



## NRG Energy, Inc. to Sell Flinders to Babcock and Brown

June 1, 2006

PRINCETON, N.J.--(BUSINESS WIRE)--June 1, 2006--NRG Energy, Inc. (NYSE:NRG) has entered into a Sale & Purchase Agreement to sell its 100% owned Flinders power station and related assets, located near Port Augusta, Australia, to Babcock & Brown Power Pty, a subsidiary of Babcock & Brown, a global investment and advisory firm. Flinders consists of two coal-fueled plants--Northern and Playford--totaling 760 megawatts (MW). The purchase price is AUD 317 million (USD 238 million), subject to customary purchase price adjustments, plus the assumption of AUD 238 million (USD 179 million) of non-recourse debt obligations and AUD 42 million (USD 31 million) in cash. EBITDA from NRG Flinders in the year to 31 December 2005 was AUD 43.5 million. The acquisition price, which equates to an enterprise value of approximately AUD 513 million (USD 385 million), represents a 2005 EV/EBITDA multiple of approximately 11.8x.

The sale is subject to customary approvals, including various third party approvals. NRG anticipates closing the transaction during the third quarter.

"We initiated a strategic review of our Australia portfolio in order to fully maximize the value potential of these assets," said David Crane, NRG President and Chief Executive Officer. "In addition to Flinders, we continue to pursue our review of the Gladstone generating station and expect to make an announcement in the near future."

After tax cash proceeds are expected to be in excess of AUD 312 million (USD 234 million) and the transaction will eliminate approximately AUD 481 million (USD 365 million) of liabilities (including AUD 238 million (USD 179 million) of non-recourse debt obligations and AUD 100 million (USD 76 million) in non-current liabilities related to the Osborne contract), and AUD 727 million (USD 552 million) of assets from NRG's balance sheet. Upon closing, this transaction is expected to result in an estimated pre-tax book gain of approximately AUD 64 million (USD 48 million).

### About NRG Energy

NRG Energy, Inc. owns and operates a diverse portfolio of power-generating facilities, primarily in Texas and in the Northeast, South Central and Western regions of the United States. Its operations include baseload, intermediate, peaking, and cogeneration facilities, thermal energy production and energy resource recovery facilities. NRG also has ownership interests in generating facilities in Brazil and Germany.

### About Babcock & Brown

Babcock & Brown is a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Stock Exchange.

Babcock & Brown operates from 21 offices across Australia, the United States, Europe, Asia, United Arab Emirates and Africa and has in excess of 740 employees worldwide. Babcock & Brown has five operating divisions including real estate, infrastructure and project finance, operating leasing, structured finance and corporate finance. The company has established a funds management platform across the operating divisions that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

Certain statements included in this news release are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements above include the expected timing of the Flinders transaction and the potential timing of a Gladstone transaction, the expected pre-tax gains from the Flinders transaction, and its impact on NRG's balance sheet. Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct. Factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements above include, among others, final decisions regarding the accounting treatment of the transaction.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements included in this news release should not be construed as exhaustive. For more information regarding risks and uncertainties that may affect NRG's future results, review NRG's filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

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