather than on a region-wide basis.

Louisiana Generating means Louisiana Generating, LLC.

MACT means Maximum Achievable Control Technology.

March 25, 2003 Order means FERC's order issued March 25, 2003 in response to the NRG New England Subsidiaries' Emergency Motion.

Miscellaneous Secured Claims means all Secured Claims other than Class 3 Claims (Secured Claims against Noncontinuing Debtor Subsidiaries).

MISO means the Central Midwest ISO approved by FERC.

Mississippi Bankruptcy Court means the United States Bankruptcy Court for the Southern District of Mississippi.

Mississippi Involuntary Case means the involuntary bankruptcy proceeding pursuant to Chapter 7 of the Bankruptcy Code filed against Pike by S&W and Shaw on October 17, 2002.

MSW means municipal solid waste.

MWt means megawatt thermal equivalents.

N-Cad Letters of Credit means that certain Letter of Credit bearing reference number NZS473827, in an amount of $2,850,000, collectively with the Letter of Credit bearing reference number 2890/8200, in the amount of $1,850,000 and the Letter of Credit bearing reference number US5978, in the initial amount of $3,900,000.

NCE means New Century Energies, Inc., a Colorado-based public utility holding company that merged with NSP in August 2002 to form Xcel.

NEO means NEO Corporation, a Minnesota corporation and wholly owned subsidiary of NRG.

NEPOOL means New England Power Pool.

New NRG Common Stock means all of the shares of common stock, par value $0.01, of Reorganized NRG authorized pursuant to Article VIII of the Plan, as set forth in Article II of the Plan.

New NRG means a corporation that may be incorporated under the laws of the State of Delaware in order to effect a G-Reorganization.

New NRG Senior Note Indenture means that certain indenture substantially in the form as shall be filed with the Bankruptcy Court as part of the Plan Supplement.

New NRG Senior Notes means the Notes described in Article II of the Plan.

NiMo means Niagara Mohawk Power Corporation.

NOL means net operating loss.

Nominee means an entity through which Beneficial Holders hold the Beneficial Holders Claims.

Noncontinuing Debtor Subsidiaries means NRG Capital and NRG FinCo.

Nondebtor Subsidiaries means the NRG Subsidiaries that are not Debtors.

Non-Plan Debtors means, collectively, the Northeast Debtors, the South Central Debtors and the NRG Subsidiaries that have filed petitions under Chapter 11 of the Bankruptcy Code, other than the Debtors.

Northeast Debtors means NRG Northeast, Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Middletown Power LLC, Montville Power LLC, Norwalk Power LLC, Oswego Harbor Power LLC, and Somerset Power LLC.

Northeast Noteholders means the holders of the Northeast Notes.

Northeast Noteholders Committee means the informal Committee of Secured Bondholders of NRG Northeast Generating LLC.

Northeast Notes means the bonds issued by NRG Northeast, as set forth in Section III.B.3 of the Disclosure Statement.

Note Claims means the obligations of NRG under or in respect of any Notes.

Noteholders means all holders of Notes from time to time.

Notes means NRG's public notes identified on *Exhibit C* to the Plan.

NOx means nitrogen oxides.

NRG means NRG Energy, Inc., a Delaware corporation.

NRG 05 ROARS means $250 million of 8.70% Remarketable or Redeemable Securities issued by NRG Pass-Through Trust 2000-1 on March 20, 2000 and due March 15, 2005.

NRG 06 3d Supplemental Indenture Senior Notes means $340 million of 6.75% senior notes due July 15, 2006.

NRG 06 Senior Debentures means the senior debentures issued by NRG with the sale of equity units on March 13, 2001.

NRG 06 Senior Notes means $125 million of 7.625% senior notes due February 1, 2006.

NRG 07 Senior Notes means $250 million of 7.5% senior notes due June 15, 2007.

NRG 09 Senior Notes means $300 million of 7.5% senior notes due June 1, 2009.

NRG 10 Senior Notes means $350 million of 8.25% senior notes due September 15, 2010.

NRG 11 Senior Notes means $350 million of 7.75% senior notes due April 1, 2011.

NRG 13 ROARS means $240 million of 8.0% Remarketable or Redeemable Securities issued by NRG on November 8, 1999 and due November 1, 2013.

NRG 20 Senior Reset Notes means £160 million of 7.97% senior reset notes due March 15, 2020.

NRG 31 Senior Notes means $500 million of 8.625% senior notes due April 1, 2031.

NRG Able means NRG Able Acquisition LLC, a subsidiary of NRG.

NRG Capital means NRG Capital LLC, a Delaware corporation.

NRG Capital Assets means the Collateral of NRG Capital securing obligations under the NRG FinCo Secured Revolver Agreement.

NRG Entities means the Debtors and other NRG Subsidiaries and Affiliates.

NRG Equity Undertaking means the NRG Equity Undertaking, by and among NRG, NRG FinCo and Credit Suisse First Boston, as Administrative Agent, dated as of May 8, 2001.

NRG FinCo means NRG Finance Company I LLC, a Delaware corporation.

NRG FinCo Assets means those certain assets of NRG FinCo listed on *Exhibit E* to the Plan.

NRG FinCo Lenders means those certain lenders party to the NRG FinCo Secured Revolver Agreement.

NRG FinCo Secured Revolver means all loans and other financial accommodations made to NRG FinCo pursuant to the NRG FinCo Secured Revolver Agreement.

NRG FinCo Secured Revolver Agreement means the revolving credit agreement entered into by and among NRG FinCo, Credit Suisse First Boston and certain other lenders party thereto and NRG Audrain Generation LLC, LSP-Nelson Energy, LLC, LSP-Pike Energy, LLC and NRG Turbine LLC, as sub-borrowers, as of May 8, 2001 with the purpose of financing certain domestic construction projects of the Debtors, together with all amendments, modifications, renewals, restatements, substitutions and replacements thereof and all documents, agreements or instruments related thereto, including, but not limited to, the NRG Equity Undertaking.

NRG FinCo Secured Revolver Claims means collectively, NRG FinCo Secured Revolver Secured Claims, NRG FinCo Secured Revolver Recourse Claims and NRG FinCo Secured Revolver Deficiency Claims.

NRG FinCo Secured Revolver Deficiency Claim means a General Unsecured Claim against NRG FinCo or NRG Capital arising under the NRG FinCo Secured Revolver Agreement as a result of the Allowed amount of an NRG FinCo Secured Revolver Secured Claim exceeding the value of the Collateral securing such NRG FinCo Secured Revolver Secured Claim.

NRG FinCo Secured Revolver Other Collateral means, other than the NRG FinCo Assets and NRG Capital Assets, all Collateral of NRG Subsidiaries securing obligations under the NRG FinCo Secured Revolver Agreement.

NRG FinCo Secured Revolver Recourse Claim means an Allowed Claim in the amount of $840 million (plus postpetition collection costs) against NRG arising under the NRG FinCo Secured Revolver Agreement.

NRG FinCo Secured Revolver Secured Claim means all Secured Claims against NRG FinCo or NRG Capital arising under the NRG FinCo Secured Revolver Agreement.

NRG Guaranty Obligations means a claim against NRG pursuant to a guaranty issued by NRG for the benefit of its subsidiaries.

NRG Intercompany Claim means a claim against a Debtor or any of its subsidiaries by a Debtor or any of its subsidiaries, excluding NRG Guaranty Obligations.

NRG Letter of Credit Claim means all obligations of NRG pursuant to or arising under the NRG Letter of Credit Facility.

NRG Letter of Credit Facility means the $125,000,000 Standby Letter of Credit Facility, dated as of November 30, 1999, among NRG, the financial institutions party thereto and the Australia and New Zealand

Banking Group Limited, as administrative agent, as amended, supplemented, restated or modified from time to time, together with all documents, agreements or instruments related thereto.

NRG New England Subsidiaries means Devon Power LLC, Middletown Power LLC, Montville Power LLC, and Norwalk Power LLC.

NRG Northeast means NRG Northeast Generating LLC, a Delaware limited liability company.

NRG Reinstated Guaranty Obligations shall mean any NRG Guaranty Obligation that NRG will reinstate in its entirety, without impairment or modification, as of the Effective Date. The NRG Reinstated Guaranty Obligations are set forth in *Exhibit H* to the Plan and incorporated herein by reference.

NRG Released Causes of Action means, collectively, all Claims (including "Claims" arising on or after the Petition Date through the Effective Date) or Causes of Action of any kind or nature (whether known or unknown) which NRG, any of the NRG Subsidiaries, or any creditor of NRG, of the other Debtors, or of the Non-Plan Debtors, directly or indirectly, has or may have as of the Effective Date against any of the Released Parties in respect of any matter relating to NRG or any of the NRG Subsidiaries, including, without limitation, the Specified Claims, but the NRG Released Causes of Action shall not include any Excluded Claims.

NRG Senior Notes means the NRG 06 Senior Notes, NRG 07 Senior Notes, NRG 09 Senior Notes, NRG 10 Senior Notes, NRG 11 Senior Notes, NRG 31 Senior Notes, NRG 06 3d Supplemental Indenture Senior Notes and NRG 20 Senior Reset Notes.

NRG South Central means NRG South Central Generating LLC, a Delaware limited liability company.

NRG Subsidiaries means NRG's direct and indirect majority-owned subsidiaries.

NRG Terminated Guaranty Claims shall mean any NRG Guaranty Obligation that is not an NRG Reinstated Guaranty Obligation.

NRG Undetermined Guarantees shall mean the guarantees set forth on *Exhibit K* to the Plan.

NRG Unsecured Claim means any General Unsecured Claim against NRG, including NRG Unsecured Revolver Claims, NRG Letter of Credit Claims, NRG FinCo Secured Revolver Recourse Claims, Note Claims, the debenture portion of NRZ Equity Units, Environmental Claims, Pending Litigation Claims, Tort Claims, Workers' Compensation Claims and NRG Rejected Guaranty Obligations.

NRG Unsecured Revolver means all loans and other financial accommodations made pursuant to the NRG Unsecured Revolver Agreement.

NRG Unsecured Revolver Agreement means that certain 364-Day Revolving Credit Agreement dated as of March 8, 2002 among NRG, the financial institutions party thereto, ABN Amro Bank N.V., as administrative agent, Salomon Smith Barney, Inc., as syndication agent, Barclays Bank PLC, as co-syndication agent, and The Royal Bank of Scotland PLC, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as co-documentation agents, as amended, supplemented, restated or modified from time to time, together with all documents, agreements or instruments related thereto.

NRG Unsecured Revolver Claim means a Claim against NRG pursuant to the NRG Unsecured Revolver Agreement.

NRGenerating means NRGenerating Holdings (No. 23) B.V., a Netherlands private company with limited liability.

NRZ Equity Units means the equity units sold by NRG on March 13, 2001, the components and terms of which are explained in Section III.B.1 of the Disclosure Statement.

NSP means Northern States Power, the former parent of NRG.

NYISO means New York Independent System Operator.

OATT means Open Access Transmission Tariff.

OID means original issue discount.

Old Common Stock of . . . or *Old Common Stock* means, when used with reference to a particular Debtor or Debtors, the Common Stock, the non-debenture portion of NRZ Equity Units, all membership interests, all partnership interests or similar ownership interests, including options, warrants or rights to acquire any such interests, issued by such Debtor or Debtors and outstanding immediately prior to the Petition Date.

OTAG means Ozone Transport Assessment Group.

Pending Litigation Claims means all Claims against the Debtors that are asserted in litigation pending against the Debtors and listed in a schedule to the Plan to be filed prior to the date the Debtors commence solicitation for votes for the Plan; *provided, however,* that Pending Litigation Claims shall not include (i) any Claims settled, liquidated or determined by a Final Order or a binding award, agreement or settlement prior to the Petition Date for amounts payable by the Debtors for damages or other obligations in a fixed dollar amount payable in a lump sum by a series of payments (which Claims are classified as General Unsecured Claims), (ii) Environmental Claims, (iii) Securities Litigation Claims, or (iv) Tort Claims.

Person has the meaning set forth in section 101(41) of the Bankruptcy Code.

Petition Date means May 14, 2003, the date on which the order for relief was entered with respect to the Debtors' Chapter 11 Case.

PG&E means Pacific Gas and Electric Company.

PIK means payable in kind.

Pike means LSP-Pike Energy, LLC, a subsidiary of NRG.

PJM means the Pennsylvania, New Jersey, Delaware and Maryland ISO approved by FERC.

Plan means the Second Amended Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for the Debtors, dated as of October 10, 2003, including all exhibits, supplements, appendices and schedules hereto filed with the Bankruptcy Court, either in their present form or as the same may be altered, amended or modified from time to time.

Plan Documents means the documents and the attachments, exhibits and schedules thereto, which aid in effectuating the Plan.

Plan Objection Deadline means November 12, 2003 at 4:00 p.m. Eastern Time, the date and time on or before which objections to confirmation of the Plan must be filed and served.

Plan Schedules means the schedules to the Plan in the form filed as a Plan Document.

Plan Supplement means the compilation of documents and form of documents specified in the Plan to be filed as set forth in Section 15.14 of the Plan.

Plan Support Agreement means that certain Plan Support Agreement, dated as of May 13, 2003, entered into by and among the Debtors, certain members of the Noteholder Group, certain members of the Bank Group and Xcel, as may be amended from time to time, and attached hereto as *Exhibit B*.

PMI means NRG Power Marketing, Inc., a Delaware corporation.

PMI Unsecured Claims means any General Unsecured Claim against PMI.

Post-Petition Interest shall have the meaning ascribed in Section 4.2 of the Plan.

Priority Claim means either a Priority Non-Tax Claim or a Priority Tax Claim.

Priority Non-Tax Claim means any Claim other than an Administrative Claim or a Priority Tax Claim entitled to a priority in right of payment under section 507(a) of the Bankruptcy Code, whether or not such Claim is listed on the Plan Schedules or evidenced by a filed Proof of Claim.

Priority Tax Claims means all Claims against the Debtors for taxes entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

Pro Rata or Pro Rata Share means (a) with respect to any Claim, a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class to the consideration distributed on account of all Allowed Claims in such Class is the same as the ratio such Claim bears to the total amount of all Allowed Claims (plus Disputed Claims until disallowed) in such Class, and (b) with respect to any Interest, a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Interest in a Class of Interests to the consideration distributed on account of all Allowed Interests in such Class is the same as the ratio such Interest bears to the total amount of all Allowed Interests (plus Disputed Interests until disallowed) in such Class.

Professional Compensation and *Reimbursement Claims* means all Administrative Expense Claims for the compensation of Professional Persons and reimbursement of expenses incurred by such Professional Persons (to the extent allowed under sections 330 or 503 of the Bankruptcy Code) through the Confirmation Date.

Professional Person means a Person retained or to be compensated pursuant to sections 327, 328, 330, 503(b), or 1103 of the Bankruptcy Code.

Projection Period means the five years after emergence beginning January 1, 2004.

Projections means the consolidated projected operating and financial results prepared by NRG for the five years ending December 31, 2008, attached to the Disclosure Statement as Exhibit C.

PUHCA means the Public Utility Holding Company Act of 1935, which was amended by the Energy Policy Act of 1992.

Punitive Damages means punitive, exemplary or similar damages, or fines, penalties or similar charges that arise in connection with Environmental Claims, Pending Litigation Claims, Securities Litigation Claims, or Tort Claims.

Purchasers in relation to the FirstEnergy Arbitration Claim means NRG and NRG Able.

PURPA means the Public Utility Regulatory Policies Act of 1978.

PX means the California Power Exchange.

QF means a qualifying facility under PURPA.

Qualifying Debt means, for purposes of the Section 382(l)(5) Rule, a claim which (i) was held by the same creditor for at least 18 months prior to the bankruptcy filing or (ii) arose in the ordinary course of a corporation's trade or business and has been owned, at all times, by the same creditor.

RDF means refuse derived fuel.

Reallocation Liquidity Pool means the pool comprised of the New NRG Common Stock, Cash and New NRG Senior Notes contributed by Electing Cash and Debt Recipients and Electing Equity Recipients.

Reallocation Procedure means the reallocation procedure set forth in Section VI.C.3 of the Disclosure Statement.

RECLAIM means SCAQMD's Regional Clean Air Incentives Market.

Refund Order means the Order on Proposed Findings on Refund Liability in Docket No. EL00-95-045 related to the "Investigation of Potential Manipulation of Electric and Natural Gas Prices," issued by FERC on March 26, 2003.

Reimbursable Claims means amounts billed under the Service Agreement related to corporate insurance obtained for the benefit of NRG and other services requested by NRG.

Rejection Motion means the Motion of NRG Power Marketing Inc. Pursuant to Section 365 of the Bankruptcy Code for Order Authorizing NRG Power Marketing Inc. to Reject An Executory Contract, seeking to reject the CL&P Agreement, filed on the Petition Date.

Rejection Order means the order entered by the Bankruptcy Court on June 2, 2003 approving the Rejection Motion and enabling PMI to reject the CL&P Agreement.

Release Election means the election of a Creditor in exchange for the relevant consideration under the Plan to release the Released Parties from all NRG Released Causes of Action made on a Ballot approved by the Disclosure Statement Order of the Bankruptcy Court, which Ballot (i) has been received by NRG no later than the Voting Deadline, (ii) is tabulated by NRG in a manner that Xcel agrees is consistent with the Disclosure Statement Order, and (iii) for which Xcel is satisfied that such election has been made in accordance with the terms of the Disclosure Statement Order.

Release-Based Amount Agreement means that agreement between NRG and Xcel, in the form attached to the Xcel Settlement Agreement, which specifies how to calculate the Release-Based Amount payable by Xcel to NRG at any time.

Release-Based Amount means up to $390 million of the Xcel Contribution, payable as set forth in the Release-Based Amount Agreement.

Released Parties means, in respect of any NRG Released Causes of Action: (i) Xcel and any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent, or other party acting on behalf of Xcel or an affiliate of Xcel (other than NRG and the NRG Subsidiaries), in each case, in their capacity as such, and (ii) any other person or entity to the extent that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the persons or entities listed in clause (i) in respect of the NRG Released Causes of Action.

Reorganization SOP means the Statement of Position on Financial Reporting by Entities in Reorganization Under the Bankruptcy Code issued by the American Institute of Certified Public Accountants.

Reorganized Debtors means the Debtors, or any successor thereto by merger, consolidation or otherwise, on and after the Effective Date, other than the Noncontinuing Debtor Subsidiaries or their respective subsidiaries or affiliates.

Reorganized NRG means NRG, or any successor thereto by merger, consolidation, or otherwise, on or after the Effective Date.

Reserved Cash means the Cash to be placed in the applicable Disputed Claims Reserve for distribution to holders of Disputed Claims in Class 5 that become Allowed Claims.

Reserved Notes means the New NRG Senior Notes to be placed in the applicable Disputed Claims Reserve for distribution to holders of Disputed Claims in Class 5 or Class 6 that become Allowed Claims.

Reserved Shares means the shares of New NRG Common Stock to be placed in the applicable Disputed Claims Reserve for distribution to holders of Disputed Claims in Class 5 Claims or Class 6 that become Allowed Claims.

RICO means the Racketeer Influenced and Corrupt Organizations Act 1970.

RTO means Regional Transmission Organization.

Rule 3018(a) Motion means a motion for an order pursuant to Bankruptcy Rule 3018(a) seeking temporary allowance for voting purposes that a creditor that believes it should be entitled to vote on the Plan must serve on the Debtors and file with the Court, with evidence in support thereof, by twenty (20) days after service of the Confirmation Hearing Notice.

S&W means Stone & Webster, Inc.

Safe Harbor Motion means the Motion For An Order (I) Establishing Procedures For (A) Settlement Of Terminated Safe Harbor Agreements And (B) Determination Whether A Contract Constitutes A Safe

Harbor Agreement And/Or Whether Such Safe Harbor Agreement Has Been Validly Terminated And (II) Authorizing The Debtors To Enter Into Derivative Contracts And To Pledge Collateral Under Derivative Contracts, filed with the Bankruptcy Court on the Petition Date.

Saguaro means the Saguaro Power Co. generation facility, in which NRG has a 50% interest.

SCAQMD means South Coast Air Quality Management District.

SCE means Southern California Edison Company.

SCR means selective catalytic reduction.

SDG&E means San Diego Gas and Electric Company

SEC means the Securities and Exchange Commission.

Section 382 Limitation means the limitation determined under Section 382 of the Tax Code in the case of an "ownership change."

Section 382(l)(5) Rule means the special rule under Section 382(l)(5) of the Tax Code whereby the annual Section 382 Limitation will not apply to a qualifying corporation's NOL on account of an ownership change occurring as a result of a bankruptcy reorganization.

Secured Claim means all Claims against the Debtors, to the extent reflected in the Debtors' Bankruptcy Schedules or a proof of claim as a Secured Claim, which are secured by a Lien on Collateral but only to the extent of the value of such Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code, and, in the event that such Claim is subject to a permissible setoff under section 553 of the Bankruptcy Code, to the extent of such permissible setoff.

Securities Act means the Securities Act of 1933, as amended.

Securities Litigation Claims means all Claims against the Debtors that are asserted in litigation pending against the Debtors under the Securities Act or other applicable federal and state securities laws and listed in an amendment to the Plan to be filed prior to the date the Debtors commence solicitation for votes for the Plan; *provided*, *however*, that Securities Litigation Claims shall not include (i) any Claims settled, liquidated or determined by a Final Order or a binding award, agreement or settlement prior to the Petition Date for amounts payable by the Debtors for damages or other obligations in a fixed dollar amount payable in a lump sum by a series of payments (which Claims are classified as General Unsecured Claims), (ii) Environmental Claims, (iii) Pending Litigation Claims, or (iv) Tort Claims.

Sellers in relation to the FirstEnergy Arbitration Claim means the Cleveland Electric Illuminating Company, The Toledo Edison Company and FirstEnergy Ventures.

Separate Bank Claims means those claims against Xcel being released as part of the Separate Bank Release Agreement.

Separate Bank Release Agreement means that certain release agreement between Xcel and the Bank Group in the form attached to the Xcel Settlement Agreement as Exhibit J.

Separate Bank Settlement Group means NRG's lenders under the NRG Unsecured Revolver, the NRG Letter of Credit Facility, and the NRG Finco Secured Revolver.

Separate Bank Settlement Payment means the $112 million of Cash to be funded by Xcel on the Xcel Payment Date to the Separate Bank Settlement Group through NRG as disbursing agent.

SERC/ETR means Southeastern Electric Reliability Council/ Entergy region.

Services Agreement means that certain Services Agreement approved by the SEC pursuant to which Xcel Energy Services Inc. and other subsidiaries of Xcel provided NRG with certain administrative services, including benefits administration, engineering support, accounting, and other corporate services.

Settled Claims means all claims arising or accruing on or prior to January 31, 2003 for the provision of intercompany goods or services under the Service Agreement between NRG and an Xcel affiliate and all claims for amounts paid by Xcel on or prior to January 31, 2003 under Xcel Guaranties.

Shaw means Shaw Constructors, Inc.

Siemens means Siemens Westinghouse Power Corporation.

SIP means the Baton Rouge State Implementation Plan.

SNCR means selective non-catalytic reduction.

South Central Debtors means NRG South Central, Louisiana Generating, NRG New Roads Holdings LLC and Big Cajun II Unit 4 LLC.

South Central Noteholders means the holders of the South Central Notes

South Central Noteholders Committee means the informal Committee of Secured Bondholders of NRG South Central Generating LLC.

South Central Notes means the bonds issued by NRG South Central, as set forth in Section III.B.3 of the Disclosure Statement.

Specified Claims mean (i) any Claim that is property of any Debtor's estate or any Non-Plan Debtor's estate pursuant to section 541 of the Bankruptcy Code or otherwise; (ii) any preference, fraudulent conveyance and other actions under sections 510, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code or any state law equivalents; (iii) any Claim arising out of illegal dividends or similar theories of liability; (iv) any Claim asserting veil piercing, alter ego liability or any similar theory; (v) any Claim based upon unjust enrichment; (vi) any Claim for breach of fiduciary duty; (vii) any Claim for fraud, misrepresentation or any state or federal securities law violations; and (viii) any Claim that NRG or any NRG Subsidiary may have as a result of having been a member of the Xcel affiliated tax group or a signatory to an Xcel tax sharing agreement. For the purposes of this definition, the term "Claim" shall include any "Claim" arising on or after the Petition Date through the Effective Date.

SPP means the South Central ISO approved by FERC.

Standard Rate means, with respect to Elected Equity Amounts, an amount payable in Cash or New NRG Senior Notes, as specified in the Disclosure Statement.

Support Agreement means the Support and Capital Subscription Agreement between Xcel and NRG, dated as of May 29, 2002.

Support Agreement Amount means the $250 million payable out of the entire initial installment and $12 million of the second installment under the Settlement Agreement on account of any claims related to Xcel's funding obligations, if any, under the Support Agreement.

Support Agreement Claims means all claims against the Released Parties arising under the Support Agreement.

Tax Allocation Agreement means that certain Tax Allocation Agreement dated December 29, 2000, which called for Xcel, NRG, and their eligible affiliated corporations to join in the filing of consolidated federal income tax returns, and also set forth procedures for allocating tax benefits among the parties.

Tax Code means the Internal Revenue Code of 1986, as amended.

Tax Matters Agreement means a tax matters agreement which will be executed by NRG and Xcel, that will, as of the Effective Date, govern the tax matters between NRG, Xcel, and any affiliates thereof. A copy of the Tax Matters Agreement will be available on the Claims Agent's website at www.kccllc.net.

Tax Rate means simple interest accruing from the Effective Date at 6% per annum or such other rate as the Bankruptcy Court may determine at the Confirmation Hearing is appropriate.

Term Sheet means NRG Energy, Inc.'s Term Sheet Concerning NRG Plan and Relationship with Xcel Energy Inc., dated as of May 13, 2003 and attached to the Plan as *Exhibit A*.

TMDL means Total Maximum Daily Loading.

Tort Claims means (i) all other Claims against the Debtors arising from any accusation, allegation, notice, action, claim, demand or otherwise for personal injury, tangible or intangible property damage, products liability or discrimination, or based on employment, including Punitive Damages; and (ii) any Claim for indemnification or contribution (whether based on contract, statute or common law) against the Debtors by any third party, where such indemnification or contribution Claim of such third party is based on a Claim against such third party that if asserted directly against the Debtors would be a Claim included within the immediately preceding clause (i); *provided, however,* that Tort Claims shall not include (a) any Claims settled, liquidated or determined by a Final Order or a binding award, agreement or settlement prior to the Petition Date for amounts payable by the Debtors for damages or other obligations in a fixed dollar amount payable in a lump sum by a series of payments (which Claims are classified as General Unsecured Claims); (b) Environmental Claims; (c) Securities Litigation Claims; or (d) Pending Litigation Claims.

Transfer means (a) the sale, transfer, assignment, pledge, or other disposal, directly or indirectly, of any right, title or interest in respect of any and all Claims and Causes of Action against the Released Parties, in whole or in part, or any interest therein, and/or (b) the grant of any proxies, deposit of any Claims or Causes of Action against the Released Parties into a voting trust, or the entry into a voting agreement with respect to any of such Claims or Causes of Action.

Transferee means any party who obtains, at any time, a Transfer from a NRG Entity.

Unimpaired means any Class of Claims or Equity Interests that is not Impaired.

United States means United States of America or its agencies or subdivisions.

USEPA means the United States Environmental Protection Agency.

Utility Motion means the Motion Of Debtors For An Order Determining Adequate Assurance Of Payment For Future Utility Services, filed with the Bankruptcy Court on the Petition Date.

Voting Deadline means November 12, 2003, the date by which Ballots cast by holders of Claims in classes entitled to vote must be received by the Claims Agent or the Balloting Agent.

Voting Record Date means September 29, 2003.

WACC means Weighted Average Cost of Capital.

West Coast Power means West Coast Power LLC, in which NRG has a 50% interest

Withdrawal Motion means the Connecticut Light and Power Company's Motion to Withdraw the Reference to the Bankruptcy Court filed with the United States District Court for the Southern District of New York on May 23, 2003, seeking to have the reference to the Bankruptcy Court withdrawn with respect to the Adversary Proceeding and the Rejection Motion.

Workers' Compensation Claims means all Claims against the Debtors by employees of the Debtors for the payment of workers' compensation benefits under applicable law.

Xcel means Xcel Energy Inc., a Minnesota corporation.

Xcel Contribution means up to $640 million of Cash and Xcel Stock to be contributed by Xcel under the Settlement Agreement.

Xcel Credit Waiver means any waiver or amendment that Xcel and the administrative agent under any Xcel credit facility believe is necessary under such credit facility to implement the Xcel Settlement Agreement, the Plan, and any of the transactions contemplated thereby or by agreements referenced in the Xcel Settlement Agreement, including with respect to the establishment of any tax escrow (except that if

other lenders to Xcel under any credit facility will receive a special fee or expense for their waiver or amendment, the Cross-Over Lenders will be entitled to the same pro rata fee or expense).

Xcel Guaranties means several hundred million dollars of guaranties granted by Xcel to a number of NRG's trading counterparties as credit support for NRG's trading transactions.

Xcel Note means the note described in Section 2.3 of the Plan which will be made available on the Claim's Agent's website at www.kccllc.net.

Xcel Payment Date means the later of (a) ninety days after the Confirmation Date and (b) one (1) Business Day after the Effective Date.

Xcel Released Parties means Xcel and any officer, director, employee, affiliate (other than NRG and the NRG Subsidiaries), agent, or other party acting on behalf of Xcel or an affiliate of Xcel (other than NRG or the NRG Subsidiaries).

Xcel Settlement means the settlement and contributions pursuant to the Xcel Settlement Agreement.

Xcel Settlement Agreement means the agreement governing the Xcel settlement in the form attached to the Plan as *Exhibit I* by and among the Debtors, Xcel, and the NRG Subsidiaries, and all subsequent amendments and modifications thereto.

Xcel Shares Liquidation Proceeds means, in the event Xcel exercises its option to contribute Shares of Xcel Stock instead of Cash, the Cash received by the Disbursing Agent in exchange for any XEL Stock that may be paid in satisfaction of the Second Installment and, if applicable, the XEL Stock distributed as part of the Initial Contribution.

XEL Stock means unrestricted and freely-tradeable "XEL" common stock that has been registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement.

EXHIBIT G

[INTENTIONALLY OMITTED]

EXHIBIT H

SCHEDULE OF REINSTATED GUARANTY OBLIGATIONS

Reinstated Guarantees

Index	Project	Guarantee Name
(1)	Astoria/Arthur Kill	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of Astoria Power LLC and Arthur Kill Power LLC on January 27, 1999 pursuant to Generating Plant and Gas Turbine Asset Purchase and Sale Agreement with Consolidated Edison Company of New York, Inc.
(2)	Cahua S.A.	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of Empresa de Generation Electrica Cahua S.A. on October 6, 2000 pursuant to Section 5.3(f) of the Credit Agreement with Banco Continental.
(3)	Cahua S.A.	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of Empresa de Generation Electrica Cahua S.A. on September 30, 2001 pursuant to the Credit Agreement with Banco Continental.
(4)	Cahua S.A.	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of Empresa de Generation Electrica Cahua S.A. on October 6, 2000 pursuant to Section 5.3(f) of the Credit Agreement with Citibank, N.A. Sucursal de Lima.
(5)	Flinders	Deed of Guarantee and Indemnity (Reserve Guarantee) dated 7 September 2000 between National Australia Bank Limited (as Security Trustee), National Australia Bank (as Facility Agent) and NRG Energy, Inc. re NRGenerating Holdings (No. 2) GmbH.
(6)	Flinders	"Flinders Power Generation Business Sale Agreement" dated 3 August 2000 between The Treasurer of the State of South Australia, Flinders Power Pty Ltd, Generation Lesser Corporation, NRGenerating Holdings (No 2) GmbH, Flinders Labuan (No 1) Ltd, Flinders Labuan (No 2) Ltd and NRG Energy, Inc.
(7)	Flinders	Playford B Sale/ Lease Agreement dated 8 September 2000 between the Treasurer of the State of South Australia, NRGenerating Holdings (No 2) GmbH, Flinders Labuan (No 1) Ltd, Flinders Labuan (No 2) Ltd and NRG Energy, Inc.
(8)	Flinders	"Northern Sale/ Lease Agreement" dated 8 September 2000 between the Treasurer of the State of South Australia, NRGenerating Holdings (No. 2) GmbH, Flinders Labuan (No 1) Ltd, Flinders Labuan (No 2) Ltd and NRG Energy, Inc.
(9)	Flinders	Deed of Guarantee and Indemnity (Reserve Guarantee) dated 7 September 2000 between National Australia Bank Limited (as Security Trustee), National Australia Bank (as Facility Agent) and NRG Energy, Inc. re Flinders Labuan (No. 2) Ltd.
(10)	Flinders	Deed of Guarantee and Indemnity (Reserve Guarantee) dated 7 September 2000 between National Australia Bank Limited (as Security Trustee), National Australia Bank (as Facility Agent) and NRG Energy, Inc. re Flinders Labuan (No. 1) Ltd.

Schedule H
NRG Energy, Inc.
NRG Reinstated Guaranty Obligations

Index	Project	Guarantee Name
(11)	Flinders (Flinders Osborne Trading)	"Gas Direction Deed" dated 7 September 2000 between the Treasurer of the State of South Australia, Terra Gas trader Pty Ltd, Flinders Osbourne Trading Pty Ltd and NRG Energy, Inc.
(12)	Flinders (Flinders Osborne Trading)	"Flinders Power Generation Business Sale Agreement" dated 3 August 2000 between The Treasurer of the State of South Australia, Flinders Power Pty Ltd, Generation Lesser Corporation, NRGenerating Holdings (No 2) GmbH, Flinders Labuan (No 1) Ltd, Flinders Labuan (No 2) Ltd and NRG Energy, Inc.
(13)	Flinders (Flinders Osborne Trading)	"Deed Poll" dated 7 September 2003 between NRG Energy, Inc. and Terra Gas trader Pty Ltd.
(14)	Flinders (NRG Flinders Operating Services PTY Ltd)	"Flinders Power Generation Business Sale Agreement" dated 3 August 2000 between The Treasurer of the State of South Australia, Flinders Power Pty Ltd, Generation Lesser Corporation, NRGenerating Holdings (No 2) GmbH, Flinders Labuan (No 1) Ltd, Flinders Labuan (No 2) Ltd and NRG Energy, Inc.
(15)	Flinders (Flinders Osborne Trading, NRG Flinders Operating Services PTY Ltd, Flinders Operating Trading PTY, Ltd., NRGenerating Holdings (no. 3) GMbH)	"Assumption and Amendment Deed" dated 8 September 2000. (Amends the "Flinders Power Generation Business Sale Agreement" dated 3 August 2000.)
(16)	Gladstone	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of NRG Gladstone Operating Services Pty Ltd A.C.N 061 519 275 on March 30, 1994 pursuant to Schedule 4 of the Operation and Maintenance Agreement with Comalco Aluminum Limited, GPS Power Pty Limited, GPS Energy Pty Limited, Sunshine State Power (No. 2) B.V., SLMA GPS Pty LTD, Ryowa II GPS Pty. Limited, YKK GPS (Queensland) PTY Limited.
(17)	Gladstone	Sponsor Deed of Undertaking – NRG SPV1.
(18)	Gladstone	Sponsor Deed of Undertaking – NRG SPV2.
(19)	MIBRAG	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of MIBRAG B.V. on December 18, 1993 pursuant to Article 30.1 of the Mibrag MbH Sale and Purchase Agreement with Treuhandanstalt (now BvS). This guarantee is part of the capital endowment of Mibrag BV and the establishment of the equity necessary to satisfy the German government so that the sale of Mibrag MbH to a small Dutch holding company could transpire.

Schedule H
NRG Energy, Inc.
NRG Reinstated Guaranty Obligations

Index	Project	Guarantee Name
(20)	NEO California Power LLC	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of NEO California Power LLC on October 1, 2001 pursuant to Section 13.7 of the Summer Reliability Agreement with California Independent system Operator Corporation.
(21)	SLAP	Guarantee by NRG Energy, Inc. in favor of Scudder Latin American Power I-C L.D.C.
(22)	SLAP	Guarantee by NRG Energy, Inc. in favor of Scudder Latin American Power I-P L.D.C.
(23)	West Coast LLC	Guaranty executed by West Coast Power LLC guaranteeing the obligations of Cabrillo Power I LLC on April 21, 2003 pursuant to San Diego County Department of Environmental Health requirements of CCR, Title 22, Division 4.5, Chapter 14 and 15, Article 8, Sections 66264.143(f) and 66264.145(f).

EXHIBIT I

XCEL SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

This Settlement Agreement (this *"Agreement"*) is entered into as of , 2003 by and among (1) Xcel Energy Inc., a Minnesota corporation (*"Xcel"*), (2) NRG Energy, Inc., a Delaware corporation (*"NRG"*), on behalf of itself and each of its direct and indirect majority-owned subsidiaries (the *"NRG Subsidiaries,"* and together with NRG, the *"NRG Entities"*), and (3) each of the NRG Subsidiaries listed as signatories to this Agreement (Xcel and the NRG Entities are collectively referred to herein as the *"Parties"*).

WHEREAS, NRG and certain of the NRG Subsidiaries have commenced voluntary chapter 11 bankruptcy cases (the *"Chapter 11 Cases"*) in the United States Bankruptcy Court for the Southern District of New York (the *"Bankruptcy Court"*);

WHEREAS, Xcel and NRG are parties to that certain Support and Capital Subscription Agreement dated May 29, 2002 (the *"Capital Support Agreement"*);

WHEREAS, certain disputes exist between Xcel and NRG and/or NRG's creditors with respect to Xcel's funding obligations, if any, under the Capital Support Agreement;

WHEREAS, certain other disputes exist between Xcel and NRG and/or the NRG Entities' creditors, including various disputes relating to tax matters, service agreements, and claims allegedly held by some of the NRG Entities' creditors against Xcel;

WHEREAS, Xcel vigorously denies (i) that it has any liability to NRG or its creditors under the Capital Support Agreement, (ii) that it has any liability to NRG relating to tax matters and services agreements, and (iii) that it has any liability to any creditor of NRG or of any NRG Subsidiary in such creditor's capacity as such;

WHEREAS, the Parties wish to settle and compromise the disputes and issues between and among them on the terms set forth herein to avoid the expense, delay, uncertainty, and risks of litigation and so that NRG can emerge successfully from chapter 11;

WHEREAS, as a result, the Parties acknowledge that the Released-Based Amount (as defined below) is being paid by Xcel pursuant to this Agreement solely to facilitate the NRG Plan (as defined below) and the benefits to Xcel thereunder and is expressly not being paid as any concession as to the validity of any claims, whether or not being released, against the Released Parties (as defined below) pursuant to this Agreement; and

WHEREAS, this Agreement is essential and integral to the NRG Plan.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby consent and agree as follows:

1. *Definitions.* As used herein, the following terms shall have the respective meanings specified below:

"4/1/03 Ratings" shall mean the credit ratings of BBB- by Standard & Poor's Rating Service and Baa3 by Moody's Investor Services on the Xcel Debt on April 1, 2003.

"9019 Motion" shall mean a motion for approval of this Agreement and the provisions of sections 9.2, 9.3.B., 9.3.D., and 9.3.G. of the Plan under Bankruptcy Rule 9019 with respect to NRG Entities that are part of the Chapter 11 Cases but are not part of the NRG Plan, in the form attached hereto as Exhibit A, which shall be approved by the Confirmation Order.

"Affiliate" shall have the meaning set forth in section 2(a)(11) of the Public Utility Holding Company Act of 1935 (other than the NRG Entities when the term "Affiliate" is used in connection with Xcel).

"Assumed Agreements" shall mean those agreements between the Debtors and Xcel (or an Xcel Affiliate) described on Schedule 8(m) hereto to be assumed by the Debtors.

"Authorized Party" shall mean, collectively, the Creditors' Committee and the Global Steering Committee. The Creditors' Committee or the Global Steering Committee acting without the other shall not be an Authorized Party.

"Ballots" shall mean the ballots for the Unsecured Creditor Class under the NRG Plan, in the forms attached hereto as Exhibit B.

"Bank Group" shall mean the legal or beneficial holders of all of the Claims under the Lender Facilities.

"Bankruptcy Code" shall mean title 11 of the United States Code.

"Bankruptcy Court" shall have the meaning set forth in the recitals to this Agreement.

"Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, and any Local Rules of the Bankruptcy Court, as amended from time to time.

"Bar Date Order" shall mean the Final Order of the Bankruptcy Court, attached hereto as Exhibit C, setting a bar date for claims against NRG in the Chapter 11 Cases.

"Business Day" shall mean any day other than a Saturday, Sunday, or any other day on which commercial banks in the State of New York are required or authorized to close by law or executive order.

"Capital Support Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Cash Refund" shall mean the amount of any cash refund of taxes (including any interest paid thereon) to be generated by the carryback of the Worthless Stock Deduction in whole or in part to any taxable year prior to the Loss Year.

"Cause of Action" shall mean all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party Claims, indemnity Claims, contribution Claims or any other Claims whatsoever, whether known or unknown, matured or unmatured, fixed or contingent, liquidated or unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the Chapter 11 Cases, including through the Effective Date.

"Chapter 11 Cases" shall have the meaning set forth in the recitals to this Agreement.

"Claims" shall have the meaning set forth in section 101(5) of Bankruptcy Code and shall be deemed to include any "Claim" arising on or after the Petition Date through the Effective Date.

"Confirmation Date" shall mean the date on which there occurs the entry of the Confirmation Order on the docket of the Bankruptcy Court.

"Confirmation Order" shall mean the order of the Bankruptcy Court, in the form attached hereto as Exhibit E, confirming the NRG Plan and approving this Agreement, and the compromises and transactions contemplated by this Agreement; provided that the Confirmation Order may be modified or supplemented from the form attached hereto as Exhibit E in a manner which does not adversely affect Xcel in its sole opinion.

"Creditors' Committee" shall mean the Official Committee of Unsecured Creditors appointed in the Chapter 11 Cases.

"Cross-Over Lenders" shall have the meaning set forth in section 8(i) of this Agreement.

"Cure Obligations" shall mean the cure obligations of the Debtors pursuant to section 365(b) of the Bankruptcy Code in connection with the Assumed Agreements.

"D&O Expiration Date" shall mean August 18, 2003.

"D&O Policies" shall mean insurance policies covering director and officer liabilities, including without limitation: (i) Directors and Officers Liability Insurance Policy No. D0969A1A00, issued by Associated Electric & Gas Insurance Services Limited (AEGIS), policy period beginning August 18, 2000; (ii) Following Form Combined Liability Indemnity Policy No. 800005-00CL, issued by Energy Insurance Mutual (EIM), policy period beginning August 18, 2000; (iii) Excess Policy No. 8179-96-58 DAL, issued by Federal Insurance Company (FIC), policy period beginning August 18, 2000; (iv) Directors and Officers Liability Insurance Policy No. D0217A1A99, issued by AEGIS, policy period beginning November 15, 1999 (including specifically, but not limited to, runoff endorsement effective as of August 18, 2000); (v) Following Form Combined Liability Indemnity Policy No. 800002-97CL, issued by EIM, policy period beginning November 15, 1997 (including specifically, but not limited to, runoff endorsement effective as of August 18, 2000); (vi) Excess Policy No. 8151-42-64B, issued by FIC, policy period beginning November 15, 1999 (including specifically, but not limited to, runoff endorsement effective as of August 16, 2000); and (vii) Fiduciary and Employee Benefit Liability Insurance Policy No. F0969A1A00, issued by AEGIS, policy period beginning August 18, 2000.

"Debtors" shall mean NRG and any of the NRG Subsidiaries which are part of the Chapter 11 Cases.

"Disclosure Statement" shall mean the disclosure statement in connection with the NRG Plan, in the form attached hereto as Exhibit E.

"Disclosure Statement Order" shall mean the Final Order of the Bankruptcy Court, in the form attached hereto as Exhibit F, approving various procedures in connection with solicitation of votes with respect to the NRG Plan.

"Downgrade Date" shall mean the first date on which the Xcel Debt has not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days.

"Effective Date" shall mean the date on which the NRG Plan becomes effective in accordance with its terms.

"Employee Matters Agreement" shall mean that agreement, in the form attached hereto as Exhibit G, pursuant to which various obligations with respect to employees and benefit plans shall be allocated between Xcel and NRG as of the Effective Date on the terms set forth therein.

"Excluded Claims" shall mean any claims against Xcel under (i) this Agreement; (ii) the Employee Matters Agreement; (iii) the Tax Matters Agreement; (iv) the Assumed Agreements; and (v) any Separate Bank Claims and any claims reserved pursuant to section C. of the Separate Bank Release Agreement.

"Final Order" shall mean an order or judgment of the relevant court of competent jurisdiction as entered on the docket in the relevant cases that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari has expired and no appeal or petition for certiorari has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely filed has been resolved by the highest court to which the order or judgment was appealed from or from which certiorari was sought.

"Global Steering Committee" shall mean the persons identified on Schedule A, being legal or beneficial holders of various Claims under the Lender Facilities and certain other credit facilities with respect to certain NRG Subsidiaries.

"Guarantees" shall mean all Xcel guarantees, equity contribution obligations, indemnification obligations, arrangements whereby Xcel or any Affiliate has posted cash collateral, and all other credit support obligations with respect to NRG or any NRG Subsidiary, in each case set forth on Schedule 5(a)(i) hereto.

"Initial Contribution" shall mean $238 million of the Xcel Contribution.

"Lender Facilities" shall mean, collectively, the NRG FinCo Secured Revolver Agreement, the NRG Letter of Credit Facility, and the NRG Unsecured Revolver Agreement.

"Liabilities" shall mean all debts, liabilities, guarantees, assurances, commitments and obligations, whether fixed, contingent or absolute, asserted or unasserted, matured or unmatured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) and whether or not the same would be required by generally accepted principles and accounting policies to be reflected in financial statements or disclosed in the notes thereto. For purposes of any indemnification hereunder, "Liabilities" shall be deemed also to include any and all damages, claims, suits, judgments, fines, penalties, costs and expenses of any kind or character, including attorney's fees.

"Loss Year" shall mean the year in which the Effective Date occurs.

"Non-Plan Debtors" shall mean those NRG Subsidiaries having commenced Chapter 11 Cases that are not subject to the NRG Plan.

"Notes" shall mean those public notes of NRG listed on Schedule B to this Agreement.

"NRG" shall have the meaning set forth in the preamble to this Agreement.

"NRG Entities" shall have the meaning set forth in the preamble to this Agreement.

"NRG FinCo" shall mean NRG Finance Company I LLC, a Delaware corporation.

"NRG FinCo Secured Revolver Agreement" shall mean the revolving credit agreement entered into by and among NRG FinCo, Credit Suisse First Boston and certain other lenders party thereto and NRG Audrain Generation LLC, LSP-Nelson Energy, LLC, LSP-Pike Energy, LLC and NRG Turbine LLC, as sub-borrowers, as of May 8, 2001 with the purpose of financing certain domestic construction projects of the Debtors, together with all amendments, modifications, renewals, restatements, substitutions and replacements thereof and all documents, agreements or instruments related thereto, including, but not limited to, the NRG Equity Undertaking (as defined in Exhibit F of the NRG Plan).

"NRG Letter of Credit Facility" shall mean the $125,000,000 Standby Letter of Credit Facility, dated as of November 30, 1999, among NRG, the financial institutions party thereto and the Australia and New Zealand Banking Group Limited, as administrative agent, as amended, supplemented, restated or modified from time to time, together with all documents, agreements or instruments related thereto.

"NRG Payment Request" shall mean a written notice pursuant to which the Authorized Party may request that Xcel not exercise the Xcel Downgrade Election as set forth in section 2(f)(ii) of this Agreement.

"NRG Payment Revocation" shall mean a written notice pursuant to which the Authorized Party may revoke the NRG Payment Request as set forth in section 2(f)(ii) of this Agreement.

"NRG Plan" shall mean the chapter 11 plan of reorganization for NRG, in the form attached hereto as Exhibit H; provided that the NRG Plan may be modified or supplemented from the form attached hereto as Exhibit H, as set forth therein, in a manner which does not adversely affect Xcel in its sole opinion.

"NRG Released Causes of Action" shall mean, collectively, all Claims or Causes of Action of any kind or nature (whether known or unknown) which NRG, any of the NRG Subsidiaries, or any creditor of any of the Debtors, directly or indirectly, has or may have as of the Effective Date against any of the Released Parties in respect of any matter relating to NRG or any of the NRG Subsidiaries, including, without limitation, the Specified Claims, but the NRG Released Causes of Action shall not include any Excluded Claims.

"NRG Unsecured Revolver Agreement" shall mean that certain 364-Day Revolving Credit Agreement dated as of March 8, 2002 among NRG, the financial institutions party thereto, ABN Amro

Bank N.V., as administrative agent, Salomon Smith Barney, Inc., as syndication agent, Barclays Bank PLC, as co-syndication agent, and The Royal Bank of Scotland PLC, and Bayerische Hypo-und Vereinsbank AG, New York Branch, as co-documentation agents, as amended, supplemented, restated or modified from time to time, together with all documents, agreements or instruments related thereto.

"NRG Subsidiaries" shall have the meaning set forth in the preamble to this Agreement.

"Parties" shall have the meaning set forth in the preamble to this Agreement.

"Person" has the meaning set forth in section 101(41) of the Bankruptcy Code.

"Petition Date" shall mean May 14, 2003.

"Plan Support Agreement" shall mean that Plan Support Agreement dated May 13, 2003 among NRG, Xcel, and the Supporting Creditors.

"Reimbursable Claims" shall mean amounts billed under the Services Agreement related to corporate insurance obtained for the benefit of NRG and other services requested by NRG.

"Release-Based Amount" shall mean up to $390 million of the Xcel Contribution payable as follows: (i) $38 million out of the Second Installment, and (ii) the entire Third Installment.

"Released-Based Amount Agreement" shall mean that agreement among NRG and Xcel, in the form attached hereto as Exhibit I, which specifies how to calculate the Released-Based Amount payable by Xcel to NRG at any time.

"Released Parties" shall mean, in respect of any NRG Released Causes of Action: (i) the Xcel Released Parties, and (ii) any other person or entity to the extent that such person or entity is entitled to a claim for indemnification, reimbursement, contribution, subrogation or otherwise against any of the persons or entities listed in clause (i) in respect of the NRG Released Causes of Action.

"Reorganized NRG" shall mean NRG on and after the Effective Date pursuant to the NRG Plan.

"Second Installment" shall mean $50 million of the Xcel Contribution.

"Separate Bank Claims" shall mean those Claims against the Released Parties being released as part of the Separate Bank Release Agreement.

"Separate Bank Release Agreement" shall mean that certain release agreement between Xcel and the Bank Group in the form attached hereto as Exhibit J.

"Services Agreement" shall mean the Service Agreement between Xcel Energy Services Inc. and NRG dated June, 2002.

"Settled Claims" shall mean all Claims of Xcel or any Affiliate against any NRG Entity arising or accruing on or prior to January 31, 2003 for the provision of intercompany goods or services under the Services Agreement and all Claims for amounts paid by Xcel or any Affiliate on or prior to January 31, 2003 under any Guaranty.

"Specified Claims" shall mean (i) any Claim that is property of any Debtor's estate pursuant to section 541 of the Bankruptcy Code or otherwise; (ii) any preference, fraudulent conveyance and other actions under sections 510, 544, 545, 547, 548, 549, 550 or 553 of the Bankruptcy Code or any state law equivalents; (iii) any Claim arising out of illegal dividends or similar theories of liability; (iv) any Claim asserting veil piercing, alter ego liability or any similar theory; (v) any Claim based upon unjust enrichment; (vi) any Claim for breach of fiduciary duty; (vii) any Claim for fraud, misrepresentation or any state or federal securities law violations; and (viii) any Claim that NRG or any NRG Subsidiary may have as a result of having been a member of the Xcel affiliated tax group or a signatory to an Xcel tax sharing agreement.

"Support Agreement Amount" shall mean $250 million of the Xcel Contribution payable out of the entire Initial Contribution and $12 million of the Second Installment.

"Support Agreement Claims" shall mean all Claims against Xcel arising under or related to the Capital Support Agreement.

"Supporting Creditors" shall mean, collectively, the Supporting Lenders and Supporting Noteholders.

"Supporting Lenders" shall mean the Bank Group members that are signatories to the Plan Support Agreement.

"Supporting Noteholders" shall mean the Noteholders that are signatories to the Plan Support Agreement.

"Tax Matters Agreement" shall mean that tax matters agreement between NRG and Xcel, in the form attached hereto as Exhibit K.

"Third Installment" shall mean up to $352 million of the Xcel Contribution.

"Transfer" shall mean (a) the sale, transfer, assignment, pledge, or other disposal, directly or indirectly, of any right, title or interest in respect of any and all Claims and Causes of Action against the Released Parties, in whole or in part, or any interest therein, and/or (b) the grant of any proxies, deposit of any Claims or Causes of Action against the Released Parties into a voting trust, or the entry into a voting agreement with respect to any of such Claims or Causes of Action.

"Transferee" means any party who obtains, at any time, a Transfer from a NRG Entity.

"Unsecured Creditor Class" shall mean Class 5 under the NRG Plan, together with Class 6 under the NRG Plan in the event Debtor NRG Power Marketing, Inc. is substantively consolidated with NRG under the NRG Plan.

"Voting Deadline" shall mean the initial voting deadline for accepting or rejecting the NRG Plan as established by the Debtors pursuant to the Disclosure Statement Order.

"Voting Record Date" shall be the voting record date established by the Disclosure Statement Order.

"Worthless Stock Deduction" shall mean the deduction that Xcel or its Affiliates will claim under Section 165(g)(3) of the Internal Revenue Code and any comparable provision of state or local law with respect to the loss of its investment in NRG.

"Xcel" shall have the meaning set forth in the preamble to this Agreement.

"Xcel Contribution" shall mean, collectively, (1) up to $640 million, subject to the provisions of this Agreement; and (2) the Xcel Released Causes of Action.

"Xcel Credit Waiver" shall have the meaning set forth in section 8(i) of this Agreement.

"Xcel Debt" shall mean Xcel's senior unsecured public notes.

"Xcel Downgrade Election" shall mean Xcel's right to pay up to $150 million of the Initial Contribution in XEL Stock no later than 10 Business Days after the Xcel Payment Date pursuant to the terms of section 2(f)(i) of this Agreement.

"Xcel Payment Date" shall mean the later of (i) 90 days after the Confirmation Date, and (ii) one Business Day after the Effective Date.

"Xcel Plan Note" shall mean that certain unsecured, 2.5 year non-amortizing promissory note issued by Reorganized NRG in favor of Xcel with a principal amount of $10 million bearing interest at the per annum rate of 3% in the form attached hereto as Exhibit L.

"Xcel Released Causes of Action" shall mean collectively, all Claims or Causes of Action of any kind or nature (whether known or unknown) which Xcel has or may have against any of the NRG Entities or any officer, director, employee, Affiliate or agent of any of the NRG Entities, in each case in

their capacity as such, but the Xcel Released Causes of Action shall not include: (1) the obligations of any of the NRG Entities to Xcel or any Affiliate of Xcel under this Agreement, the Separate Bank Release Agreement, the NRG Plan, the Confirmation Order, the Employee Matters Agreement, the Release-Based Amount Agreement, the Tax Matters Agreement, the Xcel Plan Note or any document or agreement executed in connection with this Agreement, the Separate Bank Release Agreement, the NRG Plan, or the Confirmation Order, or (2) any rights of subrogation which Xcel may have against any of the NRG Entities as a result of Xcel's payment of all or any part of the Claim of any creditor of such NRG Entity.

"Xcel Released Parties" shall mean Xcel or any officer, director, employee, subsidiary, Affiliate (other than NRG and the NRG Subsidiaries), agent, or other party acting on behalf of Xcel or a subsidiary or an Affiliate of Xcel (other than NRG or the NRG Subsidiaries), in each case in their capacity as such.

"Xcel Shares Option" shall mean the option of Xcel to make any or all of the Second Installment in XEL Stock as described in Section 2(d) hereof.

"Xcel Tax Benefit" shall mean the reduction in federal income tax liability of Xcel, any Affiliate, and the Xcel consolidated group, as the case may be, attributable to the Worthless Stock Deduction, including without limitation, the Cash Refund and the reduction of any estimated payments of federal income tax liability in the Loss Year or any subsequent year, which reduction may be made (or not made) by Xcel in its sole discretion.

"XEL Stock" shall mean common stock of Xcel that has been registered under the Securities Act of 1933, as amended, pursuant to an effective registration statement.

2. *Xcel Consideration.* Subject to the terms and conditions of this Agreement, the NRG Plan, the Confirmation Order, and all other agreements or documents contemplated by this Agreement, the NRG Plan and the Confirmation Order, Xcel shall contribute the Xcel Contribution to NRG. The Xcel Contribution shall be paid or provided as follows:

(a) *Initial Contribution.* The Initial Contribution shall be paid in cash to NRG on the Xcel Payment Date, except to the extent that payment of up to $150 million of the Initial Contribution is payable by Xcel in XEL Stock pursuant to the exercise by Xcel of the Xcel Downgrade Election under Section 2(f)(i) hereof or Section 2(f)(iii) hereof and except to the extent that payment of up to $150 million of the Initial Contribution is delayed pursuant to the delivery by the Authorized Party of the NRG Payment Request to Xcel under Section 2(f)(i) hereof or Section 2(f)(iii) hereof.

(b) *Second Installment.* The Second Installment shall be paid to NRG on the later of January 1, 2004 or the Xcel Payment Date in cash, except to the extent that all or any part of the Second Installment is payable by Xcel in XEL Stock pursuant to the exercise by Xcel of the Xcel Shares Option under Section 2(d) hereof.

(c) *Third Installment.*

(i) The amount of the Third Installment that is payable on the later of April 30, 2004 or the Xcel Payment Date pursuant, subject to paragraph 3(d) below, to the Release-Based Amount Agreement shall be paid to NRG in cash on the later of April 30, 2004 or the Xcel Payment Date, *except* to the extent that payment of such amount is delayed pursuant to Section 2(f)(iv) hereof to the later of June 30, 2004 or 60 days after the Xcel Payment Date and *except* that the portion of the amount payable on the later of April 30, 2004 or the Xcel Payment Date (or, if Section 2(f)(iv) hereof is applicable, the later of June 30, 2004 or 60 days after the Xcel Payment Date) in excess of the Cash Refund received by Xcel as of such date shall not be due and payable until 30 days after the later of April 30, 2004 or the Xcel Payment Date (or if Section 2(f)(iv) is applicable, until 30 days after the later of June 30, 2004 or 60 days after the Xcel Payment Date). Additional portions of the Third Installment payable by Xcel to NRG as a result of the allowance or other liquidation of contingent, unliquidated, or disputed claims against NRG shall be paid by Xcel to NRG in cash on

such dates as are required by the Release-Based Amount Agreement, subject to paragraph 3(d) below.

(ii) The payment of the Third Installment will be required regardless of whether any Cash Refund is ever received or whether any Xcel Tax Benefit is later reduced or eliminated on audit by a taxing authority. The Third Installment shall be payable without interest; *provided*, if Xcel defaults in the timely payment of the Third Installment, as required, subject to paragraph 3(d) below, by the Release-Based Amount Agreement (taking into account the 30 day grace period set forth in section 2(c)(i) above and the provisions of section 2(f)(iv) below), the unpaid amount shall accrue simple interest at 10% per annum from the date of non-payment until the date of payment (in addition to any other remedies such as collection actions, the reasonable cost of which shall also be payable by Xcel).

(d) *Xcel Shares Option.* No later than five Business Days after the Confirmation Date, Xcel can exercise the Xcel Shares Option by issuing a press release stating that it has elected to exercise the Xcel Shares Option and the amount (which can be 100%) of the Second Installment to be paid in XEL Stock. If Xcel exercises the Xcel Shares Option, Xcel shall pay in XEL Stock the amount of the Second Installment designated by Xcel in such press release to be paid in XEL Stock. The number of shares that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Second Installment to be made in XEL Stock divided by (y) the average closing price for XEL Stock on the New York Stock Exchange for the last ten full trading days through and including the Business Day prior to the date the Second Installment is due.

(e) *Xcel Released Causes of Action.* The component of the Xcel Contribution comprised of the Xcel Released Causes of Action shall be deemed delivered to NRG and effective as of the Effective Date.

(f) *Xcel Downgrade Election.*

(i) In the event that on the Confirmation Date the Xcel Debt has not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days through and including the Confirmation Date, then Xcel, in its sole discretion, may, subject to an NRG Payment Request described below, exercise the Xcel Downgrade Election by, no later than five Business Days after the Confirmation Date, issuing a press release stating that it has exercised the Xcel Downgrade Election and the amount (which can be up to $150 million) of the Initial Contribution that will be paid in XEL Stock. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Initial Contribution to be made in XEL Stock divided by (y) the average closing price on the New York Stock Exchange for Xcel common stock for the last ten full trading days through and including the Business Day prior to the date when the portion of the Initial Contribution to be paid in XEL Stock is made.

(ii) Notwithstanding the foregoing, the Authorized Party may request that Xcel not exercise the Xcel Downgrade Election by delivering to Xcel an NRG Payment Request within five Business Days after Xcel's issuance of the press release set forth in clause (i) above of this Section 2(f). After timely receipt by Xcel of an NRG Payment Request, Xcel shall be required to pay NRG in cash, and not in XEL Stock, the portion of the $150 million of the Initial Contribution subject to the Xcel Downgrade Election on the Business Day after the Xcel Debt has achieved at least the 4/1/03 Ratings for a period of at least 120 consecutive days. In addition, through the Effective Date and prior to payment in full by Xcel of the Initial Contribution, the Authorized Party may revoke the NRG Payment Request by delivering to Xcel an NRG Payment Revocation. Once given, an NRG Payment Revocation shall be irrevocable. In addition, on the 180th day after receipt by Xcel of an NRG Payment Request, if Xcel shall not have been required to pay NRG in cash prior to such date the portion of the $150 million of the Initial Contribution subject to the Xcel Downgrade Election, then the NRG Payment Revocation shall be deemed to have been given to Xcel. Upon receipt or deemed receipt by Xcel of an NRG Payment Revocation, Xcel shall pay the portion of the Initial Contribution subject to the Xcel Downgrade Election in XEL Stock within 10 Business Days after

the later of (1) receipt or deemed receipt of the NRG Payment Revocation and (2) the Xcel Payment Date. The number of shares of XEL Stock that Xcel shall be required to deliver shall be the nearest whole number of shares equal to (x) the amount of the Initial Contribution to be made in XEL Stock divided by (y) the average closing price on the New York Stock Exchange for Xcel common stock for the last ten full trading days through and including the Business Day prior to the date when the portion of the Initial Contribution to be paid in XEL Stock is made.

(iii) If (1) on the Confirmation Date the Xcel Debt has retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days but (2) at any time after the Confirmation Date and prior to the Xcel Payment Date the Xcel Debt has not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days, then the provisions of subsections (i) and (ii) above shall apply, but Xcel, in its sole discretion, may, subject to an NRG Payment Request, exercise the Xcel Downgrade Election and pay the requisite XEL Stock no later than the later of (1) 10 Business Days after the Xcel Payment Date and (2) 105 days after the Downgrade Date. In such event, Xcel shall issue a press release stating the specifics of its Xcel Downgrade Election no later than five Business Days after the Downgrade Date. In addition, if Xcel has exercised an Xcel Downgrade Election pursuant to this subsection (iii) and has subsequently received an NRG Payment Revocation, then Xcel shall pay the portion of the Initial Contribution subject to the Xcel Downgrade Election in XEL Stock within the later of (i) 10 Business Days after receipt of the NRG Payment Revocation and (ii) 105 days after the Downgrade Date.

(iv) In addition to the foregoing, in the event that on the Xcel Payment Date the Xcel Debt has not retained at least the 4/1/03 Ratings for a period of at least 120 consecutive days through and including the date that the initial portion of the Third Installment is due, then the due date for the initial portion of the Third Installment shall be extended to the later of June 30, 2004 and sixty days after the Xcel Payment Date.

(g) *Tax Treatment of Xcel Contribution.* The Parties shall treat the Xcel Contribution as a contribution to the capital of NRG for federal, state, and local income tax purposes.

3. *Allocation of Xcel Contribution and NRG Releases.*

(a) *Support Agreement Amount.* The Support Agreement Amount shall be made in exchange for the release of the NRG Released Causes of Action comprised of the Support Agreement Claims.

(b) *Released-Based Amount.* The Release-Based Amount together with the Xcel Released Causes of Action shall be made in exchange for the releases described in Sections 3(c) and (d) hereof and such other releases and injunctions for the benefit of the Released Parties set forth in the Confirmation Order.

(c) *Check the Box Releases.* Subject to the terms of the Release-Based Amount Agreement, the Released-Based Amount shall be distributed pro rata to each allowed Claim in the Unsecured Creditor Class that checks the appropriate box on a Ballot indicating that the holder of such Claim is releasing the Released Parties from all NRG Released Causes of Action and causes the relevant balloting agent to receive such Ballot by the Voting Deadline. Subject to paragraph 3(d) of this Agreement, creditors not checking the box on their Ballots and so causing the relevant balloting agent to receive such Ballots by the Voting Deadline shall not receive any portion of the Release-Based Amount; instead, the aggregate share of the Release-Based Amount of those creditors who did not check the box on their Ballots which otherwise would have been payable to such creditors (if they had checked the box) will be credited against and deducted from the Xcel Contribution as set forth in the Release-Based Amount Agreement.

(d) *Third Party Releases.* Notwithstanding anything to the contrary in this Agreement, if the third party releases and injunctions for the benefit of the Released Parties set forth in sections 9.2 and 9.3 of the NRG Plan are approved in their entirety pursuant to a Final Order of the Bankruptcy Court in form acceptable to Xcel, then Xcel shall be obligated to pay to NRG for distribution to creditors in the Unsecured Creditor Class the entire $390 million of the Released-Based Amount; *provided*, *however*, (a) the timing of the payment of the Third Installment shall not be altered by an obligation to pay the

entire $390 million of Released-Based Amount, and (b) until there is such a Final Order of the Bankruptcy Court, Xcel's obligation to pay the Released-Based Amount shall be as otherwise set forth in this Agreement and the Released-Based Amount Agreement. In addition, if the third party releases and injunctions for the benefit of the Released Parties set forth in sections 9.2 and 9.3 of the NRG Plan are approved in their entirety pursuant to a Final Order of the Bankruptcy Court in form acceptable to Xcel, the Released-Based Amount Agreement shall not be effective except for the indemnity provisions set forth in section 9 thereof and any other portion of that agreement applicable to section 9.

4. *Xcel Tax Benefit.* The Parties agree that:

(a) *Worthless Stock Deduction.* For federal income tax purposes, after the Effective Date Xcel or its Affiliates shall claim the Worthless Stock Deduction for the Loss Year. Neither Xcel nor any of its Affiliates shall claim the Worthless Stock Deduction for any year before the Loss Year.

(b) *Tax Related Plan Provisions.*

(i) The Xcel Tax Benefit shall be the sole and exclusive property of Xcel, and the NRG Entities and any party claiming by or through them hereby release as of the Effective Date any right or interest that they might otherwise have in the Xcel Tax Benefit.

(ii) NRG and its direct and indirect subsidiaries shall not be (a) reconsolidated with Xcel or any of its other Affiliates for tax purposes at any time after their March, 2001 deconsolidation unless otherwise required by state or local tax law, or (b) treated as a party to or otherwise entitled to the benefits of any tax sharing agreement with Xcel, other than the Tax Matters Agreement.

5. *Xcel Guaranties, Insurance, and Intercompany Claims.*

(a) *Xcel Guaranties and Insurance.* The Parties agree that:

(i) On the Effective Date, all Guarantees shall either be terminated or Xcel and NRG shall enter into other arrangements satisfactory to Xcel and NRG with respect to such obligations (with Xcel and any Affiliates thereof having no further liability for such obligations or arrangements) and all cash collateral posted by Xcel or any Affiliate shall be returned as soon as practicable to Xcel, including, if not previously returned, the $11.5 million of cash collateral posted by Xcel for the Mid-Atlantic project. With respect to the $11.5 million of cash collateral posted by Xcel for the Mid-Atlantic project, NRG shall cooperate with Xcel in seeking the return at the earliest practical date after the current expiration of the relevant Mid-Atlantic agreement in July of 2003.

(ii) NRG and the NRG Subsidiaries shall be solely responsible for renewing, administering, and paying for their own insurance policies starting with insurance policies relating to property and other coverages expiring as of June 2003, and D&O Policies expiring on the D&O Expiration Date; *provided, however,* that Xcel shall (1) not cancel any D&O Policy before the D&O Expiration Date, (2) reasonably cooperate with NRG's past or current officers and directors who may be entitled to coverage under any D&O Policy to allow them to administer their claims, and (3) if available and at the sole cost of NRG, and after receiving sufficient funds from NRG, at NRG's request purchase customary tail coverage, commencing on the D&O Expiration Date, for NRG's officers and non-Xcel directors in office on the day prior to the Petition Date and who are eligible for coverage under any D&O Policy.

(iii) The Parties acknowledge and agree that the rights and obligations of Xcel, NRG, and all other persons or entities insured under any D&O Policy have been and shall remain unaffected by the Chapter 11 Cases or any subsequent bankruptcy cases or proceedings commenced by any of the NRG Subsidiaries and that upon the Effective Date, Xcel, NRG, and all other persons or entities insured under any D&O Policy shall have the same status with respect to, and rights under, any D&O Policy as immediately prior to the Petition Date, notwithstanding, among other things, the automatic stay in the Chapter 11 Case for NRG previously in effect or the automatic stay that may thereafter remain in effect in the chapter 11 case of any other NRG Subsidiary.

(b) *Intercompany Claims.* The Parties agree that:

(i) Any prepetition or postpetition Claims of Xcel or any Affiliate against any of the NRG Entities arising from the provision of intercompany goods or services of the type set forth on Schedule 5(b)(i) hereto to any of the NRG Entities or from payment by Xcel or any Affiliate under any Guaranty shall be paid in full in cash by NRG in the ordinary course (including payment during the Chapter 11 Cases) in the appropriate amount based on the underlying contracts or agreements between the parties (including all agreements listed on Schedule 8(m) to this Agreement), without any subordination or recharacterization of such Claims, except that the Claims which are to be paid in full in the ordinary course during the Chapter 11 Cases shall not include Claims of Xcel or any Affiliate arising under the Guarantees listed in Schedule 5(b)(i) hereto (such Claims, subject to the next sentence, to be paid in full in cash by NRG on the Effective Date as provided in clause (ii) below) but shall include any Claims of Xcel or any Affiliate related to Northern States Power Company, NRG Energy Center-Rock Tenn LLC, NRG Thermal f/k/a Norenco Corporation, NRG Resource Recovery, Inc., Minnesota Waste Processing Company LLC, and NRG Energy, Inc. Notwithstanding the foregoing, (A) Settled Claims shall not be paid until the Effective Date, at which time Xcel shall receive, on account of and in full and final settlement of such Claims, the Xcel Plan Note; and (B) after January 31, 2003 NRG shall only be responsible under the Services Agreement for Reimbursable Claims. NRG agrees that it shall not order services from Xcel or any Affiliate under the Services Agreement or otherwise inconsistent with any provisions of this Agreement.

(ii) To the extent, if any, that intercompany Claims of Xcel or any Affiliate (other than Settled Claims and other than Claims under the Services Agreement which are not Reimbursable Claims, but including Claims for reimbursement of payments made by Xcel or any Affiliate under Guarantees) are unpaid as of the Petition Date, such amounts shall be paid in full in cash on the Effective Date by the relevant NRG Entity or NRG under the NRG Plan without any subordination or recharacterization of such Claims.

(iii) The provisions of clauses (i) and (ii) of this Section 5(b) shall not apply to any tax sharing agreement. All tax sharing agreements or understandings to the extent otherwise binding on Xcel and NRG, shall terminate (without any residual or ongoing liability of either party to the other) as of the Effective Date for all taxable periods, past, present and future. On and after the Effective Date, tax matters between NRG, Xcel, and any Affiliates thereof shall be governed exclusively by the Tax Matters Agreement.

6. *Representations and Warranties.*

(a) Each Party represents and warrants to the other Party that it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation.

(b) Each Party represents and warrants to the other Party that its execution, delivery and performance of this Agreement are within the power and authority of such party and have been duly authorized by such party.

(c) Each Party represents and warrants to the other Party that this Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable in accordance with the terms hereof, except to the extent that any Party requires regulatory or other approvals set forth in section 8(f) of this Agreement and such approvals have not been obtained; provided, that each Party's acknowledgement that the Effective Date of this Agreement has occurred shall constitute a representation that it has obtained all such approvals.

(d) Each Party represents and warrants to the other Party that neither the execution and delivery of this Agreement nor compliance with the terms and provisions hereof will violate, conflict with or result in a breach of, its certificate of incorporation or bylaws or other constitutive document, any applicable law or regulation, any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which it is a party or by which it is bound or to which it is subject, except to

the extent that any Party requires regulatory or other approvals set forth in section 8(f) of this Agreement and such approvals have not been obtained; provided, that each Party's acknowledgement that the Effective Date of this Agreement has occurred shall constitute a representation that it has obtained all such approvals.

(e) NRG represents and warrants to Xcel that from the Petition Date through the Confirmation Date, (A) no NRG Entity has caused or permitted to be made any distribution from an NRG Subsidiary to the extent that (1) the distribution would be treated as a dividend to NRG for federal income tax purposes and (2) the distribution or portion thereof treated as a dividend to NRG, alone or in combination with any other distribution treated as a dividend to NRG and any taxable gain described in clause (B) of this paragraph during that period would exceed $, and (B) NRG has not engaged in any transaction that is treated as a sale by NRG of stock or securities for federal income tax purposes and that resulted in a taxable gain, to the extent that the amount of such taxable gain, alone or in combination with any other taxable gain described in this clause (B) and any distribution described in clause (A) of this paragraph would exceed $.

(f) NRG represents and warrants to Xcel that from the Petition Date through the Effective Date, no NRG Entity has taken any action that would increase, or failed to take any action that would minimize, the likelihood that Xcel or any Affiliate will be required to make any payment on any Guaranty during the Chapter 11 Cases.

(g) NRG represents that all NRG Subsidiaries have been included on the signature pages to this Agreement.

7. *Covenants.*

(a) Neither Party shall take any action that would delay or frustrate the occurrence of the Effective Date, the transactions contemplated by this Agreement, or the transactions contemplated by any other agreements or documents referenced in this Agreement, or the consummation of the NRG Plan.

(b) Each Party shall take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement.

(c) During the period beginning on the date of this Agreement and ending on the Effective Date, NRG shall not (A) cause or permit to be made any distribution from an NRG Subsidiary to the extent that (1) the distribution would be treated as a dividend to NRG for federal income tax purposes and (2) the distribution or portion thereof treated as a dividend to NRG, alone or in combination with any other distribution treated as a dividend to NRG and any taxable gain described in clause (B) of this paragraph during that period would exceed $, and (B) engage in any transaction that is treated as a sale by NRG of stock or securities for federal income tax purposes and that results in a taxable gain, to the extent that the amount of such taxable gain, alone or in combination with any other taxable gain described in this clause (B) and any distribution described in clause (A) of this paragraph would exceed $; *provided*, *however*, that this covenant shall not apply to any sales or distributions made during any period in which persons effectively nominated or designated by Xcel hold a majority of the seats on NRG's board of directors or on the managing board of the applicable NRG Subsidiary.

(d) No NRG Entity shall take any action that would increase, or fail to take any action that would minimize, the likelihood that Xcel or any Affiliate will be required to make any payment on any Guaranty during the Chapter 11 Cases.

(e) Except to the extent otherwise provided in the NRG Plan, NRG shall use its reasonable best efforts to cause all NRG Subsidiaries which become part of the Chapter 11 Cases or other bankruptcy cases or proceedings instituted as part of the reorganization of the NRG Entities to seek a Final Order in a form acceptable to Xcel from the Bankruptcy Court making the provisions of sections 9.2, 9.3.C., and 9.3.G. of the NRG Plan applicable to such NRG Subsidiaries.

8. *Condition to Xcel's Obligations Hereunder.* All obligations of Xcel under this Agreement, including the obligation of Xcel to make all or any part of the Xcel Contribution, are expressly subject to the satisfaction or waiver by Xcel of each of the following conditions as of the Effective Date:

(a) NRG shall have received the requisite votes in favor of confirmation of the NRG Plan under section 1129(a) of the Bankruptcy Code from the Unsecured Creditor Class by the Voting Deadline for the NRG Plan.

(b) NRG shall have received votes in favor of confirmation of the NRG Plan from each of the Supporting Creditors by the Voting Deadline for the NRG Plan, and no such vote shall have been revoked or withdrawn.

(c) Unless the third party releases and injunctions for the benefit of the Released Parties set forth in sections 9.2 and 9.3 of the NRG Plan are approved in their entirety pursuant to a Final Order of the Bankruptcy Court in form acceptable to Xcel, the following persons shall have released the Released Parties from all NRG Released Causes of Action by "checking the box" (as described in Section 3(c) hereof) on their Ballots and causing the relevant balloting agent to receive such Ballots no later than the Voting Deadline for the NRG Plan and such releases shall be in full force and effect and shall not be stayed or modified:

(i) holders of a majority in number representing 85% in principal amount outstanding of the Claims in respect of the Notes, including 100% of the Supporting Noteholders;

(ii) holders of 100% in principal amount outstanding of the Claims in respect of each of the NRG Unsecured Revolver Agreement, the NRG Letter of Credit Facility, and the NRG FinCo Secured Revolver Agreement; and

(iii) holders of 85% in amount of all Claims in the Unsecured Creditor Class as determined by the Release-Based Amount Agreement.

(d) The Confirmation Order shall have been entered on the docket of the Bankruptcy Court for 11 days (except to the extent such delay shall cause the Effective Date of the NRG Plan to occur after December 15, 2003), and the Confirmation Order shall (i) fully incorporate all of the relevant provisions of this Agreement (including the releases and injunctions described herein) and any other matters agreed to in writing by Xcel, (ii) not contain any provisions inconsistent with this Agreement or such other matters (other than a provision to which Xcel has previously consented to in writing), (iii) confirm the NRG Plan under section 1129(a) of the Bankruptcy Code and approve this Agreement, and all other agreements and documents contemplated or referenced in this Agreement, or the NRG Plan, (iv) not approve any amendments or supplements to the NRG Plan (other than amendments or supplements to which Xcel has previously consented to in writing) which Xcel determines to be adverse to it in its sole reasonable discretion, and (v) be in full force and effect and not be stayed or modified.

(e) The filing by the relevant NRG Entities of the 9019 Motion, and the entry on the docket of the Bankruptcy Court of the Confirmation Order which shall approve the 9019 Motion.

(f) The receipt by Xcel and any required Affiliate, and, to the extent applicable, NRG of all regulatory and other approvals (including any approvals from the Federal Energy Regulatory Commission and the Securities and Exchange Commission) necessary for Xcel or any such Affiliate and, to the extent applicable, NRG to perform such obligations set forth in this Agreement, the other agreements and documents contemplated or referenced herein, and in the NRG Plan and Confirmation Order.

(g) Each NRG Entity shall comply in all respects with every covenant, agreement, or other obligation under this Agreement applicable to it.

(h) All representations and warranties made by any NRG Entity under this Agreement shall be true and correct in all material respects when made and as of the Effective Date.

(i) Each of the members of the Bank Group that has a Claim against Xcel under any Xcel credit facility (the *"Cross-Over Lenders"*) shall have approved, without payment of any special fee or expense,

any waiver or amendment that Xcel and the administrative agent under such credit facility believe is necessary under such credit facility to implement this Agreement, the NRG Plan, and any of the transactions contemplated thereby or by agreements referenced herein (an *"Xcel Credit Waiver"*), except that if other lenders to Xcel under any credit facility shall receive a special fee or expense for their waiver or amendment, the Cross-Over Lenders shall be entitled to the same pro rata fee or expense, and, in any case, all Xcel Credit Waivers having been fully obtained by Xcel and being in full force and effect.

(j) Xcel (or to the extent applicable, any Affiliate of Xcel) shall have received full payment or satisfaction of all intercompany Claims in accordance with the provisions of Section 5(b) of this Agreement.

(k) (1) the Bank Group shall have executed and delivered to Xcel the Separate Bank Release Agreement, (2) NRG shall have executed and delivered to Xcel the Release-Based Amount Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Xcel Plan Note, and all other agreements and documents contemplated by this Agreement and the Separate Bank Release Agreement simultaneously with the execution and delivery of this Agreement, and (3) this Agreement, the Separate Bank Release Agreement, the Release-Based Amount Agreement, the Employee Matters Agreement, the Tax Matters Agreement, the Xcel Plan Note, all such other agreements and documents, the NRG Plan, the Confirmation Order, and any other orders contemplated by any of the foregoing agreements or documents shall be in full force and effect and shall not have been stayed or modified.

(l) Such procedures as are acceptable to Xcel shall have been approved by the Disclosure Statement Order and shall have been fully instituted and followed so as to permit Xcel to determine (i) all parties holding or who have held Notes as of the Voting Record Date and who have released Xcel from all NRG Released Causes of Action by checking the appropriate box on the relevant Ballot, and (ii) all parties holding or who have held Notes and to whom NRG should pay the requisite Released-Based Amount at any time.

(m) The Confirmation Order shall approve the assumption by the Debtors of the Assumed Agreements, and the Debtors shall have satisfied for the benefit of Xcel (or any applicable Affiliate) all Cure Obligations with respect thereto. To the extent the Assumed Agreements are between Xcel or its Affiliates and an NRG Entity which is not a Debtor, NRG will cause such NRG Entity (i) to pay any and all amounts due to Xcel or its Affiliates under such Assumed Agreements and will ensure that such NRG Entity's obligations under such Assumed Agreements remains current, and (ii) to seek an order in a form acceptable to Xcel from the Bankruptcy Court authorizing the assumption of such Assumed Agreements in the event that such NRG Entity subsequently commences a case under the Bankruptcy Code.

(n) There shall have been no amendments or supplements to the Confirmation Order, the NRG Plan, the Bar Date Order, Disclosure Statement, or the Disclosure Statement Order, other than those amendments or supplements approved by Xcel in writing.

(o) The Effective Date for the NRG Plan, and the satisfaction of all of the other conditions set forth in this Section 8, shall have occurred by no later than December 15, 2003.

Should the "Effective Date" of this Agreement not occur, all obligations of the Parties set forth in this Agreement shall be null and void ab initio and all Xcel Released Causes of Action, NRG Released Causes of Action, and any other Claims, Causes of Action, remedies, defenses, setoffs, rights or other benefits of the Parties or any of their respective Affiliates shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever. Upon Xcel's determination, which may not be unreasonably delayed, that each of the foregoing conditions has been satisfied in accordance with the terms of this Agreement, Xcel shall deliver a written notice to NRG stating as such and that the effective date of this Agreement has occurred. For purposes of any agreement or document contemplated by this Agreement, including the NRG Plan, the "Effective Date" of this Agreement shall be the date on which Xcel delivers to NRG such written notice. The "Effective Date" of this Agreement shall not occur unless and until such written notice has been delivered to NRG by Xcel.

9. *Condition to NRG's Obligations Hereunder.* All obligations of NRG under this Agreement are expressly subject to the execution by Xcel of the Tax Matters Agreement in the form agreed to by the Parties.

10. *Termination.* If all of the conditions set forth in section 8 of this Agreement shall not have occurred by December 15, 2003, this Agreement shall terminate on December 31, 2003 unless Xcel on or prior to such date shall have waived any such conditions or shall have extended such termination date, in each case by written notice delivered by Xcel to NRG. Upon the termination of this Agreement, all obligations of the Parties under this Agreement shall terminate and shall be of no further force and effect; provided, however, that any claim of any Party for breach of this Agreement shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way.

11. *Indemnification by NRG.* NRG shall, for itself and on behalf of each of the NRG Subsidiaries, and as agent for each NRG Subsidiary, indemnify, defend (or, where applicable, pay the reasonable defense costs for) and hold harmless the Released Parties from and against any and all Liabilities that any entity seeks to impose upon the Released Parties, or which are imposed upon the Released Parties, if and to the extent such Liabilities relate to, arise out of or result from the failure of any NRG Subsidiary to pay its creditors in full except to the extent provided for in the NRG Plan and except with respect to (i) LSP-Pike Energy, LLC, (ii) LSP-Nelson Energy, LLC, (iii) NRG Nelson Turbines, LLC, (iv) NRG Gila Bend Holdings, and (v) NRG Audrain Generating LLC, or the failure to have the provisions of sections 9.2, 9.3.B., 9.3.C., and 9.3.G. of the NRG Plan be fully applicable pursuant to a Final Order of the Bankruptcy Court to any Non-Plan Debtor or any NRG Subsidiary which subsequently becomes part of the Chapter 11 Cases or other bankruptcy cases or proceedings.

12. *Release and Covenant Not to Sue.*

(a) *Release.* As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each of the NRG Entities, in their individual capacities and, to the extent applicable, as debtors in possession for and on behalf of their estates and any entity that may assert a Claim or Cause of Action derivatively or otherwise, hereby release and discharge, absolutely, unconditionally, irrevocably and forever, the Released Parties from any and all NRG Released Causes of Action.

(b) *Applicability of Release to Transferees.* The releases set forth in Section 12(a) above shall be binding upon all Transferees of the releasing party.

(c) *Binding Effect of Releases.* Each party to which the releases set forth in Section 12(a) above applies shall be deemed to have granted such release notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any statute or common law principle, including section 1542 of the California Civil Code, which would limit the effect of such releases to those Claims or Causes of Action actually known or suspected to exist at the time of execution of the release. Section 1542 of the California Civil Code generally provides as follows: "a general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him may have materially affected his settlement with the debtor."

(d) *NRG Entity Covenant Not to Sue.* As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each of the NRG Entities, in their individual capacities and, to the extent applicable, as debtors in possession for and on behalf of their estates and any entity that may assert a claim or cause of action derivatively or otherwise, hereby covenant and agree not to commence or prosecute any lawsuit or other legal action, proceeding, or arbitration against any of the Released Parties in respect of any and all NRG Released Causes of Action.

(e) *Xcel Covenant Not to Sue.* As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, Xcel and, to the extent applicable, any entity that may assert a claim or cause of action derivatively or otherwise, hereby covenants and agrees not to commence or prosecute any lawsuit or other legal action, proceeding, or arbitration against any of the NRG Entities in respect of any and all Xcel Released Causes of Action.

13. *Miscellaneous Provisions.*

(a) *Specific Performance.* It is understood and agreed that money damages would not be a sufficient remedy for any breach of this Agreement, and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for such breach.

(b) *Successors and Assigns.* This Agreement is intended to bind and inure to the benefit of each of the Parties and each of their respective successors, assigns, heirs, executors, administrators, and representatives.

(c) *Governing Law; Jurisdiction.* This Agreement will be governed by the laws of the State of New York, without regard to its conflicts of laws principles that would require the law of another jurisdiction to be applied. Through the first anniversary of the Effective Date, each of the Parties irrevocably (a) submits and consents in advance to the exclusive jurisdiction of the Bankruptcy Court for the purpose of any action or proceeding in which any NRG Entity is a party arising out of or relating to this Agreement; (b) agrees that all claims in respect to such action or proceeding may be heard and determined exclusively in such court; and (c) waives any objection that such Party may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens.

(d) *Entire Agreement.* This Agreement, the exhibits and schedules hereto, and the applicable provisions in the NRG Plan constitute the complete and entire agreement between the Parties with respect to the matters contained in this Agreement, and supersede all prior agreements, negotiations, and discussions between the Parties with respect thereto.

(e) *Non-Reliance.* Each of the Parties acknowledges that, in entering into this Agreement, it is not relying upon any representations or warranties made by anyone other than those representations, warranties, terms and provisions expressly set forth in this Agreement, the exhibits and schedules hereto, and the applicable provisions in the NRG Plan.

(f) *Notices.* Any notice required or desired to be served, given or delivered under this Agreement shall be in writing, and shall be deemed to have been validly served, given or delivered if provided by personal delivery, or upon receipt of fax delivery, as follows:

(i) if to any of the NRG Entities, to Matthew A. Cantor, Kirkland & Ellis, Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611, fax: 212-446-4900;

(ii) if to Xcel, to Brad B. Erens, Jones Day, 77 West Wacker, Chicago, Illinois, 60601-1692, fax: 312-782-8585, with a copy to Scott J. Friedman and Brian E. Greer, Jones Day, 222 East 41st Street, New York, New York 10017, fax: 212-755-7306; and

(iii) if to the Creditors' Committee (through its dissolution), to Evan D. Flaschen, Bingham McCutchen LLP, One State Street, Hartford, Connecticut 06103-3178.

(g) *Amendment; Waiver.* It is expressly understood and agreed that this Agreement may not be altered, amended, modified or otherwise changed in any respect whatsoever except by a writing duly executed by authorized representatives of each of the Parties, and the Parties further acknowledge and agree that they will make no claim at any time or place that this Agreement has been orally supplemented, modified, or altered in any respect whatsoever. In addition, no failure on the part of any party to this Agreement to exercise, and no delay on its part in exercising, any right or remedy under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy.

(h) *No Admissions.* This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of the Parties of any Claim or any fault or liability or damages whatsoever. Each of them denies any and all wrongdoing or liability of any kind, and does not concede any infirmity in the Claims or defenses which it has asserted or would assert.

(i) *Headings.* The headings of this Agreement are for reference only and shall not limit or otherwise affect the meaning hereof.

(j) *Representation by Counsel.* Each Party acknowledges that it has been represented by counsel with this Agreement and the transactions contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

(k) *Interpretation.* This Agreement is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

(l) *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile shall be as effective as delivery of a manually executed signature page of this Agreement.

NRG ENERGY INC. on its behalf and on behalf of the NRG Subsidiaries	XCEL ENERGY, INC.
/s/	/s/
By:	By:
Its:	Its:
ARTHUR KILL POWER LLC	ASTORIA GAS TURBINE POWER LLC
/s/	/s/
By:	By:
Its:	Its:
BAYOU COVE PEAKING POWER, LLC	Berrians I Gas Turbine Power LLC
/s/	/s/
By:	By:
Its:	Its:

BIG CAJUN I PEAKING POWER LLC	BIG CAJUN II UNIT 4 LLC
/s/ By:	/s/ --- By:
Its:	Its:
BRAZOS VALLEY ENERGY LP	BRAZOS VALLEY TECHNOLOGY LP
/s/ By:	/s/ --- By:
Its:	Its:
CABRILLO POWER II LLC	CABRILLO POWER LLC
/s/ By:	/s/ --- By:
Its:	Its:
CADILLAC RENEWABLE ENERGY LLC	CAMAS POWER BOILER INC.
/s/ By:	/s/ --- By:
Its:	Its:
CAMAS POWER BOILER LP	CAPISTRANO COGENERATION COMPANY
/s/ By:	/s/ --- By:
Its:	Its:

CHICKAHOMINY RIVER ENERGY CORP.	CLARK POWER LLC
/s/	/s/
By:	By:
Its:	Its:
COBEE ENERGY DEVELOPMENT LLC	COBEE HOLDINGS INC.
/s/	/s/
By:	By:
Its:	Its:
COBEE HOLDINGS INC.	COMMONWEALTH ATLANTIC LIMITED PARTNERSHIP
/s/	/s/
By:	By:
Its:	Its:
COMMONWEALTH ATLANTIC POWER LLC	CONEMAUGH POWER LLC
/s/	/s/
By:	By:
Its:	Its:
CONNECTICUT JET POWER LLC	DENVER CITY ENERGY ASSOCIATES L.P.
/s/	/s/
By:	By:
Its:	Its:

DEVON POWER LLC	DUNKIRK POWER LLC
/s/	/s/
By:	By:
Its:	Its:
EASTERN SIERRA ENERGY COMPANY	EL SEGUNDO POWER II LLC
/s/	/s/
By:	By:
Its:	Its:
EL SEGUNDO POWER II LLC	EL SEGUNDO POWER LLC
/s/	/s/
By:	By:
Its:	Its:
ELK RIVER RESOURCE RECOVERY, INC.	ENFIELD OPERATIONS, LLC
/s/	/s/
By:	By:
Its:	Its:

ENI CROCKETT LIMITED PARTNERSHIP	ENIFUND, INC.
/s/	/s/
By:	By:
Its:	Its:
ENIGEN INC.	ESOCO MOLOKAI, INC.
/s/	/s/
By:	By:
Its:	Its:
ESOCO ORRINGTON, INC.	ESOCO SOLEDAD, INC.
/s/	/s/
By:	By:
Its:	Its:
ESOCO, INC.	GPP INVESTORS I, LLC
/s/	/s/
By:	By:
Its:	Its:
GRANITE II HOLDING, LLC	GRANITE POWER PARTNERS II, L.P.
/s/	/s/
By:	By:
Its:	Its:

HANOVER ENERGY COMPANY	HUNTLEY POWER LLC
/s/	/s/
By:	By:
Its:	Its:
INDIAN RIVER OPERATIONS INC.	INDIAN RIVER POWER LLC
/s/	/s/
By:	By:
Its:	Its:
JACKSON VALLEY ENERGY PARTNERS, L.P.	JAMES RIVER COGENERATION COMPANY
/s/	/s/
By:	By:
Its:	Its:
JAMES RIVER POWER LLC	KAUFMAN COGEN LP
/s/	/s/
By:	By:
Its:	Its:
KEYSTONE POWER LLC	KISSIMMEE POWER PARTNERS, LIMITED PARTNERSHIP
/s/	/s/
By:	By:
Its:	Its:

LAKEFIELD JUNCTION LLC	LONG BEACH GENERATION LLC
/s/ By:	/s/ --- By:
Its:	Its:
LOUISIANA GENERATING LLC	LS POWER MANAGEMENT, LLC
/s/ By:	/s/ --- By:
Its:	Its:
LSP BATESVILLE FUNDING CORPORATION	LSP BATESVILLE HOLDING LLC
/s/ By:	/s/ --- By:
Its:	Its:
LSP ENERGY INC.	LSP ENERGY LP
/s/ By:	/s/ --- By:
Its:	Its:
LSP EQUIPMENT, LLC	LSP-DENVER CITY, INC.
/s/ By:	/s/ --- By:
Its:	Its:

LSP-HARDEE ENERGY, LLC	LSP-KENDALL ENERGY, LLC
/s/	/s/
By:	By:
Its:	Its:
LSP-NELSON ENERGY, LLC	LSP-PIKE ENERGY, LLC
/s/	/s/
By:	By:
Its:	Its:
MERIDEN GAS TURBINES LLC	MIDATLANTIC GENERATION HOLDING LLC
/s/	/s/
By:	By:
Its:	Its:
MID-CONTINENT POWER COMPANY, LLC	MIDDLETOWN POWER LLC
/s/	/s/
By:	By:
Its:	Its:
MINNESOTA WASTE PROCESSING COMPANY, LLC	MM FT. SMITH ENERGY, LLC
/s/	/s/
By:	By:
Its:	Its:

MONTVILLE POWER LLC	NEO ALBANY, LLC
/s/	/s/
By:	By:
Its:	Its:
NEO BURNSVILLE, LLC	NEO CALIFORNIA POWER LLC
/s/	/s/
By:	By:
Its:	Its:
NEO CHESTER-GEN LLC	NEO CORONA LLC
/s/	/s/
By:	By:
Its:	Its:
NEO CORPORATION	NEO CUYAHOGA, LLC
/s/	/s/
By:	By:
Its:	Its:
NEO EDGEBORO, LLC	NEO ERIE LLC
/s/	/s/
By:	By:
Its:	Its:

NEO FITCHBURG LLC	NEO FREEHOLD-GEN LLC
/s/	/s/
By:	By:
Its:	Its:
NEO FT. SMITH LLC	NEO HACKENSACK, LLC
/s/	/s/
By:	By:
Its:	Its:
NEO HARTFORD, LLC	NEO LANDFILL GAS HOLDINGS INC.
/s/	/s/
By:	By:
Its:	Its:
NEO LANDFILL GAS INC.	NEO LOPEZ CANYON LLC
/s/	/s/
By:	By:
Its:	Its:
NEO LOWELL LLC	NEO NASHVILLE LLC
/s/	/s/
By:	By:
Its:	Its:

NEO PHOENIX LLC	NEO POWER SERVICES INC.
/s/	/s/
By:	By:
Its:	Its:
NEO PRIMA DESHECHA LLC	NEO PRINCE WILLIAM, LLC
/s/	/s/
By:	By:
Its:	Its:
NEO RIVERSIDE LLC	NEO SAN DIEGO LLC
/s/	/s/
By:	By:
Its:	Its:
NEO SKB LLC	NEO SPOKANE LLC
/s/	/s/
By:	By:
Its:	Its:
NEO TACOMA, LLC	NEO TAJIGUAS LLC
/s/	/s/
By:	By:
Its:	Its:

NEO TAUNTON LLC	NEO TOLEDO-GEN LLC
/s/	/s/
By:	By:
Its:	Its:
NEO TOMOKA FARMS LLC	NEO TULARE LLC
/s/	/s/
By:	By:
Its:	Its:
NEO WEST COVINA LLC	NEO WOODVILLE LLC
/s/	/s/
By:	By:
Its:	Its:
NEO YOLO LLC	NEO-MONTAUK GENCO MANAGEMENT LLC
/s/	/s/
By:	By:
Its:	Its:
NORTHEAST GENERATION HOLDING LLC	NORWALK POWER LLC
/s/	/s/
By:	By:
Its:	Its:

NRG AFFILIATE SERVICES INC.	NRG ARTHUR KILL OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:
NRG ASHTABULA GENERATING LLC	NRG ASHTABULA OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:
NRG ASIA-PACIFIC LTD.	NRG ASTORIA GAS TURBINE OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:
NRG AUDRAIN GENERATING LLC	NRG AUDRAIN HOLDING LLC
/s/	/s/
By:	By:
Its:	Its:
NRG BATESVILLE LLC	NRG BAY SHORE OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:

NRG BAYOU COVE LLC	NRG BOURBONNAIS EQUIPMENT LLC
/s/ By:	/s/ --- By:
Its:	Its:
NRG BOURBONNAIS LLC	NRG BRAZOS VALLEY GP LLC
/s/ By:	/s/ --- By:
Its:	Its:
NRG BRAZOS VALLEY LP LLC	NRG BRAZOS VALLEY TECHNOLOGY LP LLC
/s/ By:	/s/ --- By:
Its:	Its:
NRG CADILLAC INC.	NRG CAPITAL II LLC
/s/ By:	/s/ --- By:
Its:	Its:
NRG CAPITAL LLC	NRG CENTRAL U.S. LLC
/s/ By:	/s/ --- By:
Its:	Its:

NRG COMLEASE LLC	NRG CONNECTICUT AFFILIATE SERVICES
/s/ By: Its:	/s/ --- By: Its:
NRG CONNECTICUT EQUIPMENT LLC	NRG CONNECTICUT EQUIPMENT LLC
/s/ By: Its:	/s/ --- By: Its:
NRG CONNECTICUT GENERATING LLC	NRG DEVELOPMENT COMPANY INC.
/s/ By: Its:	/s/ --- By: Its:
NRG DEVON OPERATIONS INC.	NRG DUNKIRK OPERATIONS INC.
/s/ By: Its:	/s/ --- By: Its:
NRG EASTERN LLC	NRG EASTLAKE OPERATIONS INC.
/s/ By: Its:	/s/ --- By: Its:

NRG ENERGY CENTER HARRISBURG, INC.	NRG ENERGY CENTER DOVER LLC
/s/	/s/
By:	By:
Its:	Its:
NRG ENERGY CENTER MINNEAPOLIS LLC	NRG ENERGY CENTER PAXTON, INC.
/s/	/s/
By:	By:
Its:	Its:
NRG ENERGY CENTER PITTSBURGH LLC	NRG ENERGY CENTER ROCK TENN LLC
/s/	/s/
By:	By:
Its:	Its:
NRG ENERGY CENTER SAN DIEGO LLC	NRG ENERGY CENTER SAN FRANCISCO LLC
/s/	/s/
By:	By:
Its:	Its:
NRG ENERGY CENTER SMYRNA LLC	NRG ENERGY CENTER WASHCO LLC
/s/	/s/
By:	By:
Its:	Its:

NRG ENERGY JACKSON VALLEY I, INC.	NRG ENERGY JACKSON VALLEY II, INC.
/s/	/s/
By:	By:
Its:	Its:
NRG ENERGY JACKSON VALLEY II, INC.	NRG ENERGY JACKSON VALLEY, INC.
/s/	/s/
By:	By:
Its:	Its:
NRG EQUIPMENT COMPANY LLC	NRG FINANCE COMPANY I LLC
/s/	/s/
By:	By:
Its:	Its:
NRG GILA BEND HOLDINGS INC.	NRG GILA BEND HOLDINGS, INC.
/s/	/s/
By:	By:
Its:	Its:
NRG GRANITE ACQUISITION LLC	NRG HUNTLEY OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:

NRG ILION LIMITED PARTNERSHIP	NRG ILION LP LLC
/s/ By:	/s/ --- By:
Its:	Its:
NRG INTERNATIONAL DEVELOPMENT INC.	NRG INTERNATIONAL II INC.
/s/ By:	/s/ --- By:
Its:	Its:
NRG INTERNATIONAL III INC.	NRG INTERNATIONAL INC.
/s/ By:	/s/ --- By:
Its:	Its:
NRG INTERNATIONAL SERVICES COMPANY	NRG INTERNATIONAL SERVICES COMPANY
/s/ By:	/s/ --- By:
Its:	Its:
NRG KAUFMAN LLC	NRG LAKEFIELD INC.
/s/ By:	/s/ --- By:
Its:	Its:

NRG LAKEFIELD JUNCTION LLC	NRG LAKESHORE GENERATING LLC
/s/	/s/
By:	By:
Its:	Its:
NRG LAKESHORE OPERATIONS INC.	NRG LATIN AMERICA INC.
/s/	/s/
By:	By:
Its:	Its:
NRG LATIN AMERICA, INC.	NRG LOUISIANA LLC
/s/	/s/
By:	By:
Its:	Its:
NRG MCCLAIN LLC	NRG MESQUITE LLC
/s/	/s/
By:	By:
Its:	Its:
NRG MEXTRANS INC.	NRG MIDATLANTIC AFFILIATE SERVICES INC.
/s/	/s/
By:	By:
Its:	Its:

NRG MIDATLANTIC GENERATING LLC	NRG MIDATLANTIC LLC
/s/	/s/
By:	By:
Its:	Its:
NRG MIDDLETOWN OPERATIONS INC.	NRG MONTVILLE OPERATIONS INC.
/S/	/S/
BY:	BY:
ITS:	ITS:
NRG NELSON TURBINES LLC	NRG NEW JERSEY ENERGY SALES LLC
/S/	/S/
BY:	BY:
ITS:	ITS:
NRG NEW ROADS GENERATING LLC	NRG NEW ROADS HOLDINGS LLC
/S/	/S/
BY:	BY:
ITS:	ITS:
NRG NEWBERRY GENERATION LLC	NRG NORTH CENTRAL OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:

NRG NORTHEAST AFFILIATE SERVICES INC.	NRG NORTHEAST GENERATING LLC
/s/	/s/
By:	By:
Its:	Its:
NRG NORTHERN OHIO GENERATING LLC	NRG NORWALK HARBOR OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:
NRG OHIO ASH DISPOSAL LLC	NRG OPERATING SERVICES, INC.
/s/	/s/
By:	By:
Its:	Its:
NRG OSWEGO HARBOR POWER OPERATIONS INC.	NRG PACGEN INC.
/s/	/s/
By:	By:
Its:	Its:

NRG PEAKER FINANCE COMPANY LLC	NRG POWER MARKETING INC.
/s/	/s/
By:	By:
Its:	Its:
NRG POWER OPTIONS INC.	NRG PROCESSING SOLUTIONS LLC
/s/	/s/
By:	By:
Its:	Its:
NRG ROCKFORD ACQUISITION LLC	NRG ROCKFORD EQUIPMENT II LLC
/s/	/s/
By:	By:
Its:	Its:
NRG ROCKFORD EQUIPMENT LLC	NRG ROCKFORD II LLC
/s/	/s/
By:	By:
Its:	Its:
NRG ROCKFORD LLC	NRG ROCKY ROAD LLC
/s/	/s/
By:	By:
Its:	Its:

NRG SABINE RIVER WORKS GP LLC	NRG SABINE RIVER WORKS LP LLC
/s/ By:	/s/ --- By:
Its:	Its:
NRG SERVICES CORPORATION	NRG SOUTH CENTRAL AFFILIATE SERVICES INC.
/s/ By:	/s/ --- By:
Its:	Its:
NRG SOUTH CENTRAL GENERATING LLC	NRG SOUTH CENTRAL OPERATIONS INC.
/s/ By:	/s/ --- By:
Its:	Its:
NRG STERLINGTON POWER LLC	NRG SUNNYSIDE OPERATIONS GP INC.
/s/ By:	/s/ --- By:
Its:	Its:
NRG SUNNYSIDE OPERATIONS LP INC.	NRG TELOGIA POWER LLC
/s/ By:	/s/ --- By:
Its:	Its:

NRG TELOGIA POWER LLC	NRG THERMAL CORPORATION
/s/	/s/
By:	By:
Its:	Its:
NRG THERMAL OPERATING SERVICES LLC	NRG THERMAL SERVICES, INC.
/s/	/s/
By:	By:
Its:	Its:
NRG TURBINES LLC	NRG VALMY POWER HOLDINGS LLC
/s/	/s/
By:	By:
Its:	Its:
NRG VALMY POWER LLC	NRG WEST COAST INC.
/s/	/s/
By:	By:
Its:	Its:
NRG WESTERN AFFILIATE SERVICES INC.	NRG WOODLAND OPERATIONS LLC
/s/	/s/
By:	By:
Its:	Its:

O BRIEN COGENERATION, INC. II	OKEECHOBEE POWER I, INC.
/s/	/s/
By:	By:
Its:	Its:
OKEECHOBEE POWER II, INC.	OKEECHOBEE POWER III, INC.
/s/	/s/
By:	By:
Its:	Its:
ONSITE ENERGY, INC.	ONSITE MARIANAS CORPORATION
/s/	/s/
By:	By:
Its:	Its:
ORRINGTON WASTE, LTD. LIMITED PARTNERSHIP	OSWEGO HARBOR POWER LLC
/s/	/s/
By:	By:
Its:	Its:
PACIFIC CROCKETT ENERGY INC.	PACIFIC CROCKETT HOLDINGS, INC.
/s/	/s/
By:	By:
Its:	Its:

PACIFIC GENERATION COMPANY	PACIFIC GENERATION DEVELOPMENT COMPANY
/s/	/s/
By:	By:
Its:	Its:
PACIFIC GENERATION HOLDINGS COMPANY	PACIFIC GENERATION RESOURCES COMPANY
/s/	/s/
By:	By:
Its:	Its:
PACIFIC KINGSTON ENERGY, INC.	PACIFIC ORRINGTON ENERGY, INC.
/s/	/s/
By:	By:
Its:	Its:
PACIFIC-MT. POSO CORPORATION	PACIFIC-MT. POSO CORPORATION
/s/	/s/
By:	By:
Its:	Its:

PENOBSCOT ENERGY RECOVERY COMPANY LIMITED PARTNERSHIP	REID GARDNER POWER LLC
/s/	/s/
By:	By:
Its:	Its:
ROCKY ROAD POWER, LLC	SAGUARO POWER COMPANY, L.P.
/s/	/s/
By:	By:
Its:	Its:
SAGUARO POWER LLC	SAN BERNARDINO LANDFILL GAS LIMITED PARTNERSHIP
/s/	/s/
By:	By:
Its:	Its:
SAN JOAQUIN VALLEY ENERGY I, INC.	SAN JOAQUIN VALLEY ENERGY I, INC.
/s/	/s/
By:	By:
Its:	Its:
SAN JOAQUIN VALLEY ENERGY IV, INC.	SOMERSET OPERATIONS INC.
/s/	/s/
By:	By:
Its:	Its:

SOMERSET POWER LLC	SOUTH CENTRAL GENERATION HOLDING LLC
/s/	/s/
By:	By:
Its:	Its:
SOUTHWEST GENERATION LLC	SOUTHWEST POWER HOLDINGS LLC
/s/	/s/
By:	By:
Its:	Its:
STATOIL ENERGY POWER/ PENNSYLVANIA, INC.	TACOMA ENERGY RECOVERY COMPANY
/s/	/s/
By:	By:
Its:	Its:
TELOGIA POWER INC.	TERMO SANTANDER HOLDING (ALPHA) LLC
/s/	/s/
By:	By:
Its:	Its:

TIMBER ENERGY RESOURCES, INC.	VALMY POWER LLC
/s/	/s/
By:	By:
Its:	Its:
VIENNA OPERATIONS INC.	VIENNA POWER LLC
/s/	/s/
By:	By:
Its:	Its:
WCP (GENERATION) HOLDINGS LLC	WEST COAST POWER LLC
/s/	/s/
By:	By:
Its:	Its:

SCHEDULE A

(GLOBAL STEERING COMMITTEE)

Credit Suisse First Boston

ABN AMRO Bank N.V.
Abbey National Treasury Services plc
Australia & New Zealand Banking Group Limited
Bank of America N.A.
Barclays Bank plc
Citibank
Crédit Lyonnais
Deutsche Bank AG
Bayerische Hypo-Und Vereinsbank AG
ING Capital LLC
JP Morgan Chase
The Royal Bank of Scotland plc
Société Générale
TD Securities
Westdeutsche Landesbank Girozentrale, New York Branch

SCHEDULE B

(NOTES)

Issuance	Issue Amount	Indenture Date	Maturity
6.750% Senior Notes	$340 million	March 13, 2001; July 16, 2001	July 15, 2006
7.500% Senior Notes	$250 million	June 1, 1997	June 15, 2007
7.500% Senior Notes	$300 million	May 25, 1999	June 1, 2009
7.625% Senior Notes	$125 million	January 21, 1996	February 1, 2006
7.750% Senior Notes	$350 million	March 13, 2001; April 5, 2001	April 1, 2011
7.970% Senior Notes (ROARS)	$233 million	March 20, 2000	March 15, 2020
8.000% Senior Notes (ROARS)	$240 million	November 8, 1999	November 1, 2013
8.250% Senior Notes	$350 million	September 11, 2000	September 15, 2010
8.625% Senior Notes	$500 million	March 13, 2001; April 5, 2001; July 16, 2001	April 1, 2031
6.500% Equity Unit Bond	$287.5 million	March 13, 2001	May 16, 2006
8.700% Senior Notes (issued in connection with a certain debt and derivative transaction to synthetically issue £160 million debt)	$250 million	March 20, 2000	March 15, 2005

SCHEDULE 5(a)(i)

(CERTAIN OBLIGATIONS AND ARRANGEMENTS BETWEEN XCEL AND NRG)

GUARANTEES

Counterparty	Physical/ Financial	Commodity	Amount of Guaranty	Date Guaranty Expires or Expired (NOTE 'A')
AEP Energy Services, Inc.	FINANCIAL	ALL	$7,000,000	12/31/2002
American Electric Power Service Corp	FINANCIAL	ALL		
American Electric Power Service Corp	PHYSICAL	ELECTRIC		
Aquila Merchant Services, Inc.	FINANCIAL	ALL	$10,000,000	10/12/2002
Aquila Merchant Services, Inc.	PHYSICAL	ELECTRIC		
Aquila Merchant Services, Inc.	PHYSICAL	NAT GAS		
Bank of America, N.A.	FINANCIAL	ALL	$10,000,000	8/31/2003
Consolidated Edison Energy, Inc.	PHYSICAL	ELECTRIC	$10,000,000	12/31/2003
Constellation Power Source, Inc.	FINANCIAL	ALL	$15,000,000	7/31/2003
Constellation Power Source, Inc.	PHYSICAL	ELECTRIC		
Duke Energy Trading & Marketing LLC	FINANCIAL	ALL	$15,000,000	5/24/2003
Duke Energy Trading & Marketing LLC	PHYSICAL	ELECTRIC		
Duke Energy Trading & Marketing LLC	PHYSICAL	NAT GAS		
El Paso Merchant Energy, L.P.	FINANCIAL	ALL	$12,000,000	2/28/2002
El Paso Merchant Energy, L.P.	PHYSICAL	ELECTRIC		
El Paso Merchant Energy, L.P.	PHYSICAL	NAT GAS		
Entergy-Koch Trading, LP	FINANCIAL	ALL	$8,500,000	3/31/2003
Entergy-Koch Trading, LP	PHYSICAL	ELECTRIC		
Entergy-Koch Trading, LP	PHYSICAL	NAT GAS		
Exelon Generation Company, LLC	FINANCIAL	ALL	$7,000,000	3/31/2003
Exelon Generation Company, LLC	PHYSICAL	ELECTRIC		
HQ Energy Services (U.S.) Inc.	(tolling agmt)	(tolling agmt)	Terminated, Effective 11/30/02	(n/a)
J. Aron & Company	FINANCIAL	ALL	$10,000,000	1/31/2004
Morgan Stanley Capital Group Inc.	FINANCIAL	ALL	$15,000,000	9/30/2003
Morgan Stanley Capital Group Inc.	PHYSICAL	ELECTRIC		
PG&E Energy Trading — Gas Corporation	FINANCIAL	ALL	$2,000,000	12/31/2002
PG&E Energy Trading — Gas Corporation	PHYSICAL	NAT GAS		
PG&E Energy Trading — Power, L.P.	FINANCIAL	ALL	$9,000,000	12/31/2002
PG&E Energy Trading — Power, L.P.	PHYSICAL	ELECTRIC		
PJM Interconnection, LLC	FINANCIAL	ALL	$17,000,000	$12M 4/30/03,
PJM Interconnection, LLC	PHYSICAL	ELECTRIC		$5M 7/31/03
Select Energy, Inc.	FINANCIAL	ALL	$3,000,000	8/31/2002
Select Energy, Inc.	PHYSICAL	ELECTRIC		
Sprague Energy Corp.	FINANCIAL	ALL	$4,000,000	11/30/2003
Sprague Energy Corp.	PHYSICAL	NAT GAS		
Williams Energy Marketing & Trading	FINANCIAL	ALL	Terminated, Effective 11/15/02	n/a
Williams Energy Marketing & Trading	PHYSICAL	ELECTRIC		
Atlantic City Electric Company, dba Conectiv (BGS Auction)	FINANCIAL	ALL	$11,500,000	7/31/2003
NEPOOL	PHYSICAL	ELECTRIC	$60,000,000	12/31/2003
Obligation total, for the counterparties from above			$226,000,000	
Obligation total above covered under Xcel guaranties or assignments			$226,000,000	

NOTE "A":

Any transactions that were entered into with a CP on or before the expiration date of the guaranty will be covered through the duration of the trade(s) on an "evergreen" basis. Thus, for Aquila, El Paso, and PGET Power, all trade obligations of NRG were entered into prior to the expiration dates of those guaranties, even though the periods ultimately covered under those trade obligations are relatively far out into the future (to 12/03 for Aquila and PGET Power, to 12/06 for El Paso). The inclusion of a guaranty or other item on this Schedule VI.D. which has expired shall not be deemed a statement that such guaranty or other item is otherwise effective or in force or effect.

Bonds

Bond Number	Principal	Amount	Description	Obligee	Eff Date	Exp Date	Premium	Surety	Div.	Indemnity
INDEMNIFIED BY XCEL ENERGY:										
ST. PAUL BONDS										
400SD3190	NRG Processing Solutions LLC	$ 20,000.00	License Bond	Hennepin County	6/30/2002	6/30/2003	$ 200.00	St. Paul	NRG	Yes
400SF4076	NRG Energy Center Pittsburgh	$ 75,000.00	Street Opening Bond	City of Pittsburgh	5/15/2002	5/15/2003	$ 300.00	St. Paul	NRG	Yes
400SH7762	Meriden Gas Turbines, LLC	$ 876,800.00	Subdivision Bond	City of Meriden	8/24/2001	8/24/2003	$1,754.00	St. Paul	NRG	Yes
400SH7763	Meridan Gas Turbines, LLC	$ 768,490.00	Subdivision Bond	City of Meriden	8/24/2001	8/24/2003	$1,537.00	St. Paul	NRG	Yes
Sub-Total St. Paul		$1,740,290.00					$3,791.00			
SAFECO BONDS										
6161831	Xcel Energy, Inc.	$ 20,000.00	Solid Waste Facility Bond	County of Hennepin	8/9/2002	8/9/2003	$ 200.00	Safeco	NRG	Yes
Sub-Total Safeco		$ 20,000.00					$ 200.00			
CNA BONDS										
929214989	NRG Energy Center	$ 100,000.00	Highway Occupancy Permit Obligation Bond	PA Dept. of Trans.	9/21/2002	9/21/2003	$ 450.00	CNA	NRG	Yes
929215308	NRG Power Marketing, Inc.	$ 250,000.00	License Bond	Pennsylvania Public Utility Commission	9/12/2002	9/12/2003	$ 2,250.00	CNA	NRG	Yes
929215309	NRG Energy Center San Diego LLC	$ 5,000.00	Franchise Bond	City of San Diego	9/2/2002	9/2/2003	$ 100.00	CNA	NRG	Yes
929222788	NRG Processing Solutions LLC	$ 100,000.00	Tree & Yard Waste Permit Bond	Scott County	10/12/2002	10/12/2003	$ 560.00	CNA	NRG	Yes
929222789	NRG Processing Solutions LLC	$ 45,000.00	Yard Waste Composting & Processing Facility Permit Bond	Dakota County	10/10/2002	10/10/2003	$ 252.00	CNA	NRG	Yes
929222790	NRG Processing Solutions LLC	$ 72,400.00	Solid Waste Facility Permit Bond	Dakota County	10/10/2002	10/10/2003	$ 405.00	CNA	NRG	Yes
929222795	NRG Power Marketing, Inc.	$1,000,000.00	Bond of Distributor of Automotive Fuel	State of New York	10/12/2002	10/12/2003	$ 2,250.00	CNA	NRG	Yes
929222796	NRG Power Marketing Inc.	$1,000,000.00	Motor Fuels Tax Bond	State of New Jersey	10/12/2002	10/12/2003	$ 2,250.00	CNA	NRG	Yes
929224970	NRG Processing Solutions LLC	$ 100,000.00	Waste Facility License & Permit Bond	County of Anoka	11/17/2002	11/17/2003	$ 560.00	CNA	NRG	Yes
929224971	NRG Processing Solutions LLC	$ 25,000.00	Waste Facility License/ Permit Bond	County of Anoka	11/17/2002	11/17/2003	$ 140.00	CNA	NRG	Yes
929224973	El Segundo Power LLC	$ 10,000.00	Lease Bond	State of California	11/9/2002	11/9/2003	$ 100.00	CNA	NRG	Yes

Bond Number	Principal	Amount	Description	Obligee	Eff Date	Exp Date	Premium	Surety	Div.	Indemnity
929224975	MM SKB Energy LLC	$ 19,215.00	Processing Facility Bond	Commonwealth of PA	11/25/2002	11/25/2003	$ 108.00	CNA	NRG	Yes
929224986	Dunkirk Power LLC	$ 25,000.00	Bond of Distributor of Automotive Fuel	State of New York	1/1/2003	1/1/2004	$ 100.00	CNA	NRG	Yes
929224987	Huntley Power LLC	$ 35,000.00	Bond of Distributor of Automotive Fuel	Sate of New York	1/2/2003	1/3/2004	$ 100.00	CNA	NRG	Yes
929225083	NRG Northeast Affiliate Services, Inc.	$ 29,000.00	Workers' Compensation Bond	State of New York	12/31/2002	12/31/2003	$ 351.00	CNA	NRG	Yes
929231861	NRG Ilion LP LLC	$ 52,308.00	Utility Payment Bond	Niagra Mohawk Power Corp.	12/12/2002	12/12/2003	$ 471.00	CNA	NRG	Yes
929239784	NRG Energy Center Pittsburgh LLC	$ 80,000.00	Highway Restoration & Maintenance Bond	Commonwealth of PA	6/18/2002	6/18/2003	$ 160.00	CNA	NRG	Yes
929239794	Dunkirk Power, LLC	$ 53,000.00	Mined Land Reclamation Bond	State of New York	5/15/2002	5/15/2003	$ 106.00	CNA	NRG	Yes
929239797	Cabrillo Power LLC	$ 100,000.00	Lease Bond	State of California	5/21/2002	5/21/2003	$ 175.00	CNA	NRG	Yes
929239799	NRG Energy	$1,500,000.00	Permit Bond	City of St. Paul, MN	5/23/2002	5/23/2003	$ 2,625.00	CNA	NRG	Yes
929242598	Arthur Kill Power LLC	$ 10,000.00	Performance Bond	Department of Energy Conservation	3/18/2002	3/18/2003	$ 50.00	CNA	NRG	Yes
Sub-Total CNA		$4,610,923.00					13,563.00			
TOTAL INDEMNIFIED BY XCEL ENERGY		**$ 6,371,213.00**					**$ 17,554.00**			
NON-INDEMNIFIED BONDS										
U668424	NRG Energy, Inc.	$ 30,000.00	Solid Waste Management Bond	County of Washington	1/20/1999	1/20/2004	$ 400.00	Reliance	NRG	No
Total All NRG Bonds		**$6,401,213.00**					**$ 17,954.00**			

OTHER INDEMNIFICATION OBLIGATIONS

Agreement and Consent for Transfer to NRG between Northern States Power Company, NRG Energy, Inc., Anoka County, Hennepin County, Sherburne County, and Tri-County Solid Waste Management Committee dated on or about August 20, 2001.

Affirmation Agreement between Northern States Power Company and NRG Energy, Inc. dated August 8, 1993.

OTHER GUARANTY AND CREDIT SUPPORT OBLIGATIONS

Guarantees of employment agreements for three NRG employees.

Deposit in the amount of $5,162,790 relating to security deposit posted by an Xcel subsidiary in connection with a certain purchase agreement between such subsidiary and General Electric International, Inc., dated October 3, 2000

SCHEDULE 5(b)(i)

(INTERCOMPANY CLAIMS OWING TO XCEL)

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with various payments made by Xcel in connection with the Guarantees.

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with the Services Agreement.

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with various Northern States Power Company and other agreements listed on Schedule 8(m).

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with various engineering services.

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with e prime.

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with NSP-Wisconsin.

All amounts owed by NRG or any Affiliate to Xcel or any Affiliate in connection with PSCo.

All amounts, if any, owed by NRG or any Affiliate to Xcel or any Affiliate for NRG's own utility usage.

SCHEDULE 8(m)

(ASSUMED AGREEMENTS)

Agreement for the Use and Operation of Certain Facilities Located at the High Bridge Plant between Northern States Power Company and NRG Energy Center — Rock Tenn LLC, dated Jan. 23, 2002.

Agreement for the Sale of Thermal Energy and Wood Byproduct between Northern States Power Company and NRG Thermal f/k/a Norenco Corporation, dated November 16, 1989.

Refuse Derived Fuel Supply Agreement between Northern States Power Company and NRG Resource Recovery, Inc." (not dated) (Term: 1-1-1992 to 12-31-2001, automatically renewing for five year terms thereafter, unless terminated by six month written notice.)

Lease and Agreement between Northern States Power Company and Minnesota Waste Processing Company, L.L.C. dated September 13, 1994.

Lease and Agreement between Northern States Power Company and NRG Energy Inc. dated July 21, 1997.

Short Term Coal Agreement for the Sale of Coal from Northern States Power Company (dba Xcel Energy, Seller) to NRG Energy Center-Rock Tenn LLC (Buyer) dated January 6, 2003.

Letter Agreement between e prime and NRG Energy, Inc. dated on or about February 25, 2003.

Agreement For Consulting Services Between NRG Energy, Inc. And Utility Engineering Corporation dated May 22, 2000.

EXHIBIT A

(9019 MOTION)

EXHIBIT B

(BALLOTS)

EXHIBIT C

(BAR DATE ORDER)

EXHIBIT D

(CONFIRMATION ORDER)

Provisions which must be contained in the Confirmation Order:

The Support Agreement Claims belong solely and exclusively to NRG and not to any creditor of NRG or of any other NRG Entity, and the Support Agreement Claims are fully released as to all entities as of the Effective Date, subject to payment in full of the Support Agreement Amount.

The Xcel Tax Benefit shall be the sole and exclusive property of Xcel, and the NRG Entities and any party claiming by or through them hereby release any right or interest that they might otherwise have in the Xcel Tax Benefit.

NRG and its direct and indirect subsidiaries shall not be (a) reconsolidated with Xcel or any of its other Affiliates for tax purposes at any time after their March, 2001 deconsolidation unless otherwise required by state or local tax law, or (b) treated as a party to or otherwise entitled to the benefits of any tax sharing agreement with Xcel, other than the Tax Matters Agreement.

A provision approving and fully incorporating all provisions set forth in Sections 9.2 and 9.3 of the NRG Plan.

A provision mandating that the NRG Released Causes of Action are released.

A provision approving this Agreement, the Employee Matters Agreement, the Release-Based Amount Agreement, the Tax Matters Agreement, the Xcel Plan Note, and all other agreements and documents contemplated by this Agreement or the Separate Bank Release Agreement.

A finding and holding that the right and obligation of any holder of a NRZ equity unit to purchase common shares of Xcel was terminated as of the Petition Date.

A provision approving the assumption by the Debtors of the Assumed Agreements and requiring the prompt payment by the Debtors in cash of the Cure Obligations upon entry of the Confirmation Order.

A provision mandating that any agreement between the Debtors and Xcel (or any Affiliate) that is not an Assumed Agreement shall be rejected by the Debtors as of the Effective Date.

A finding that this Agreement, and the payments by Xcel and releases provided by Xcel hereunder, constitute a direct benefit to NRG and an indirect benefit to each of the other NRG Entities including the Non-Plan Debtors.

A finding that this Agreement is essential and integral to the NRG Plan.

A provision approving the 9019 Motion.

A provision providing that the automatic stay in the Non-Plan Debtors' Chapter 11 Cases, to the extent applicable, be modified to the extent necessary to permit Xcel to exercise any and all rights it has with respect to the D&O Policies.

EXHIBIT E

(DISCLOSURE STATEMENT)

EXHIBIT F

(DISCLOSURE STATEMENT ORDER)

EXHIBIT G

(EMPLOYEE MATTERS AGREEMENT)

EXHIBIT H

(NRG PLAN)

EXHIBIT I

(RELEASE-BASED AMOUNT AGREEMENT)

EXHIBIT J

(SEPARATE BANK RELEASE AGREEMENT)

EXHIBIT K

(TAX MATTERS AGREEMENT)

EXHIBIT L

(XCEL PLAN NOTE)

EXHIBIT J

SCHEDULE OF GLOBAL STEERING COMMITTEE

GLOBAL STEERING COMMITTEE

Credit Suisse First Boston

ABN AMRO Bank N.V.
Abbey National Treasury Services plc
Australia & New Zealand Banking Group Limited
Bank of America N.A.
Barclays Bank plc
Citibank
Crédit Lyonnais
Deutsche Bank AG
Bayerische Hypo-Und Vereinsbank AG
ING Capital LLC
JP Morgan Chase
The Royal Bank of Scotland plc
Société Générale
TD Securities
Westdeutsche Landesbank Girozentrale, New York Branch

EXHIBIT K

SCHEDULE OF NRG UNDETERMINED GUARANTIES

SCHEDULE K

NRG ENERGY, INC.
NRG GUARANTY OBLIGATIONS

Treatment to be Determined

Index	Project	Guarantee Name
(1)	Mid-Atlantic	Guaranty executed by NRG Energy, Inc. guaranteeing the obligations of NRG MidAtlantic Generating LLC on November 13, 2000 pursuant to Section 3.01 of the Loan Agreement in regards to interest and principle due to the lenders and Administrative Agent. (Approximate Amount: $24 MM)
(2)	NE Genco	Guarantee executed by NRG Energy, Inc. guaranteeing the obligation of NRG Northeast Generating LLC to fund the debt service reserve required by the bond indenture, on February 18, 2002, pursuant to paragraph 2.01 of the Debt Service Reserve Guarantee Agreement.
(4)	South Central Generating LLC	Guarantee executed by NRG Energy, Inc. guaranteeing the obligation of NRG South Central Generating LLC to fund a debt service reserve, on March 30, 2000, pursuant to paragraph 2.01 of the “Acceptable Guarantee” associated with the bond indenture.

EXHIBIT L

SCHEDULE OF CANCELLED INTERCOMPANY CLAIMS

SCHEDULE L

CLASS 8A — CANCELLED INTERCOMPANY BALANCES

Debtor	To	Balance
NRG Energy Inc.	Arthur Kill Power LLC - WIRE	(96,403,153)
NRG Energy Inc.	Astoria Gas Turbine Power LLC	(327,238,634)
NRG Energy Inc.	Big Cajun I Peaking Power LLC	(6,570,785)
NRG Energy Inc.	Connecticut Jet Power LLC	(692,957)
NRG Energy Inc.	Dunkirk Power LLC	(44,628,139)
NRG Energy Inc.	Elims-LSP Assets-Tier 2	(1,000)
NRG Energy Inc.	GPP Investors I LLC	(6,521,838)
NRG Energy Inc.	Granite II Holding LLC	(12,380,404)
NRG Energy Inc.	Granite Power Partners II, LP	(75,542,299)
NRG Energy Inc.	Huntley Power LLC.	(22,997,791)
NRG Energy Inc.	James River Power LLC	(1,884,786)
NRG Energy Inc.	LSP Energy LP	(38,906,968)
NRG Energy Inc.	Newport RDF	(34,590,121)
NRG Energy Inc.	Northeast Generation Holding L	(279,857)
NRG Energy Inc.	NRG Audrain Generating LLC	(210,634,095)
NRG Energy Inc.	NRG Becker	(2,375,144)
NRG Energy Inc.	NRG Comlease LLC	(59,847)
NRG Energy Inc.	NRG Eastern LLC	(365,153,597)
NRG Energy Inc.	NRG Elk River RRF	(182,694)
NRG Energy Inc.	NRG Energy Center Grand Forks	(2,285,878)
NRG Energy Inc.	NRG Energy Center RockTenn LLC	(22,513,080)
NRG Energy Inc.	NRG Energy Center Washco LLC	(3,143,213)
NRG Energy Inc.	NRG Equipment Company LLC	(8,785,047)
NRG Energy Inc.	NRG Finance Company 1	(730,733,145)
NRG Energy Inc.	NRG International Inc.	(2,011,403)
NRG Energy Inc.	NRG Mesquite LLC	(1,000)
NRG Energy Inc.	NRG Rockford Equipment II LLC	(221,180)
NRG Energy Inc.	NRG Rockford II LLC	(4,520,788)
NRG Energy Inc.	NRG Rockford LLC	(38,462,763)
NRG Energy Inc.	NRG Rocky Road LLC	(16,272,758)
NRG Energy Inc.	NRG Saguaro LLC	(1,162,122)
NRG Energy Inc.	NRG Woodland Operations LLC	(146,185)
NRG Finance Company 1	NRG Turbines LLC	(201,134,995)
NRG Finance Company 1	LSP-Nelson Energy LLC	(389,074,709)
NRG Finance Company 1	NRG Audrain Generating LLC	(1,942,826)
NRG Finance Company 1	NRG Capital LLC	(7,482,586)
NRG Finance Company 1	LSP-Pike Energy LLC	(259,566,538)
NRG Capital LLC	NRG Energy Inc.	(8,159,948)
NRG Capital LLC	NRG Audrain Generating LLC	(5,142,403)
		(2,949,806,672)

EXHIBIT M

SCHEDULE OF REINSTATED INTERCOMPANY CLAIMS

SCHEDULE M

CLASS 8B — REINSTATED INTERCOMPANY BALANCES

Debtor	To	Balance
NRG Energy Inc.	Eastern Sierra Energy	(2,212,949)
NRG Energy Inc.	Energy National Inc.	(10,610,240)
NRG Energy Inc.	Enigen Inc.	(240,320)
NRG Energy Inc.	Esoco Inc.	(51,127)
NRG Energy Inc.	Esoco Orrington Inc.	(1,511,019)
NRG Energy Inc.	Kladno Power #2 B.V.	(107,005)
NRG Energy Inc.	Lambique Beheer B.V.	(77,242)
NRG Energy Inc.	LSP-Denver City Inc	(53,402)
NRG Energy Inc.	NEO California Power LLC-Chow	(13,087,642)
NRG Energy Inc.	NEO California Power LLC-Red B	(3,123,602)
NRG Energy Inc.	NEO Fort Smith LLC	(53,613)
NRG Energy Inc.	NEO Freehold Gen LLC	(433,718)
NRG Energy Inc.	NEO Hartford LLC	(283)
NRG Energy Inc.	NEO Landfill Gas	(18,893,722)
NRG Energy Inc.	NEO Prince William LLC	(165)
NRG Energy Inc.	NEO Spokane LLC	(383)
NRG Energy Inc.	NEO Statoil Energy Field Svcs	(154,197)
NRG Energy Inc.	NEO Tomoka Farms LLC	(0)
NRG Energy Inc.	North Central Operations Inc	(52,414)
NRG Energy Inc.	NRG Cabrillo Powers Ops Inc.	(4,616,913)
NRG Energy Inc.	NRG Cadillac Operations, Inc	(430,310)
NRG Energy Inc.	NRG Conn. Aff. Serv. Inc.	(15,284,823)
NRG Energy Inc.	NRG Devon Operations Inc. - Wi	(1,161,673)
NRG Energy Inc.	NRG El Segundo Operations Inc.	(6,959,046)
NRG Energy Inc.	NRG Energy Center Harrisburg I	(2,432,323)
NRG Energy Inc.	NRG Energy Center Paxton Inc.	(1,469,066)
NRG Energy Inc.	NRG Energy Development BV	(15,484)
NRG Energy Inc.	NRG Energy Ltd.	(36,277)
NRG Energy Inc.	NRG JV I	(396,754)
NRG Energy Inc.	NRG Latin America Inc.	(5,271,086)
NRG Energy Inc.	NRG Mid Atlantic Affiliate Ser	(2,994,875)
NRG Energy Inc.	NRG Operating Services	(54,277,814)
NRG Energy Inc.	NRG Oswego Harbor Power Operat	(1,927,538)
NRG Energy Inc.	NRG South Central Operations I	(350,052)
NRG Energy Inc.	NRG Sunnyside Op LP, Inc.	(216,392)
NRG Energy Inc.	NRG Sunnyside Op, GP Inc.	(58,994)
NRG Energy Inc.	NRGenerating Holdings #24 BV	(528)
NRG Energy Inc.	NRGenerating International B.V	(25,019,961)
NRG Energy Inc.	NRGenerating Luxembourg (No 4)s	(769)
NRG Energy Inc.	NRGenerating Luxembourg (No 5)s	(88,639)
NRG Energy Inc.	O'Brien Cogen, Inc. II	(3,306,845)
NRG Energy Inc.	Okeechobee Power II, Inc.	(1,527)
NRG Energy Inc.	Okeechobee Power III, Inc.	(122,600)
NRG Energy Inc.	OKOCHOBEE POWER I	(967,930)

CLASS 8B — REINSTATED INTERCOMPANY BALANCES

Debtor	To	Balance
NRG Energy Inc.	Onsite Energy Inc.	(384,019)
NRG Energy Inc.	PacGen Co.	(26,645,823)
NRG Energy Inc.	PacGen Holdings Inc.	(18,500,064)
NRG Energy Inc.	Pacific Mt. Poso Corp	(28,348,023)
NRG Energy Inc.	Pacific Orrington Energy, Inc.	(136,523)
NRG Energy Inc.	Power Operations Inc.	(488,992)
NRG Energy Inc.	Saale Energie Services GmbH	(290,502)
NRG Energy Inc.	Saguaro Operations Inc	(278,718)
NRG Energy Inc.	SJVEP I 43% LP	(24,011,968)
NRG Energy Inc.	SJVEP I, Inc.	(543,566)
NRG Energy Inc.	SJVEP IV 43% LP	(3,598,924)
NRG Energy Inc.	Timber Energy Resources, Inc	(606,757)
NRG Energy Inc.	Tosli Acquisition	(1,003,579)
NRG Power Marketing Inc.	O'Brien Cogen, Inc. II	(54,264)
NRG Power Marketing Inc.	Arthur Kill Power LLC - WIRE	(101,027,418)
NRG Power Marketing Inc.	Oswego Harbor Power LLC	(86,186,992)
NRG Power Marketing Inc.	NRG New Jersey Energy Sales LL	(21,249,476)
NRG Power Marketing Inc.	Somerset Power LLC	(263,547,730)
NRG Power Marketing Inc.	Huntley Power LLC.	(91,661,889)
NRG Power Marketing Inc.	NRG Rockford II LLC	(1,770,054)
NRG Power Marketing Inc.	Dunkirk Power LLC	(93,570,224)
NRG Power Marketing Inc.	NRG Operating Services	(18,300)
NRG Power Marketing Inc.	NRG Energy Center San Francisc	(851,553)
NRG Power Marketing Inc.	NRG Energy Center Washco LLC	(0)
NRG Power Marketing Inc.	NRG Energy Center Minneapolis	(1,467,647)
NRG Power Marketing Inc.	NRG Energy Inc.	(6,015,082)
NRG Power Marketing Inc.	NRG Ilion LP	(4,799,749)
NRG Power Marketing Inc.	NEO California Power LLC-Red B	(4,639,940)
NRG Power Marketing Inc.	NRG Audrain Generating LLC	(1,958,372)
NRG Power Marketing Inc.	LSP-Kendall Energy LLC	(2,350,142)
NRG Power Marketing Inc.	Keystone Power LLC	(7,302,590)
NRG Power Marketing Inc.	Indian River Power LLC	(21,929,989)
NRG Power Marketing Inc.	Astoria Gas Turbine Power LLC	(66,165,543)
NRG Power Marketing Inc.	NRG Sterlington Power LLC	(180,469)
NRG Power Marketing Inc.	Norwalk Power LLC	(82,403,058)
NRG Power Marketing Inc.	Connecticut Jet Power LLC	(812,070)
NRG Power Marketing Inc.	NEO California Power LLC-Chow	(7,183,596)
NRG Power Marketing Inc.	Vienna Power LLC	(6,228,435)
NRG Power Marketing Inc.	NRG Energy Center Dover LLC	(3,686,140)
		(1,159,969,440)

EXHIBIT N

RELEASE-BASED AMOUNT AGREEMENT

RELEASED-BASED AMOUNT AGREEMENT

This Agreement, is made and entered into as of , 2003, by and among (i) Xcel Energy Inc., a Minnesota corporation ("Xcel") and (ii) NRG Energy, Inc., a Delaware corporation ("NRG" and together with Xcel, the "Parties").

RECITALS

WHEREAS, on May 14, 2003, NRG filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court.

WHEREAS, NRG and certain of the NRG Subsidiaries have filed with the Bankruptcy Court Debtors' **[Third]** Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code dated as of **[September]**, 2003 (as amended, supplemented or otherwise modified from time to time, the "Plan").

WHEREAS, the Plan contemplates that Xcel will pay up to $390 million to NRG pursuant to the Settlement Agreement in exchange for the releases of certain liabilities and claims against the Released Parties.

WHEREAS, a condition precedent to effectiveness of the Plan and the obligations of Xcel to pay the Release-Based Amount to NRG is that Creditors holding 85% of the NRG Unsecured Claims properly make the Release Election (the "85% Condition"), unless such Creditors are otherwise bound to a release of certain liabilities and claims against the Released Parties by a Final Order acceptable to Xcel confirming the Plan.

WHEREAS, the Plan contemplates this Agreement specifying the details as to how to calculate whether the 85% Condition has been satisfied and the Release-Based Amount payable by Xcel to NRG at any time based upon the allowance and/or estimation of Claims and other factors.

WHEREAS, this Agreement shall be incorporated into the Plan as an exhibit thereto.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. *Defined Terms*.

(a) *"85% Condition"* shall have the meaning as ascribed to it in the Recitals.

(b) *"Additional Amount"* shall have the meaning ascribed in paragraph 4(b).

(c) *"Aggregate Payment Amount"* shall mean, as of any Subsequent Payment Date, the aggregate Release-Based Amount payable by Xcel to NRG as calculated pursuant to paragraph 4(a) of this Agreement.

(d) *"Agreement"* means this Release-Based Amount Agreement.

(e) *"Allowed"* shall have the meaning ascribed in the Plan.

(f) *"Ballot"* has the meaning set forth in the Settlement Agreement.

(g) *"Bankruptcy Court"* means the United States Bankruptcy Court for the Southern District of New York and, to the extent the reference under section 157 of title 28, United States Code is withdrawn, the United States District Court for the Southern District of New York.

(h) *"Chapter 11 Cases"* means the chapter 11 cases styled *In re NRG Energy, Inc. et al.*, Chapter 11 Case No. 03-13024 (PCB), Jointly Administered, currently pending before the Bankruptcy Court.

(i) *"Claim"* means an NRG Unsecured Claim or a claim against any NRG Subsidiary that is the subject of paragraph 3.

(j) *"Claim Resolution Release"* means a Final Order that releases Xcel from liability to a Creditor in excess of such Creditor's Allowed Claim and permanently enjoins such Creditor from pursuing any claim against Xcel with respect to such excess, or a binding release of such excess executed by a Creditor.

(k) *"Creditor"* means an entity that holds an NRG Unsecured Claim.

(l) *"Date of Determination"* shall be the last Business Day that is at least 45 calendar days before a Release-Based Amount Payment Date.

(m) *"Disclosure Statement Order"* has the meaning set forth in the Settlement Agreement.

(n) *"Final Order"* shall have the meaning ascribed in the Settlement Agreement.

(o) *"Final Payment Date"* means the Subsequent Payment Date that follows the Date of Determination after the date upon which (i) all Claims have either been Allowed or not Allowed by a Final Order and (ii) all conditions to reduce the Maximum Amount to the aggregate amount of all Allowed Claims as set forth in paragraph 7 have been satisfied.

(p) *"Material"* shall mean $15,000,000 or more.

(q) *"Maximum Amount"* means, as of any Date of Determination, the maximum amount for which any Claim could be asserted against Xcel, which shall be, as of any Date of Determination, the highest of (i) the amount as reflected on NRG's Schedules on such date, (ii) the amount as reflected on a filed proof of Claim (if liquidated), and (iii) the Maximum Exposure; provided, however, that the Maximum Amount shall be multiplied by a factor of 1.25 in the event the Bankruptcy Court estimates the Maximum Amount in accordance with paragraph 6. Upon allowance of a Claim of a Releasing Creditor, or a Non-Releasing Creditor's agreement to the Claims Resolution Release, the Maximum Amount shall be the Allowed Amount of such Claim. Upon allowance of a Claim of a Non-Releasing Creditor that does not agree to a Claims Resolution Release, the Maximum Amount shall be reduced as set forth in paragraph 7.

(r) *"Maximum Exposure"* means the maximum damage claim, without giving effect to the merits of the *prima facie* case or any defenses thereto, and in the case of a contingent claim, shall assume that the contingency will occur.

(s) *"Non-Releasing Creditor"* means a Creditor who does not properly make the Release Election.

(t) *"Non-Releasing Creditor Release-Based Amount"* means the Pro Rata Share of the Release-Based Amount relating to a Non-Releasing Creditor individually, and to all such creditors in the aggregate.

(u) *"NRG"* shall have the meaning ascribed in the Preamble.

(v) *"NRG Released Causes of Action"* shall have the meaning ascribed in the Settlement Agreement.

(w) *"NRG Subsidiaries"* shall have the meaning ascribed in the Settlement Agreement.

(x) *"NRG Unsecured Claim"* means any unsecured "Claim" (as defined in the Plan) against NRG other than that which (i) is entitled to priority pursuant to 11 U.S.C. § 507, (ii) is subordinated to unsecured claims pursuant to 11 U.S.C. § 510(b), (iii) is held by Xcel or any affiliate thereof, including any NRG Subsidiary, or (iv) is a "Convenience Claim" (as defined in the Plan) unless such Claim has elected to be a "Convenience Claim".

(y) *"Plan"* shall have the meaning ascribed in the Recitals.

(z) *"Pro Rata"* or *"Pro Rata Share"* means with respect to NRG Unsecured Claims, a number (expressed as a percentage) equal to the proportion that the amount of any Allowed NRG Unsecured Claim, as of the Date of Determination, bears to the aggregate amount of all NRG Unsecured Claims (including disputed, contingent, and unliquidated Claims), as determined by the Maximum Amount, as of the Date of Determination.

(aa) *"Release Election"* means the election of a Creditor in exchange for the relevant consideration under the Plan to release the Released Parties from all NRG Released Causes of Action made on a Ballot approved by the Disclosure Statement Order of the Bankruptcy Court, which Ballot (i) has been received by NRG no later than the Voting Deadline, (ii) is tabulated by NRG in a manner that Xcel agrees is consistent with the Disclosure Statement Order, and (iii) for which Xcel is satisfied that such election has been made in accordance with the terms of the Disclosure Statement Order.

(bb) *"Release-Based Amount"* means the amount payable pursuant to this Agreement to Releasing Creditors as determined in accordance herewith.

(cc) *"Release-Based Maximum Amount"* means the amount of (i) $38 million on and after the Second Installment Date and before the Third Installment Date, and (ii) $390 million (inclusive of the $38 million in clause (i)) on and after the Third Installment Date.

(dd) *"Release-Based Amount Payment Date"* shall mean the Second Installment Date, the Third Installment Date, and each Subsequent Payment Date thereafter.

(ee) *"Released Parties"* shall have the meaning ascribed in the Settlement Agreement.

(ff) *"Releasing Creditor"* means a Creditor who properly makes the Release Election.

(gg) *"Schedules"* means the schedules of assets and liabilities, the list of holders of equity interests, and the statement of financial affairs of NRG filed by NRG in accordance with section 521 of the Bankruptcy Code and Rule 1007 of the Federal Rules of Bankruptcy Procedure, and all amendments and modifications thereto.

(hh) *"Second Installment Date"* means the later of January 1, 2004 and the Xcel Payment Date.

(ii) *"Settlement Agreement"* means the Xcel Settlement Agreement (as defined in the Plan).

(jj) *"Subsequent Payment Date"* means the Third Installment Date and the first Business Day of each calendar quarter thereafter, commencing with the second calendar quarter after the Third Installment Date.

(kk) *"Supplemental Distribution Claimant"* means a Releasing Creditor who has received a smaller percentage distribution on account of its Claim than other Releasing Creditors.

(ll) *"Third Installment Date"* means the first date when any part of the Third Installment (as defined in the Settlement Agreement) is due pursuant to the Settlement Agreement.

(mm) *"Voting Deadline"* has the meaning set forth in the Settlement Agreement.

(nn) *"Xcel"* shall have the meaning ascribed in the Preamble.

(oo) *"Xcel Payment Date"* shall have the meaning ascribed in the Settlement Agreement.

(pp) *"Xcel Reserve Retainage"* means 0.15.

2. *Satisfaction of the 85% Condition*. The 85% Condition shall be satisfied if the quotient of (i) the Claims of Releasing Creditors divided by (ii) sum of (a) Claims of Releasing Creditors and (b) Claims of Non-Releasing Creditors is greater than or equal to 85%. Solely for purposes of determining whether the 85% Condition has been satisfied, the following methodology shall apply for determination of the Claims referred in the numerator and denominator in such calculation:

(a) *Releasing Creditors*. Except as may otherwise be agreed by Xcel and NRG in writing, the amount of the Claim of a Releasing Creditor shall be deemed to be the amount of (i) if such Claim is not scheduled as contingent, unliquidated, or disputed in the Schedules, the lesser of (a) the amount as reflected on the Schedules or (b) the amount as reflected on the most recently filed proof of Claim (if liquidated), or (ii) if the Claim is not listed in the Schedules or is listed in the Schedules as contingent, unliquidated, or disputed, zero dollars ($0.00). In addition, such deemed amount shall be reduced (but not below zero dollars ($0.00)) by the amount(s) paid or to be paid to such Creditor on account of such

Claim prior to the Effective Date. Upon entry of a Final Order providing for the Allowed amount of a Claim (including allowance at an amount equal to $0), the amount of such Claim for purposes of the 85% Condition shall be the Allowed amount.

(b) *Non-Releasing Creditor*. The amount of the Claim of a Non-Releasing Creditor shall be deemed to be the Maximum Amount of such Claim. Subject to paragraph 7, upon entry of a Final Order providing for the Allowed amount of a Claim (including allowance at an amount equal to $0), the amount of such Claim for purposes of the 85% Condition shall be the Allowed amount.

(c) *Claims Against NRG and an NRG Subsidiary*. The provisions of paragraph 3 shall apply to the calculation with respect to the 85% Condition.

3. *Calculation of Claim Amount for A Creditor with Claims against NRG and An NRG Subsidiary*.

(a) If a Creditor with a Claim against NRG and an NRG Subsidiary as of the date an order for relief was entered with respect to such entity agrees to eliminate such Claim against NRG as a result of separate consideration from an NRG Subsidiary, such Creditor shall have been deemed to have retained its Claim against NRG for purposes of this Agreement unless (i) such Creditor's claim against the NRG Subsidiary is unimpaired, but if and only to the extent that satisfaction of such claim by the NRG Subsidiary would satisfy such Claim against NRG, or (ii) such Creditor agrees to release all of its NRG Released Causes of Action against the Released Parties as part of the elimination of its Claim against NRG.

(b) If a Creditor is deemed to have retained its Claim against NRG as described above, the amount of such Claim shall be based upon the Maximum Amount and resolved and determined by the same method as applies to other Claims subject to this Agreement.

4. *Payment by Xcel to NRG of the Release-Based Amount on Account of Releasing Creditors*.

(a) *Aggregate Payment by Xcel*. Subject to the resolution of this amount in accordance with paragraph 8, as of any Subsequent Payment Date, the aggregate Release-Based Amount payable (inclusive of amounts previously paid) by Xcel to NRG for distribution to the Releasing Creditors shall be the product of (i) the applicable Release-Based Maximum Amount, (ii) the quotient of (a) the aggregate Allowed Claims of the Releasing Creditors and (b) the aggregate of the Maximum Amount of all Claims (whether or not the Creditors of such Claims are Releasing Creditors), and (iii) either (a) on any Subsequent Payment Date other than the Final Payment Date, 1.0 minus the Xcel Reserve Retainage, or (b) on the Final Payment Date, 1.0.

(b) *Calculation of Additional Amount*. The Additional Amount, as of each Subsequent Payment Date, shall be the difference between the Aggregate Payment Amount and the aggregate amount previously paid by Xcel

(c) *Payments on Second Installment Date*. Notwithstanding paragraph 4(a), on the Second Installment Date Xcel shall pay to NRG for distribution to the Releasing Creditors on account of their Allowed Claims $38 million or such number of shares of Xcel common stock as is permitted by the Settlement Agreement.

(d) *Payments on Subsequent Payment Dates*. On each Subsequent Payment Date, Xcel shall pay to NRG for distribution to the Releasing Creditors (i) first, to each Releasing Creditor holding a Claim that had not been Allowed as of the immediately preceding Date of Determination but that has subsequently been Allowed, the Pro Rata Share of the Release-Based Amount (without any interest thereon) such Releasing Creditor would have received from NRG had such Claim been an Allowed Claim as of the Effective Date and Xcel had made payments to NRG in accordance with this Agreement on account of such Claim from and after the Effective Date, and (ii) then, to all Releasing Creditors holding Allowed Claims, the their Pro Rata Share of the Additional Amount (as reduced by the payment made in clause (i) hereof).

(e) *Limitation of Payments*. Notwithstanding anything to the contrary contained herein, Xcel shall not be obligated to pay to NRG any amount so that after giving effect to such payment, the aggregate amount paid (including such payment) exceeds the Aggregate Payment Amount as calculated in accordance with paragraph 8. In the event of overpayment on any prior Subsequent Payment Date (including an overpayment caused by an adjustment of Allowed Claims or to the Maximum Amount), such overpayment shall be reflected in a reduction in the Additional Amount payable on the next Subsequent Payment Date.

(f) *Additional Payment When Retained Amount Exceeds Maximum Allocation to Non-Releasing Creditors*. If, as of any Subsequent Payment Date, (i) the difference between (a) the Release-Based Maximum Amount and (b) the aggregate amount already paid or to be paid on such Subsequent Payment Date by Xcel pursuant to this Agreement exceeds (ii) the aggregate Maximum Amount of Claims of Non-Releasing Creditors, then Xcel shall pay to NRG the amount of such difference on such Subsequent Payment Date.

5. *Adjustments to the Release-Based Amount on the Subsequent Payment Dates Based Upon Reconsideration or Liquidation of Claim*. On each Subsequent Payment Date, if, for any reason, including, without limitation, the reconsideration of a Claim pursuant to section 502(j) of the Bankruptcy Code, the allowance or liquidation of a Claim in excess of the Maximum Amount, an amendment to the Schedules or a proof of Claim, or the creation of additional prepetition Claims by virtue of sections 502(g) or (h) of the Bankruptcy Code, a Supplemental Distribution Claimant has received a smaller distribution (calculated as a percentage) than other Releasing Creditors holding Allowed Claims, NRG shall pay such Supplemental Distribution Claimant from the Additional Amount an amount sufficient to achieve the same distribution (calculated as a percentage) as other Releasing Creditors holding Allowed Claims who have already received a distribution. If the Additional Amount with the deduction of the Xcel Reserve Retainage paid to NRG is insufficient to permit all such Supplemental Distribution Claimants to receive the same distribution (calculated as a percentage) as other Releasing Creditors holding Allowed Claims, all of the Additional Amount shall be distributed to the Supplemental Distribution Claimants so that each Supplemental Distribution Claimants receives, as nearly as possible, the same distribution (calculated as a percentage).

6. *Estimation of Maximum Amount*.

(a) *Estimation by the Bankruptcy Court*. For purposes of this Agreement, NRG or Reorganized NRG may, at any time and from time to time, request that the Bankruptcy Court determine the Maximum Amount of any unliquidated, disputed, or contingent Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether NRG, Reorganized NRG, the statutory committee of unsecured creditors, or any other party in interest (as applicable) previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim including during the pendency of any appeal relating to any such objection.

(b) *Estimation Conditions*. It shall be a condition to occurrence of the Effective Date of the Settlement Agreement, waivable by Xcel, that there shall have been entered a Final Order determining the Maximum Amount of the Claim of any Non-Releasing Creditor which the Maximum Amount is Material. It shall be a condition to Xcel's obligation to pay any of the Release-Based Amount that there shall have been entered a Final Order determining the Maximum Amount of the Claim of any Releasing Creditor which is not Allowed and for which the Allowed amount of such Claim could be Material.

(c) *Estimation By Agreement*. NRG and Xcel shall use their reasonable best efforts to determine the Maximum Amount of each Claim that could be Material. Xcel and NRG may reasonably estimate the Maximum Exposure on account of any Claim (or the aggregate of the Claims) of the Non-Releasing Creditor(s). If Xcel and NRG cannot agree on an amount, the Court may estimate the Maximum Exposure of any Claim and, if the Court declines to do so, the Maximum Exposure shall be the amount estimated by Xcel.

7. *Calculation of Allowed Claims With Non-Releasing Creditors*. Upon the allowance of a Claim of any Non-Releasing Creditor, NRG shall use its commercially reasonable best efforts to obtain the Claims Resolution Release, which if obtained, shall reduce the Maximum Amount to the Allowed Amount. If an action has been commenced against Xcel, the Maximum Amount shall be increased or decreased, as the case may be, based upon Xcel's costs (including reasonable attorneys' fees) and liability, if any, resulting from a Final Order determining such Claim or settlement thereof.

8. *Resolution of Aggregate Payment Amount as of Date of Determination*. Fifteen calendar days after each Date of Determination, NRG shall deliver to Xcel a written report setting forth NRG's calculation of the Aggregate Payment Amount. The report shall include a record of Claims that were Allowed or not Allowed subsequent to the prior Date of Determination, copies of any stipulations, orders, releases, and any other documentation related to such Claim, and a reconciliation of each Claim against such Claim's prior Maximum Amount (and for Claims of holders of NRG's public securities, a reconciliation of such Claims held by such Releasing Creditors against the amount of such securities actually tendered by such Releasing Creditors). In addition, the report shall include any adjustments to such calculation of the Aggregate Payment Amount as may be required by paragraph 5. Xcel will have 20 calendar days to review the report and calculate the Aggregate Payment Amount. If the Parties disagree as to the Aggregate Payment Amount, the Parties shall proceed in good faith to reconcile the calculations. If the Parties cannot reconcile such amounts, on the applicable Subsequent Payment Date, Xcel shall pay the undisputed Additional Amount to NRG. Any disputed amount to which Xcel subsequently agrees shall be paid to NRG on the next Subsequent Payment Date as if such amount had been agreed on the prior Subsequent Payment Date. All disputed amounts with respect to the Aggregate Payment Amount shall be agreed to, or determined by the Bankruptcy Court, prior to the Final Payment Date.

9. *Indemnification*.

(a) *Claims By Creditors*. NRG shall indemnify Xcel or any Released Party for any loss, claim or damages (including, without limitation, reasonable attorneys' fees, litigation costs and expenses) incurred by Xcel or any Released Party as a result of any action by (i) a Releasing Creditor arising from or relating to any claim that the Releasing Creditor did not receive its correct Pro Rata Share of the Release-Based Amount for any reason whatsoever, including, without limitation, because of the reconsideration of its claim pursuant to section 502(j) of the Bankruptcy Code, *provided* that there shall be no indemnity if Xcel and NRG actually agree in writing as to the amount to pay a particular Releasing Creditor and such Releasing Creditor receives such amount from NRG, or (ii) any creditor arising from or relating to the fact that such creditor did not receive proper notice with respect to any matter relating to the Chapter 11 Cases.

(b) *Allowed Claim Subsequently Not Allowed*. If any Claim is reported to Xcel pursuant to paragraph 8 as Allowed and NRG subsequently determines that such Claim is not Allowed (or is Allowed in a lesser amount than previously reported), NRG shall pay to Xcel, upon demand, the amount such Releasing Creditor has received, or if such Claim is Allowed in a lesser amount, the excess of such amount over the amount such Releasing Creditor would have received had its Allowed Claim been reported in the lesser amount.

10. *No Interest*. Except as provided in paragraph 2(c) of the Settlement Agreement, any payments to be made by Xcel under this Agreement shall not include, and Xcel shall have no liability for, any interest with respect thereto.

11. *Conditions*. The obligation of Xcel to pay any Release-Based Amount pursuant to this Agreement is subject to, and conditioned upon, the satisfaction or waiver by Xcel of any condition to the performance of Xcel's obligation under the Settlement Agreement as of the Effective Date.

12. *No Additional Payment By Xcel*. In no event shall Xcel pay to NRG more than the product of (a) $390 million and (b) the quotient of (x) the Allowed Claims of the Releasing Creditors and (y) all Allowed Claims, regardless of whether any particular Creditor receives less than its Pro Rata Share of the Release-

Based Amount. In no event shall Xcel be obligated under this Agreement to make any payment to NRG after the Final Payment Date assuming all amounts due are paid.

13. *No Liability of Xcel to Creditors*. Xcel shall have no liability to any Creditor of a Claim with respect to this Agreement.

14. *Access to Ballots and Claims*. NRG shall, or shall cause the claims agent appointed in NRG's bankruptcy case (or any ballot or solicitation agent) to make available to Xcel access to all ballots and proofs of claim, all reports and summaries related thereto, and any other information related to the same, and to take all other actions Xcel may reasonably request in connection with any matter relating to this Agreement.

15. *Amendment or Waiver*. Except as otherwise specifically provided herein, this Agreement may not be modified, amended or supplemented without the prior written consent of the Parties. No waiver of any of the provisions of this Agreement shall be deemed or constitute a waiver of any other provision of this Agreement, whether or not similar, nor shall any waiver be deemed a continuing waiver.

16. *Notices*. Any notice required or desired to be served, given or delivered under this Agreement shall be in writing, and shall be deemed to have been validly served, given or delivered if provided by personal delivery, or upon receipt of fax delivery, as follows:

(a) if to Xcel, Michael C. Connelly, Xcel Energy Inc., 414 Nicollet Mall, Minneapolis, Minnesota, 55401, and to Brad B. Erens, Jones Day, 77 West Wacker, Chicago, Illinois, 60601-1692, fax: 312-782-8585, with a copy to Scott J. Friedman, Jones Day, 222 East 41st Street, New York, New York 10017, fax: 212-755-7306.

(b) if to NRG, to Matthew A. Cantor, Kirkland & Ellis LLP, Citigroup Center, 153 East 53rd Street, New York, New York 10022-4611, fax: 212-446-4900.

A copy of any notice delivered pursuant to paragraph 16 any time prior to the dissolution of the Official Committee of Unsecured Creditors shall be provided to Evan D. Flaschen, Bingham McCutchen, One State Street, Hartford, Connecticut, 06103-3178.

17. *Governing Law; Jurisdiction*. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. By its execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought exclusively in the Bankruptcy Court and each of the Parties hereto irrevocably accepts and submits itself to the exclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding, and waives any objection it may have to venue or the convenience of the forum.

18. *Termination*. This Agreement shall terminate upon (i) the third party releases and injunctions for the benefit of the Released Parties set forth in Sections 9.2 and 9.3 of the Plan being approved in their entirety pursuant to a Final Order in form acceptable to Xcel or (ii) the occurrence of the Final Payment Date. The provisions of paragraph 9 and any other provisions applicable to paragraph 9 shall survive termination of this Agreement.

19. *Specific Performance*. It is understood and agreed by each of the Parties hereto that money damages would not be a sufficient remedy for any breach of this Agreement by any Party and each non-breaching Party shall be entitled to specific performance and injunctive or other equitable relief as a remedy of any such breach.

20. *Headings and References*. The headings of the sections, paragraphs and subsections of this Agreement are inserted for convenience only and shall not affect the interpretation hereof. Reference to a paragraph shall refer to paragraphs of this Agreement unless the context requires otherwise.

21. *Interpretation*. This Agreement is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to

interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

22. *Successors and Assigns*. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives.

23. *No Third-Party Beneficiaries*. This Agreement shall be solely for the benefit of the Parties hereto and no other person or entity shall be a third-party beneficiary hereof. The obligations of Xcel pursuant to this Agreement are to NRG only and do not run to and are not enforceable directly by any Creditor; provided, however, that any Creditor shall have the right to demand that NRG enforce NRG's rights under this Agreement. In the event NRG fails to enforce this Agreement, NRG and Xcel agree that any Creditor may do so in the name of NRG; provided; however, that Xcel shall be required to defend enforcement actions in only one proceeding.

24. *No Admissions*. This Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party or any Creditor of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the Claims or defenses which it has asserted or could assert.

25. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Delivery of an executed signature page of this Agreement by facsimile shall be effective as delivery of a manually executed signature page of this Agreement.

26. *Entire Agreement*. This Agreement constitutes the entire agreement between the Parties with respect to the calculation of the Release-Based Amount and the determination of the satisfaction of the 85% Condition and supersedes all prior and contemporaneous agreements, representations, warranties and understandings of the Parties, whether oral, written or implied, as to the subject matter hereof and does not supersede the Plan (including the exhibits thereto) with respect to the other matters set forth therein.

[Remainder of page intentionally blank; remaining pages are signature pages.]

IN WITNESS WHEREOF, the undersigned have each caused this Agreement to be duly executed and delivered by their respective, duly authorized officers as of the date first above written.

NRG ENERGY, INC.

By: _____
Name:
Title:

XCEL ENERGY INC.

By: _____
Name:
Title:

NRG Energy, Inc. Subsidiaries
(Report printed 10/07/03)

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
1.	Arthur Kill Power LLC	Delaware	100.00%
2.	Astoria Gas Turbine Power LLC	Delaware	100.00%
3.	Bayou Cove Peaking Power, LLC	Delaware	100.00%
4.	Berrians I Gas Turbine Power LLC	Delaware	100.00%
5.	Big Cajun I Peaking Power LLC	Delaware	100.00%
6.	Big Cajun II Unit 4 LLC	Delaware	100.00%
7.	Brimsdown Power Limited	United Kingdom	50.00%
8.	Cabrillo Power I LLC	Delaware	50.00%
9.	Cabrillo Power II LLC	Delaware	50.00%
10.	Cadillac Renewable Energy LLC	Delaware	50.00%
11.	Calpine Cogeneration Corporation	Delaware	20.00%
12.	Camas Power Boiler Limited Partnership	Oregon	100.00%
13.	Camas Power Boiler, Inc.	Oregon	100.00%
14.	Capistrano Cogeneration Company	California	100.00%
15.	Central and Eastern Europe Power Fund, Ltd.	Bermuda	23.58%
16.	Chickahominy River Energy Corp.	Virginia	100.00%
17.	Clark Power LLC	Delaware	50.00%
18.	Cobee Energy Development LLC	Delaware	100.00%
19.	Cobee Holdings LLC	Delaware	100.00%
20.	Commonwealth Atlantic Limited Partnership	Virginia	100.00%
21.	Commonwealth Atlantic Power LLC	Delaware	100.00%
22.	Compania Boliviana de Energia Electrica S.A.	Canada (Nova Scotia)	100.00%
23.	Conemaugh Power LLC	Delaware	100.00%
24.	Coniti Holding B.V.	Netherlands	100.00%
25.	Connecticut Jet Power LLC	Delaware	100.00%
26.	Croatia Power Group	Cayman Islands	20.00%
27.	Csepel Luxembourg (No. 1) S.a.r.l.	Luxembourg	100.00%
28.	Devon Power LLC	Delaware	100.00%
29.	Dunkirk Power LLC	Delaware	100.00%
30.	Eastern Sierra Energy Company	California	100.00%
31.	El Segundo Power II LLC	Delaware	100.00%
32.	El Segundo Power, LLC	Delaware	50.00%
33.	Elk River Resource Recovery, Inc.	Minnesota	100.00%
34.	Empresa de Generación Eléctrica Cahua S.A.	Peru	100.00%
35.	Energia Pacasmayo S.A.	Peru	100.00%
36.	Energy Investors Fund, L.P.	Delaware	3.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
37.	Energy National, Inc.	Utah	100.00%
38.	Enfield Energy Centre Limited	United Kingdom	50.00%
39.	Enfield Holdings B.V.	Netherlands	50.00%
40.	Enfield Operations (UK) Limited	United Kingdom	50.00%
41.	Enfield Operations, L.L.C.s	Delaware	51.00%
42.	Enifund, Inc.	Utah	100.00%
43.	Enigen, Inc.	Utah	100.00%
44.	Entrade Holdings B.V.	Netherlands	100.00%
45.	ESOCO Molokai, Inc.	Utah	100.00%
46.	ESOCO Orrington, Inc.	Utah	100.00%
47.	ESOCO Soledad, Inc.	Utah	100.00%
48.	ESOCO, Inc.	Utah	100.00%
49.	European Generating S.a.r.l.	Luxembourg	100.00%
50.	Fernwärme GmbH Hohenmölsen-Webau	Germany	50.00%
51.	Flinders Coal Pty Ltd	Australia	100.00%
52.	Flinders Labuan (No. 1) Ltd.	Labuan	100.00%
53.	Flinders Labuan (No. 2) Ltd.	Labuan	100.00%
54.	Flinders Osborne Trading Pty Ltd	Australia	100.00%
55.	Flinders Power Finance Pty Ltd	Australia	100.00%
56.	Flinders Power Partnership	Australia	100.00%
57.	Four Hills, LLC	Delaware	50.00%
58.	Fresh Gas LLC	Delaware?	50.00%
59.	GALA-MIBRAG-Service GmbH	Germany	50.00%
60.	Gladstone Power Station Joint Venture (unincorporated)	Australia	37.50%
61.	Granite II Holding, LLC	Delaware	100.00%
62.	Granite Power Partners II, L.P.	Delaware	100.00%
63.	Gröbener Logistick GmbH - Spedition, Handel und Transport	Germany	50.00%
64.	Gunwale B.V.	Netherlands	100.00%
65.	Hanover Energy Company	California	100.00%
66.	Hsin Yu Energy Development Co., Ltd.	Taiwan	61.36%
67.	Huntley Power LLC	Delaware	100.00%
68.	Indian River Operations Inc.	Delaware	100.00%
69.	Indian River Power LLC	Delaware	100.00%
70.	Ingenieurbüro für Grundwasser GmbH	Germany	50.00%
71.	Itiquira Energetica S.A.	Brazil	98.20%
72.	Jackson Valley Energy Partners, L.P.	California	50.00%
73.	James River Cogeneration Company	North Carolina	50.00%
74.	James River Power LLC	Delaware	100.00%
75.	Kaufman Cogen LP	Delaware	100.00%
76.	Keystone Power LLC	Delaware	100.00%
77.	Kiksis B.V.	Netherlands	100.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
78.	Kissimmee Power Partners, Limited Partnership	Delaware	100.00%
79.	Kladno Power (No. 1) B.V.	Netherlands	100.00%
80.	Kladno Power (No. 2) B.V.	Netherlands	100.00%
81.	Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	22.20%
82.	Kraftwerk Schkopau GbR	Germany	20.95%
83.	Lakefield Junction LLC	Delaware	50.00%
84.	Lambique Beheer B.V.	Netherlands	100.00%
85.	Landfill Power LLC	Wyoming	25.00%
86.	Long Beach Generation LLC	Delaware	50.00%
87.	Louisiana Generating LLC	Delaware	100.00%
88.	Loy Yang Power Management Pty Ltd	Australia (Victoria)	25.37%
89.	Loy Yang Power Partners	Australia	25.37%
90.	Loy Yang Power Projects Pty Ltd	Australia (Victoria)	25.37%
91.	LS Power Management, LLC	Delaware	100.00%
92.	LSP Batesville Funding Corp.	Delaware	48.63%
93.	LSP Batesville Holding, LLC	Delaware	48.63%
94.	LSP Energy Limited Partnership	Delaware	48.63%
95.	LSP Energy, Inc.	Delaware	48.63%
96.	LSP Equipment, LLC	Delaware	100.00%
97.	LSP-Hardee Energy, LLC	Delaware	100.00%
98.	LSP-Kendall Energy, LLC	Delaware	100.00%
99.	LSP-Nelson Energy, LLC	Delaware	100.00%
100.	LSP-Pike Energy, LLC	Delaware	100.00%
101.	Meriden Gas Turbines LLC	Delaware	100.00%
102.	MESI Fuel Station #1 LLC	Delaware	50.00%
103.	MIBRAG B.V.	Netherlands	50.00%
104.	MIBRAG Industriekraftwerke GmbH & Co. KG	Germany	50.00%
105.	MIBRAG Industriekraftwerke Betriebs GmbH	Germany	50.00%
106.	MIBRAG Industriekraftwerke Vertriebs GmbH	Garmany	50.00%
107.	MIBRAG Industriekraftwerke Vermögensverwaltungs und Beteiligungs GmbH	Germany	50.00%
108.	MUEG Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50.00%
109.	MidAtlantic Generation Holding LLC	Delaware	100.00%
110.	Middletown Power LLC	Delaware	100.00%
111.	Minnesota Methane Holdings LLC	Delaware	50.00%
112.	Minnesota Methane II LLC	Delaware	50.00%
113.	Minnesota Waste Processing Company, L.L.C.	Delaware	50.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
114.	Mitteldeutsche Braunkohlengesellschaft mbH	Germany	50.00%
115.	MM Biogas Power LLC	Delaware	50.00%
116.	MM Burnsville Energy LLC	Delaware	50.00%
117.	MM Hackensack Energy LLC	Delaware	50.00%
118.	MM Nashville Energy LLC	Delaware	50.00%
119.	MM Phoenix Energy LLC	Delaware	50.00%
120.	MM Prima Deshecha Energy LLC	Delaware	50.00%
121.	MM San Bernardino Energy LLC	Delaware	50.00%
122.	MM Tajiguas Energy LLC	Delaware	50.00%
123.	MM Woodville Energy LLC	Delaware	50.00%
124.	MN San Bernardino Gasco I LLC	Delaware	50.00%
125.	MN San Bernardino Gasco II LLC	Delaware	50.00%
126.	Montauk-NEO Gasco LLC	Delaware	50.00%
127.	Montan Bildungs- und Entwicklungsgesellschaft mbH	Germany	50.00%
128.	Montville Power LLC	Delaware	100.00%
129.	Mt. Poso Cogeneration Company, A California Limited Partnership	California	39.00%
130.	NEO California Power LLC	Delaware	100.00%
131.	NEO Chester-Gen LLC	Delaware	100.00%
132.	NEO Corporation	Minnesota	100.00%
133.	NEO Freehold-Gen LLC	Delaware	100.00%
134.	NEO Fresh Kills LLC	Delaware	100.00%
135.	NEO Ft. Smith LLC	Delaware	100.00%
136.	NEO Hackensack, LLC	Delaware	100.00%
137.	NEO Landfill Gas Holdings Inc.	Delaware	100.00%
138.	NEO Landfill Gas Inc.	Delaware	100.00%
139.	NEO Nashville LLC	Delaware	100.00%
140.	NEO Phoenix LLC	Delaware	100.00%
141.	NEO Power Services Inc.	Delaware	100.00%
142.	NEO Prima Deshecha LLC	Delaware	100.00%
143.	NEO Tajiguas LLC	Delaware	100.00%
144.	NEO Toledo-Gen LLC	Delaware	100.00%
145.	NEO Woodville LLC	Delaware	100.00%
146.	NEO-Montauk Genco LLC	Delaware	100.00%
147.	NEO-Montauk Genco Management LLC	Delaware	100.00%
148.	NM Colton Genco LLC	Delaware	50.00%
149.	NM Mid Valley Genco LLC	Delaware	50.00%
150.	NM Milliken Genco LLC	Delaware	50.00%
151.	NM San Timoteo Genco LLC	Delaware	50.00%
152.	Northbrook Acquisition Corp.	Delaware	50.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
153.	Northbrook Carolina Hydro II, L.L.C.	Delaware	50.00%
154.	Northbrook Carolina Hydro, L.L.C.	Delaware	99.00%
155.	Northbrook Energy, L.L.C.	Delaware	50.00%
156.	Northbrook New York, LLC	Delaware	70.00%
157.	Northeast Generation Holding LLC	Delaware	100.00%
158.	Norwalk Power LLC	Delaware	100.00%
159.	NR(Gibraltar)	Gibraltar	50.00%
160.	NRG Affiliate Services Inc.	Delaware	100.00%
161.	NRG Andean Development Ltda.	Bolivia	99.00%
162.	NRG Arthur Kill Operations Inc.	Delaware	100.00%
163.	NRG Ashtabula Generating LLC	Delaware	100.00%
164.	NRG Ashtabula Operations Inc.	Delaware	100.00%
165.	NRG Asia Corporate Services Pte Ltd.	Singapore	100.00%
166.	NRG Asia-Pacific, Ltd.	Delaware	100.00%
167.	NRG Astoria Gas Turbine Operations Inc.	Delaware	100.00%
168.	NRG Audrain Generating LLC	Delaware	100.00%
169.	NRG Audrain Holding LLC	Delaware	100.00%
170.	NRG Australia Holdings (No. 4) Pty Ltd.	South Wales, Australia	100.00%
171.	NRG Batesville LLC	Delaware	100.00%
172.	NRG Bay Shore Operations Inc.	Delaware	100.00%
173.	NRG Bayou Cove LLC	Delaware	100.00%
174.	NRG Bourbonnais Equipment LLC	Delaware	100.00%
175.	NRG Bourbonnais LLC	Illinois	100.00%
176.	NRG Brazos Valley GP LLC	Delaware	100.00%
177.	NRG Brazos Valley LP LLC	Delaware	100.00%
178.	NRG Cabrillo Power Operations Inc.	Delaware	100.00%
179.	NRG Cadillac Inc.	Delaware	100.00%
180.	NRG Cadillac Operations Inc.	Delaware	100.00%
181.	NRG California Peaker Operations LLC	Delaware	100.00%
182.	NRG Capital II LLC	Delaware	100.00%
183.	NRG Capital LLC	Delaware	100.00%
184.	NRG Caymans Company	Cayman Islands	100.00%
185.	NRG Caymans-C	Cayman Islands	100.00%
186.	NRG Caymans-P	Cayman Islands	100.00%
187.	NRG Central U.S. LLC	Delaware	100.00%
188.	NRG Collinsville Operating Services Pty Ltd	Australia	100.00%
189.	NRG ComLease LLC	Delaware	100.00%
190.	NRG Connecticut Affiliate Services Inc.	Delaware	100.00%
191.	NRG Connecticut Equipment LLC	Delaware	100.00%
192.	NRG Connecticut Generating LLC	Delaware	100.00%
193.	NRG Development Company Inc.	Delaware	100.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
194.	NRG Devon Operations Inc.	Delaware	100.00%
195.	NRG do Brasil Ltda.	Brazil	100.00%
196.	NRG Dunkirk Operations Inc.	Delaware	100.00%
197.	NRG Eastern LLC	Delaware	100.00%
198.	NRG Eastlake Operations Inc.	Delaware	100.00%
199.	NRG El Segundo Operations Inc.	Delaware	100.00%
200.	NRG Energy Center Dover LLC	Delaware	100.00%
201.	NRG Energy Center Harrisburg Inc.	Delaware	100.00%
202.	NRG Energy Center Minneapolis LLC	Delaware	100.00%
203.	NRG Energy Center Paxton LLC	Delaware	100.00%
204.	NRG Energy Center Pittsburgh LLC	Delaware	100.00%
205.	NRG Energy Center Rock Tenn LLC	Delaware	100.00%
206.	NRG Energy Center San Diego LLC	Delaware	100.00%
207.	NRG Energy Center San Francisco LLC	Delaware	100.00%
208.	NRG Energy Center Smyrna LLC	Delaware	100.00%
209.	NRG Energy Center Washco LLC	Delaware	100.00%
210.	NRG Energy Development B.V.	Netherlands	100.00%
211.	NRG Energy Development GmbH	Germany	100.00%
212.	NRG Energy Insurance, Ltd.	Cayman Islands	100.00%
213.	NRG Energy Jackson Valley I, Inc.	California	100.00%
214.	NRG Energy Jackson Valley II, Inc.	California	100.00%
215.	NRG Energy Ltd.	United Kingdom	100.00%
216.	NRG Equipment Company LLC	Illinois	100.00%
217.	NRG Finance Company I LLC	Delaware	100.00%
218.	NRG Flinders Operating Services Pty Ltd	Australia	100.00%
219.	NRG Gila Bend Holdings Inc.	Delaware	100.00%
220.	NRG Gladstone Operating Services Pty Ltd	Australia	100.00%
221.	NRG Gladstone Superannuation Pty Ltd	Australia	100.00%
222.	NRG Granite Acquisition LLC	Delaware	100.00%
223.	NRG Huntley Operations Inc.	Delaware	100.00%
224.	NRG Ilion Limited Partnership	Delaware	100.00%
225.	NRG Ilion LP LLC	Delaware	100.00%
226.	NRG International Development Inc.	Delaware	100.00%
227.	NRG International Holdings (No. 2) GmbH	Switzerland	100.00%
228.	NRG International Holdings GmbH	Switzerland	100.00%
229.	NRG International II Inc.	Delaware	100.00%
230.	NRG International III Inc.	Delaware	100.00%
231.	NRG International LLC	Delaware	100.00%
232.	NRG Kaufman LLC	Delaware	100.00%
233.	NRG Lakefield Inc.	Delaware	100.00%
234.	NRG Lakeshore Generating LLC	Delaware	100.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
235.	NRG Lakeshore Operations Inc.	Delaware	100.00%
236.	NRG Latin America Inc.	Delaware	100.00%
237.	NRG Marketing Services LLC	Delaware	100.00%
238.	NRG McClain LLC	Delaware	100.00%
239.	NRG Mesquite LLC	Delaware	100.00%
240.	NRG Mextrans Inc.	Delaware	100.00%
241.	NRG MidAtlantic Affiliate Services Inc.	Delaware	100.00%
242.	NRG MidAtlantic Generating LLC	Delaware	100.00%
243.	NRG MidAtlantic LLC	Delaware	100.00%
244.	NRG Middletown Operations Inc.	Delaware	100.00%
245.	NRG Montville Operations Inc.	Delaware	100.00%
246.	NRG Nelson Turbines LLC	Delaware	100.00%
247.	NRG New Jersey Energy Sales LLC	Delaware	100.00%
248.	NRG New Roads Holdings LLC	Delaware	100.00%
249.	NRG Newberry Generation LLC	Delaware	100.00%
250.	NRG North Central Operations Inc.	Delaware	100.00%
251.	NRG Northeast Affiliate Services Inc.	Delaware	100.00%
252.	NRG Northeast Generating LLC	Delaware	100.00%
253.	NRG Northern Ohio Generating LLC	Delaware	100.00%
254.	NRG Norwalk Harbor Operations Inc.	Delaware	100.00%
255.	NRG Ohio Ash Disposal LLC	Delaware	100.00%
256.	NRG Operating Services, Inc.	Delaware	100.00%
257.	NRG Oswego Harbor Power Operations Inc.	Delaware	100.00%
258.	NRG PacGen Inc.	Delaware	100.00%
259.	NRG Pacific Corporate Services Pty Ltd	Australia	100.00%
260.	NRG Peaker Finance Company LLC	Delaware	100.00%
261.	NRG Power Marketing Inc.	Delaware	100.00%
262.	NRG Power Options Inc.	Delaware	100.00%
263.	NRG Processing Solutions LLC	Delaware	100.00%
264.	NRG Rockford Acquisition LLC	Delaware	100.00%
265.	NRG Rockford Equipment II LLC	Illinois	100.00%
266.	NRG Rockford Equipment LLC	Illinois	100.00%
267.	NRG Rockford II LLC	Illinois	100.00%
268.	NRG Rockford LLC	Illinois	100.00%
269.	NRG Rocky Road LLC	Delaware	100.00%
270.	NRG Saguaro Operations Inc.	Delaware	100.00%
271.	NRG Services Corporation	Delaware	100.00%
272.	NRG South Central Affiliate Services Inc.	Delaware	100.00%
273.	NRG South Central Generating LLC	Delaware	100.00%
274.	NRG South Central Operations Inc.	Delaware	100.00%
275.	NRG Sterlington Power LLC	Delaware	100.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
276.	NRG Sunnyside Operations GP Inc.	Delaware	100.00%
277.	NRG Sunnyside Operations LP Inc.	Delaware	100.00%
278.	NRG Taiwan Holding Company Limited	Taiwan	100.00%
279.	NRG Telogia Power LLC	Delaware	100.00%
280.	NRG Thermal LLC	Delaware	100.00%
281.	NRG Thermal Operating Services LLC	Delaware	100.00%
282.	NRG Thermal Services LLC	Delaware	100.00%
283.	NRG Turbines LLC	Delaware	100.00%
284.	NRG Victoria I Pty Ltd	Australia	100.00%
285.	NRG Victoria II Pty Ltd	Australia	100.00%
286.	NRG Victoria III Pty Ltd	Australia	100.00%
287.	NRG West Coast II LLC	Delaware	100.00%
288.	NRG West Coast LLC	Delaware	100.00%
289.	NRG Western Affiliate Services Inc.	Delaware	100.00%
290.	NRGenerating (Gibraltar)	Gibraltar	100.00%
291.	NRGenerating Energy Trading Ltd.	United Kingdom	100.00%
292.	NRGenerating Holdings (No. 11) B.V.	Netherlands	100.00%
293.	NRGenerating Holdings (No. 13) B.V.	Netherlands	100.00%
294.	NRGenerating Holdings (No. 14) B.V.	Netherlands	100.00%
295.	NRGenerating Holdings (No. 15) B.V.	Netherlands	100.00%
296.	NRGenerating Holdings (No. 16) B.V.	Netherlands	100.00%
297.	NRGenerating Holdings (No. 18) B.V.	Netherlands	100.00%
298.	NRGenerating Holdings (No. 19) B.V.	Netherlands	100.00%
299.	NRGenerating Holdings (No. 2) GmbH	Switzerland	100.00%
300.	NRGenerating Holdings (No. 21) B.V.	Netherlands	100.00%
301.	NRGenerating Holdings (No. 23) B.V.	Netherlands	100.00%
302.	NRGenerating Holdings (No. 24) B.V.	The Netherlands	100.00%
303.	NRGenerating Holdings (No. 3) B.V.	Netherlands	100.00%
304.	NRGenerating Holdings (No. 4) B.V.	Netherlands	100.00%
305.	NRGenerating Holdings (No. 4) GmbH	Switzerland	100.00%
306.	NRGenerating Holdings (No. 5) B.V.	Netherlands	100.00%
307.	NRGenerating Holdings (No. 6) B.V.	Netherlands	100.00%
308.	NRGenerating Holdings (No. 7) B.V.	Netherlands	100.00%
309.	NRGenerating Holdings (No. 8) B.V.	Netherlands	100.00%
310.	NRGenerating Holdings GmbH	Switzerland	99.00%
311.	NRGenerating II (Gibraltar)	Gibraltar	100.00%
312.	NRGenerating III (Gibraltar)	Gibraltar	100.00%
313.	NRGenerating International B.V.	Netherlands	100.00%
314.	NRGenerating IV (Gibraltar)	Gibraltar	100.00%
315.	NRGenerating Luxembourg (No. 1) S.a.r.l.	Luxembourg	100.00%
316.	NRGenerating Luxembourg (No. 2) S.a.r.l.	Luxembourg	100.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
317.	NRGenerating Luxembourg (No. 6) S.a.r.l.	Luxembourg	100.00%
318.	NRGenerating Rupali B.V.	Netherlands	100.00%
319.	NRGenerating, Ltd.	United Kingdom	100.00%
320.	O Brien Biogas (Mazzaro), Inc.	Delaware	50.00%
321.	O Brien Cogeneration, Inc. II	Delaware	100.00%
322.	O Brien Standby Power Energy, Inc.	Delaware	50.00%
323.	Okeechobee Power I, Inc.	Delaware	100.00%
324.	Okeechobee Power II, Inc.	Delaware	100.00%
325.	Okeechobee Power III, Inc.	Delaware	100.00%
326.	ONSITE Energy, Inc.	Oregon	100.00%
327.	ONSITE Marianas Corporation	Commonwealth of the Northern Marianas Islands	100.00%
328.	Orrington Waste, Ltd. Limited Partnership	Oregon	17.00%
329.	Oswego Harbor Power LLC	Delaware	100.00%
330.	P.T. Dayalistrik Pratama	Indonesia	45.00%
331.	Pacific Crockett Holdings, Inc.	Oregon	100.00%
332.	Pacific Generation Company	Oregon	100.00%
333.	Pacific Generation Development Company	Oregon	100.00%
334.	Pacific Generation Holdings Company	Oregon	100.00%
335.	Pacific Orrington Energy, Inc.	Oregon	100.00%
336.	Pacific-Mt. Poso Corporation	Oregon	100.00%
337.	Penobscot Energy Recovery Company, Limited Partnership	Maine	50.00%
338.	Power Operations, Inc.	Delaware	100.00%
339.	Project Finance Fund III, L.P.	Delaware	7.00%
340.	Pyro-Pacific Operating Company	California	48.00%
341.	RWE Umwelt Westsachsen GmbH	Germany	50.00%
342.	Reid Gardner Power LLC	Delaware	50.00%
343.	Rocky Road Power, LLC	Delaware	50.00%
344.	Rybnik (Gibraltar)	Gibraltar	50.00%
345.	Rybnik Power B.V.	Netherlands	50.00%
346.	Saale Energie GmbH	Germany	100.00%
347.	Saale Energie Services GmbH	Germany	100.00%
348.	Sachsen Holding B.V.	Netherlands	100.00%
349.	Saguaro Power Company, a Limited Partnership	California	49.00%
350.	Saguaro Power LLC	Delaware	100.00%
351.	San Bernardino Landfill Gas Limited Partnership	California	50.00%
352.	San Joaquin Valley Energy I, Inc.	California	100.00%
353.	San Joaquin Valley Energy IV, Inc.	California	100.00%

Number	Name	Jurisdiction of Incorporation	NRG Energy, Inc. Ownership
354.	San Joaquin Valley Energy Partners I, L.P.	California	45.00%
355.	Scudder Latin American Power I-C L.D.C.	Cayman Islands, British West Indies	25.00%
356.	Scudder Latin American Power II-C L.D.C.	Cayman Islands, British West Indies	25.00%
357.	Scudder Latin American Power II-Corporation A	Cayman Islands, British West Indies	0.06%
358.	Scudder Latin American Power II-Corporation B	Cayman Islands, British West Indies	0.06%
359.	Scudder Latin American Power II-P L.D.C.	Cayman Islands, British West Indies	4.46%
360.	Scudder Latin American Power I-P L.D.C.	Cayman Islands, British West Indies	25.00%
361.	Servicios Energeticos, S.A	Bolivia	99.80%
362.	Somerset Operations Inc.	Delaware	100.00%
363.	Somerset Power LLC	Delaware	100.00%
364.	South Central Generation Holding LLC	Delaware	100.00%
365.	Southwest Generation LLC	Delaware	50.00%
366.	Southwest Power Holdings LLC	Delaware	50.00%
367.	SRW Cogeneration Limited Partnership	Delaware	50.00%
368.	Statoil Energy Power/Pennsylvania, Inc.	Pennsylvania	100.00%
369.	Sterling (Gibraltar)	Gibraltar	100.00%
370.	Sterling Luxembourg (No. 1) s.a.r.l.	Luxembourg	100.00%
371.	Sterling Luxembourg (No. 2) s.a.r.l.	Luxembourg	100.00%
372.	Sterling Luxembourg (No. 4) s.a.r.l.	Luxembourg	100.00%
373.	STS Hydropower Ltd.	Michigan	50.00%
374.	Suncook Energy LLC	Delaware	50.00%
375.	Sunshine State Power (No. 2) B.V.	Netherlands	100.00%
376.	Sunshine State Power B.V.	Netherlands	100.00%
377.	Tacoma Energy Recovery Company	Delaware	100.00%
378.	Telogia Power Inc.	Delaware	50.00%
379.	Termo Santander Holding (Alpha), L.L.C.	Delaware	50.00%
380.	TermoRio S.A.	Brazil	50.00%
381.	The PowerSmith Cogeneration Project, Limited Partnership	Delaware	8.75%
382.	Tosli (Gibraltar) B.V.	Netherlands	100.00%
383.	Tosli Acquisition B.V.	Netherlands	100.00%
384.	Turners Falls Limited Partnership	Delaware	9.00%
385.	Vienna Operations Inc.	Delaware	100.00%
386.	Vienna Power LLC	Delaware	100.00%
387.	WCP (Generation) Holdings LLC	Delaware	50.00%
388.	West Coast Power LLC	Delaware	100.00%