UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended: March 31, 2009

Commission File Number: 001-15891

NRG Energy, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**41-1724239**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
211 Carnegie Center Princeton, New Jersey	**08540**
(Address of principal executive offices)	(Zip Code)

(609) 524-4500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ **No** ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12 b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	**Accelerated filer** ☐	**Non-accelerated filer** ☐ (Do not check if a smaller reporting company)	**Smaller reporting company** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ **No** ☑

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☑ **No** ☐

As of April 28, 2009, there were 265,272,685 shares of common stock outstanding, par value $0.01 per share.

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CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The words “believes”, “projects”, “anticipates”, “plans”, “expects”, “intends”, “estimates” and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause NRG’s actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Risks Related to NRG in Part I, Item 1A, of the Company’s Annual Report on Form 10-K, for the year ended December 31, 2008, including the following:

- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that NRG may not have adequate insurance to cover losses as a result of such hazards;
- The effectiveness of NRG’s risk management policies and procedures, and the ability of NRG’s counterparties to satisfy their financial commitments;
- Counterparties’ collateral demands and other factors affecting NRG’s liquidity position and financial condition;
- NRG’s ability to operate its businesses efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- NRG’s ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- The liquidity and competitiveness of wholesale markets for energy commodities;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws and increased regulation of carbon dioxide and other greenhouse gas emissions;
- Price mitigation strategies and other market structures employed by ISOs or RTOs that result in a failure to adequately compensate NRG’s generation units for all of its costs;
- NRG’s ability to borrow additional funds and access capital markets, as well as NRG’s substantial indebtedness and the possibility that NRG may incur additional indebtedness going forward;
- Operating and financial restrictions placed on NRG and its subsidiaries that are contained in the indentures governing NRG’s outstanding notes, in NRG’s Senior Credit Facility, and in debt and other agreements of certain of NRG subsidiaries and project affiliates generally;
- NRG’s ability to implement its *Repowering*NRG strategy of developing and building new power generation facilities, including new nuclear, wind and solar projects;
- NRG’s ability to implement its econrg strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
- NRG’s ability to achieve its strategy of regularly returning capital to shareholders;
- NRG’s ability to successfully integrate and manage any acquired companies; and
- The effects of Exelon’s tender offer and proxy contest on NRG’s ability to effectively manage its business.

Forward-looking statements speak only as of the date they were made, and NRG undertakes no obligation to publicly 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 any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.

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GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

APB	Accounting Principles Board
APB 18	APB Opinion No. 18, *"The Equity Method of Accounting for Investments in Common Stock"*
Baseload capacity	Electric power generation capacity normally expected to serve loads on an around-the-clock basis throughout the calendar year
BTA	Best Technology Available
BTU	British Thermal Unit
CAA	Clean Air Act
CAGR	Compound annual growth rate
CAIR	Clean Air Interstate Rule
CAISO	California Independent System Operator
Capital Allocation Plan	Share repurchase program
Capital Allocation Program	NRG's plan of allocating capital between debt reduction, reinvestment in the business, and share repurchases through the Capital Allocation Plan
CDWR	California Department of Water Resources
CL&P	The Connecticut Light & Power Company
CO_2	Carbon dioxide
CS	Credit Suisse Group
CSF I	NRG Common Stock Finance I LLC
CSF II	NRG Common Stock Finance II LLC
CSRA	Credit sleeve facility with Merrill Lynch in connection with acquisition of Reliant Retail, as hereinafter defined
DNREC	Delaware Department of Natural Resources and Environmental Control
DPUC	Department of Public Utility Control
EAF	Annual Equivalent Availability Factor, which measures the percentage of maximum generation available over time as the fraction of net maximum generation that could be provided over a defined period of time after all types of outages and deratings, including seasonal deratings, are taken into account
EFOR	Equivalent Forced Outage Rates — considers the equivalent impact that forced de-ratings have in addition to full forced outages
EITF	Emerging Issues Task Force
EITF 07-5	EITF No. 07-5, "*Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock"*
EITF 08-5	EITF 08-5, "*Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement"*
EITF 08-6	EITF 08-6, "*Equity Method Investment Accounting Considerations"*
EPC	Engineering, Procurement and Construction
ERCOT	Electric Reliability Council of Texas, the Independent System Operator and the Regional Reliability Coordinator of the various electricity systems within Texas
ESPP	Employee Stock Purchase Plan
Exchange Act	The Securities Exchange Act of 1934, as amended
Expected Baseload Generation	The net baseload generation limited by economic factors (relationship between cost of generation and market price) and reliability factors (scheduled and unplanned outages)
FASB	Financial Accounting Standards Board — the designated organization for establishing standards for financial accounting and reporting
FCM	Forward Capacity Market
FERC	Federal Energy Regulatory Commission
FIN	FASB Interpretation
FIN 18	FIN No. 18, *"Accounting for Income Taxes in Interim Periods"*
FIN 48	FIN No. 48, "*Accounting for Uncertainty in Income Taxes"*
FPA	Federal Power Act
Fresh Start	Reporting requirements as defined by SOP 90-7
FSP	FASB Staff Position
FSP APB 14-1	FSP No. APB 14-1, "*Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)"*
FSP FAS 107-1 and APB 28-1	FSP No. FAS 107-1 and APB 28-1, "*Interim Disclosures about Fair Value of Financial Instruments"*
FSP FAS 132R-1	FSP No. FAS 132(R)-1, *"Employers' Disclosures about Postretirement Benefit Plan Assets"*

GLOSSARY OF TERMS (continued)

FSP FAS 141R-1	FSP No. FAS 141(R)-1 *"Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies"*
FSP FAS 142-3	FSP No. FAS 142-3, "*Determination of the Useful Life of Intangible Asset"*
FSP FAS 157-3	FSP No. FAS 157-3, "*Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active"*
FSP FAS 157-4	FSP No. FAS 157-4, "*Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly"*
GHG	Greenhouse Gases
Gross Generation	The total amount of electric energy produced by generating units and measured at the generating terminal in kWh's or MWh's
Heat Rate	A measure of thermal efficiency computed by dividing the total BTU content of the fuel burned by the resulting kWh's generated. Heat rates can be expressed as either gross or net heat rates, depending whether the electricity output measured is gross or net generation and is generally expressed as BTU per net kWh.
Hedge Reset	Net settlement of long-term power contracts and gas swaps by negotiating prices to current market completed in November 2006
IGCC	Integrated Gasification Combined Cycle
IRS	Internal Revenue Service
ISO	Independent System Operator, also referred to as Regional Transmission Organizations, or RTO
ISO-NE	ISO New England Inc.
ITISA	Itiquira Energetica S.A.
kV	Kilovolts
kW	Kilowatts
kWh	Kilowatt-hours
LIBOR	London Inter-Bank Offer Rate
LTIP	Long-Term Incentive Plan
MACT	Maximum Achievable Control Technology
Merit Order	A term used for the ranking of power stations in order of ascending marginal cost
MIBRAG	Mitteldeutsche Braunkohlengesellschaft mbH
Moody's	Moody's Investors Services, Inc. — a credit rating agency
MMBtu	Million British Thermal Units
MOU	Memorandum of Understanding
MRTU	Market Redesign and Technology Upgrade
MVA	Megavolt-ampere
MW	Megawatts
MWh	Saleable megawatt hours net of internal/parasitic load megawatt-hours
MWt	Megawatts Thermal
NAAQS	National Ambient Air Quality Standards
NEPOOL	New England Power Pool
Net Baseload Capacity	Nominal summer net megawatt capacity of power generation adjusted for ownership and parasitic load, and excluding capacity from mothballed units as of December 31, 2008
Net Capacity Factor	The net amount of electricity that a generating unit produces over a period of time divided by the net amount of electricity it could have produced if it had run at full power over that time period. The net amount of electricity produced is the total amount of electricity generated minus the amount of electricity used during generation.
Net Exposure	Counterparty credit exposure to NRG, net of collateral
Net Generation	The net amount of electricity produced, expressed in kWh's or MWh's, that is the total amount of electricity generated (gross) minus the amount of electricity used during generation.
NINA	Nuclear Innovation North America LLC
NO_x	Nitrogen oxide
NOL	Net Operating Loss
NOV	Notice of Violation
NPNS	Normal Purchase Normal Sale
NRC	United States Nuclear Regulatory Commission
NRG Retail	NRG Retail LLC
NSR	New Source Review
NYISO	New York Independent System Operator
OCI	Other Comprehensive Income

GLOSSARY OF TERMS (continued)

Padoma	Padoma Wind Power LLC
Phase II 316(b) Rule	A section of the Clean Water Act regulating cooling water intake structures
PJM	PJM Interconnection, LLC
PJM market	The wholesale and retail electric market operated by PJM primarily in all or parts of Delaware, the District of Columbia, Illinois, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia
PMI	NRG Power Marketing, LLC, a wholly-owned subsidiary of NRG which procures transportation and fuel for the Company's generation facilities, sells the power from these facilities, and manages all commodity trading and hedging for NRG
Powder River Basin, or PRB, Coal	Coal produced in northeastern Wyoming and southeastern Montana, which has low sulfur content
PPA	Power Purchase Agreement
PUCT	Public Utility Commission of Texas
Reliant Retail	Reliant Energy Inc.'s Texas electric retail business operations
Repowering	Technologies utilized to replace, rebuild, or redevelop major portions of an existing electrical generating facility, not only to achieve a substantial emissions reduction, but also to increase facility capacity, and improve system efficiency
*Repowering*NRG	NRG's program designed to develop, finance, construct and operate new, highly efficient, environmentally responsible capacity over the next decade
Revolving Credit Facility	NRG's $1 billion senior secured revolving credit facility which matures on February 2, 2011
RGGI	Regional Greenhouse Gas Initiative
ROIC	Return on Invested Capital
RPM	Reliability Pricing Model — term for capacity market in PJM market
RTO	Regional Transmission Organization, also referred to as an Independent System Operators, or ISO
S&P	Standard & Poor's, a credit rating agency
Sarbanes-Oxley	Sarbanes — Oxley Act of 2002 (as amended)
SEC	United States Securities and Exchange Commission
Securities Act	The Securities Act of 1933, as amended
Senior Credit Facility	NRG's senior secured facility, which is comprised of a Term Loan Facility and a $1.3 billion Synthetic Letter of Credit Facility which mature on February 1, 2013, and a $1 billion Revolving Credit Facility, which matures on February 2, 2011
Senior Notes	The Company's $4.7 billion outstanding unsecured senior notes consisting of $1.2 billion of 7.25% senior notes due 2014, $2.4 billion of 7.375% senior notes due 2016 and $1.1 billion of 7.375% senior notes due 2017
SFAS	Statement of Financial Accounting Standards issued by the FASB
SFAS 109	SFAS No. 109, *"Accounting for Income Taxes"*
SFAS 123R	SFAS No. 123 (revised 2004), *"Share-Based Payment"*
SFAS 133	SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities" as amended*
SFAS 141R	SFAS No. 141 (revised 2007), "*Business Combinations*"
SFAS 142	SFAS No. 142, *"Goodwill and Other Intangible Assets"*
SFAS 157	SFAS No. 157, *"Fair Value Measurement"*
SFAS 160	SFAS No. 160, "*Noncontrolling Interest in Consolidated Financial Statements*"
SFAS 161	SFAS No. 161, "*Disclosure about Derivative Instruments and Hedging Activities — an amendment of FASB Statement No. 133"*
Sherbino	Sherbino I Wind Farm LLC
SO_2	Sulfur dioxide
SOP	Statement of Position issued by the American Institute of Certified Public Accountants
SOP 90-7	Statement of Position 90-7, *"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code"*
STP	South Texas Project — nuclear generating facility located near Bay City, Texas in which NRG owns a 44% Interest
STPNOC	South Texas Project Nuclear Operating Company
Synthetic Letter of Credit Facility	NRG's $1.3 billion senior secured synthetic letter of credit facility which matures on February 1, 2013
TANE	Toshiba American Nuclear Energy Corporation
TANE Facility	NINA's $500 million credit facility from TANE which matures on February 24, 2012
TCEQ	Texas Commission on Environmental Quality

GLOSSARY OF TERMS (continued)

Term Loan Facility	A senior first priority secured term loan which matures on February 1, 2013, and is included as part of NRG's Senior Credit Facility
Texas Genco	Texas Genco LLC, now referred to as the Company's Texas Region
Tonnes	Metric tonnes, which are units of mass or weight in the metric system each equal to 2,205 lbs and are the global Measurement for GHG
Uprate	A sustainable increase in the electrical rating of a generating facility
US	United States of America
USEPA	United States Environmental Protection Agency
US GAAP	Accounting principles generally accepted in the United States
VAR	Value at Risk
WCP	WCP (Generation) Holdings, Inc.

PART I — FINANCIAL INFORMATION

ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In millions, except for per share amounts)	Three months ended March 31, 2009	2008
Operating Revenues		
Total operating revenues	$ 1,658	$ 1,302
Operating Costs and Expenses		
Cost of operations	766	804
Depreciation and amortization	169	161
General and administrative	95	75
Development costs	13	12
Total operating costs and expenses	1,043	1,052
Operating Income	615	250
Other Income/(Expense)		
Equity in earnings/(losses) of unconsolidated affiliates	22	(4)
Other (loss)/income, net	(3)	9
Interest expense	(138)	(156)
Total other expense	(119)	(151)
Income From Continuing Operations Before Income Taxes	496	99
Income tax expense	298	54
Income From Continuing Operations	198	45
Income from discontinued operations, net of income taxes	—	4
Net Income attributable to NRG Energy, Inc.	198	49
Dividends for preferred shares	14	14
Income Available for NRG Energy, Inc. Common Stockholders	$ 184	$ 35
Earnings per share attributable to NRG Energy, Inc. Common Stockholders		
Weighted average number of common shares outstanding — basic	237	236
Income from continuing operations per weighted average common share — basic	$ 0.78	$ 0.13
Income from discontinued operations per weighted average common share — basic	—	0.02
Net Income per Weighted Average Common Share — Basic	$ 0.78	$ 0.15
Weighted average number of common shares outstanding — diluted	275	245
Income from continuing operations per weighted average common share — diluted	$ 0.70	$ 0.12
Income from discontinued operations per weighted average common share — diluted	—	0.02
Net Income per Weighted Average Common Share — Diluted	$ 0.70	$ 0.14
Amounts attributable to NRG Energy, Inc.:		
Income from continuing operations, net of income taxes	$ 198	$ 45
Income from discontinued operations, net of income taxes	—	4
Net Income	$ 198	$ 49

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except shares)	March 31, 2009 (unaudited)	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,188	$ 1,494
Funds deposited by counterparties	1,275	754
Restricted cash	17	16
Accounts receivable, less allowance for doubtful accounts of $3 and $3, respectively	399	464
Inventory	488	455
Derivative instruments valuation	3,862	4,600
Cash collateral paid in support of energy risk management activities	178	494
Prepayments and other current assets	258	215
Total current assets	7,665	8,492
Property, plant and equipment, net of accumulated depreciation of $2,524 and $2,343, respectively	11,544	11,545
Other Assets		
Equity investments in affiliates	494	490
Capital leases and note receivable, less current portion	403	435
Goodwill	1,718	1,718
Intangible assets, net of accumulated amortization of $191 and $335, respectively	815	815
Nuclear decommissioning trust fund	286	303
Derivative instruments valuation	1,148	885
Other non-current assets	125	125
Total other assets	4,989	4,771
Total Assets	$ 24,198	$ 24,808
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	$ 263	$ 464
Accounts payable	358	451
Derivative instruments valuation	3,000	3,981
Deferred income taxes	418	201
Cash collateral received in support of energy risk management activities	1,277	760
Accrued expenses and other current liabilities	269	724
Total current liabilities	5,585	6,581
Other Liabilities		
Long-term debt and capital leases	7,685	7,697
Nuclear decommissioning reserve	288	284
Nuclear decommissioning trust liability	195	218
Deferred income taxes	1,303	1,190
Derivative instruments valuation	420	508
Out-of-market contracts	271	291
Other non-current liabilities	737	669
Total non-current liabilities	10,899	10,857
Total Liabilities	16,484	17,438
3.625% convertible perpetual preferred stock (at liquidation value, net of issuance costs)	247	247
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock (at liquidation value, net of issuance costs)	406	853
Common stock	3	3
Additional paid-in capital	4,510	4,350
Retained earnings	2,607	2,423
Less treasury stock, at cost — 17,200,777 and 29,242,483 shares, respectively	(532)	(823)
Accumulated other comprehensive income	466	310
Noncontrolling interest	7	7
Total Stockholders' Equity	7,467	7,123
Total Liabilities and Stockholders' Equity	$ 24,198	$ 24,808

See notes to condensed consolidated financial statements.

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NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions) Three months ended March 31,	2009	2008
Cash Flows from Operating Activities		
Net income	$ 198	$ 49
Adjustments to reconcile net income to net cash provided by operating activities		
Distributions and equity in (earnings)/losses of unconsolidated affiliates	(22)	6
Depreciation and amortization	169	161
Amortization of nuclear fuel	10	15
Amortization of financing costs and debt discount/premiums	9	11
Amortization of intangibles and out-of-market contracts	(34)	(66)
Changes in deferred income taxes and liability for unrecognized tax benefits	299	49
Changes in nuclear decommissioning trust liability	6	9
Changes in derivatives	(304)	132
Changes in collateral deposits supporting energy risk management activities	312	(150)
Gain on sale of assets	(1)	—
Gain on sale of emission allowances	(7)	(14)
Amortization of unearned equity compensation	7	7
Changes in option premiums collected	(270)	15
Cash used by changes in other working capital	(233)	(164)
Net Cash Provided by Operating Activities	139	60
Cash Flows from Investing Activities		
Capital expenditures	(233)	(164)
Increase in restricted cash, net	(1)	(10)
Decrease in notes receivable	3	9
Purchases of emission allowances	(35)	(1)
Proceeds from sale of emission allowances	8	31
Investments in nuclear decommissioning trust fund securities	(83)	(144)
Proceeds from sales of nuclear decommissioning trust fund securities	78	135
Proceeds from sale of assets	4	12
Net Cash Used by Investing Activities	(259)	(132)
Cash Flows from Financing Activities		
Payment of dividends to preferred stockholders	(14)	(14)
Receipt from/(payment of) financing element of acquired derivatives	40	(1)
Payment for treasury stock	—	(55)
Proceeds from issuance of common stock, net of issuance costs	—	2
Payment of deferred debt issuance costs	(1)	(2)
Payments for short and long-term debt	(209)	(154)
Net Cash Used by Financing Activities	(184)	(224)
Change in cash from discontinued operations	—	(6)
Effect of exchange rate changes on cash and cash equivalents	(2)	4
Net Decrease in Cash and Cash Equivalents	(306)	(298)
Cash and Cash Equivalents at Beginning of Period	1,494	1,132
Cash and Cash Equivalents at End of Period	$ 1,188	$ 834

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Basis of Presentation

NRG Energy, Inc., or NRG or the Company, is a wholesale power generation company with a significant presence in major competitive power markets in the United States. NRG is engaged in the ownership, development, construction and operation of power generation facilities, the transacting in and trading of fuel and transportation services, and the trading of energy, capacity and related products in the United States and select international markets.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The accounting policies NRG follows are set forth in Note 2, *Summary of Significant Accounting Policies*, to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2008. The following notes should be read in conjunction with such policies and other disclosures in the Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of March 31, 2009, the results of operations for the three months ended March 31, 2009 and 2008, and cash flows for the three months ended March 31, 2009 and 2008. Certain prior-year amounts have been reclassified for comparative purposes.

Recent Developments – Reliant Retail Acquisition

On March 2, 2009, NRG announced that, acting through its wholly owned subsidiary, NRG Retail LLC, or NRG Retail, it had entered into a membership interest purchase agreement to acquire Reliant Energy Inc.'s Texas electric retail business operations, or Reliant Retail, for a purchase price of $287.5 million cash, and the return of Reliant Retail's net working capital as of the closing date. NRG will also guarantee certain obligations of NRG Retail in connection with the purchase.

NRG has arranged with Merrill Lynch Commodities, Inc., or Merrill Lynch, the current credit provider of Reliant, to provide continuing credit support to the retail business subsequent to closing. The Company negotiated a transitional credit sleeve facility, or CSRA, with Merrill Lynch under which NRG will contribute $200 million of cash into the retail entity. In conjunction with the CSRA, NRG, Reliant Retail, Merrill Lynch and certain counterparties will enter into offsetting trades to move collateral with respect to NRG's in-the-money positions in order to reduce Merrill Lynch's actual and contingent collateral on Reliant Retail's out-of-money positions. The CSRA will provide collateral support for the retail enterprise up to November 1, 2010, while a transition to NRG supplying the retail business' power requirements occurs, with limited ongoing collateral requirements. NRG will also have two potential cash contribution obligations: (i) in October 2009 of $250 million if a threshold level to be determined at closing is exceeded, and (ii) in October 2010 for up to $400 million at the sleeve unwind. The monthly fees for this sleeve facility is 5.875% on an annualized basis of the predetermined exposure as defined in the CSRA.

Each of the parties' obligation to consummate the acquisition of Reliant Retail is subject to certain customary conditions and regulatory approvals, including: (i) the absence of any event or circumstance that would have a material adverse effect on the other party's business, assets, properties, liabilities, condition (financial or otherwise) or results of operations, taken as a whole; and (ii) the receipt of required regulatory approvals, which have been obtained. On March 30, 2009, the Federal Trade Commission, together with the US Department of Justice, granted early termination of the pre-merger waiting period pursuant to the Hart Scott Rodino Antitrust Improvements Act. Subject to the remaining foregoing conditions, the transaction is expected to be consummated effective May 1, 2009.

Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during the reporting period. Actual results could be different from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents at March 31, 2009 are predominantly held in money market funds invested in treasury securities, treasury repurchase agreements or government agency debt.

Other Cash Flow Information

NRG's non-cash investing activities for the three months ended March 31, 2009 included capital expenditures of $3 million for which the associated liability is reflected within accrued expenses.

Recent Accounting Developments

The Company adopted SFAS No. 141 (revised 2007), *Business Combinations*, or SFAS 141R, on January 1, 2009. The provisions of SFAS 141R are applied prospectively to business combinations for which the acquisition date occurs after January 1, 2009. The statement requires an acquirer to recognize and measure in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree at fair value at the acquisition date. It also recognizes and measures the goodwill acquired or a gain from a bargain purchase in the business combination and determines what information to disclose to enable users of an entity's financial statements to evaluate the nature and financial effects of the business combination. In addition, transaction costs are required to be expensed as incurred. The Company has applied the provisions of SFAS 141R to the Reliant Retail acquisition, and has expensed $12 million in transactions costs related to the acquisition during the three months ended March 31, 2009. As discussed further in Note 12, *Income Taxes*, any future reductions to existing net deferred tax assets or valuation allowances, and changes to uncertain tax benefits, as they relates to Fresh Start or previously completed acquisitions, occurring after January 1, 2009 will be recorded to income tax expense rather than additional paid-in capital or goodwill, respectively.

In April 2009, the FASB issued FSP No. FAS 141(R)-1 *Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies*, or FSP FAS 141R-1, which the Company adopted effective January 1, 2009. This FSP amends and clarifies SFAS 141R, to address application issues on initial recognition and measurement, subsequent measurement and accounting, and disclosure of assets and liabilities arising from contingencies in a business combination. The provisions of FSP FAS 141R-1 are applied prospectively to assets or liabilities arising from contingencies in business combinations for which the acquisition date occurs after January 1, 2009. Accordingly, the Company will apply the provisions of FSP FAS 141R-1 to the Reliant Retail acquisition.

The Company adopted SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51, Consolidated Financial Statements*, or SFAS 160, on January 1, 2009. This Statement amends ARB No. 51 to establish accounting and reporting standards for the minority interest in a subsidiary and for the deconsolidation of a subsidiary. It also amends certain of ARB No. 51's consolidation procedures for consistency with the requirements of SFAS 141R. This Statement is applied prospectively from the date of adoption, except for the presentation and disclosure requirements, which shall be applied retrospectively. Accordingly, the Company has conformed its financial statement presentation and disclosures to the requirements of SFAS 160.

The Company adopted FSP No. APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement),* or FSP APB 14-1, on January 1, 2009, applying it retrospectively to all periods presented . FSP APB 14-1 clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) do not fall within the scope of paragraph 12 of Accounting Principles Board Opinion No. 14, *Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants,* and specifies that issuers of such instruments should separately account for the liability component and the equity component represented by the embedded conversion option in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Upon settlement, the entity shall allocate consideration transferred and transaction costs incurred to the extinguishment of the liability component and the reacquisition of the equity component.

During the third quarter 2006, NRG's unrestricted wholly-owned subsidiaries CSF I and CSF II issued notes and preferred interests, or CSF Debt, which included an embedded derivative requiring NRG to pay to Credit Suisse Group, or CS, at maturity, either in cash or stock at NRG's option, the excess of NRG's then current stock price over a threshold price. The CSF Debt and its embedded derivative are accounted for under the guidance in FSP APB 14-1. The fair value of the embedded derivative at the date of issuance was determined to be $32 million and has been recorded as a debt discount to the CSF Debt, with a corresponding credit to Additional Paid-in Capital. This debt discount will be amortized over the terms of the underlying CSF Debt. The cumulative effect of the change in accounting principle for periods prior to December 31, 2008, was recorded as a $7 million decrease to Long-Term Debt, a $13 million decrease to Additional Paid-In Capital, and a $20 million increase to Retained Earnings on the Condensed Consolidated Balance Sheet as of December 31, 2008.

The following table summarizes the effect of the adoption of FSP APB 14-1 on income and per-share amounts for all periods presented:

	Three Months Ended March 31,	
(In millions, except per share amounts)	**2009**	**2008**
Increase/(decrease):		
Interest Expense	$ 2	$ 3
Income From Continuing Operations	(2)	(3)
Net Income attributable to NRG Energy, Inc.	(2)	(3)
Basic Earnings Per Share	$ —	$ (0.01)
Diluted Earnings Per Share	$ (0.01)	$ (0.02)

In April 2009, the FASB issued FSP No. FAS 157-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,* or FSP FAS 157-4. FSP FAS 157-4 provides additional guidance for estimating fair value in accordance with FASB Statement No. 157, *Fair Value Measurements*, when the volume and level of activity for the asset or liability have significantly decreased and also includes guidance on identifying circumstances that indicate a transaction is not orderly. This FSP applies to all assets and liabilities within the scope of accounting pronouncements that require or permit fair value measurements. FSP FAS 157-4 is effective for interim and annual reporting periods ending after June 15, 2009, and will be applied prospectively. Early adoption is permitted for periods ending after March 15, 2009. FSP FAS 157-4 will not have a material impact on the Company's results of operations, financial position, or cash flows.

In April 2009, the FASB issued FSP No. FAS 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments,* or FSP 107-1 and APB 28-1. This FSP amends FASB Statement No. 107, *Disclosures about Fair Value of Financial Instruments,* to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, *Interim Financial Reporting,* to require those disclosures in summarized financial information at interim reporting periods. This FSP applies to all financial instruments within the scope of Statement 107 held by publicly traded companies, as defined by Opinion 28. This FSP is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. FSP FAS 107-1 and APB 28-1 does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. The enhanced disclosure requirements are relevant to NRG but will not have an impact on the Company's results of operations, financial position, or cash flows.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments,* or FSP FAS 115-2 and FAS 124-2. This FSP amends the other-than-temporary impairment guidance in US GAAP for debt securities to make the guidance more operational and to improve the presentation and disclosure of other-than-temporary impairments on debt and equity securities in the financial statements. This FSP does not amend existing recognition and measurement guidance related to other-than-temporary impairments of equity securities. FSP FAS 115-2 and FAS 124-2 is effective for interim and annual reporting periods ending after June 15, 2009, with earlier application permitted for periods ending after March 15, 2009. This FSP does not require disclosures for earlier periods presented for comparative purposes at initial adoption. In periods after initial adoption, this FSP requires comparative disclosures only for periods ending after initial adoption. FSP FAS 115-2 and FAS 124-2 will not have a material impact on the Company's results of operations, financial position, or cash flows.

The following accounting standards were adopted on January 1, 2009, with no impact on the Company's results of operations, financial position, or cash flow:

- FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets*
- FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*
- SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities*
- FSP No. FAS 132(R)-1, *Employers' Disclosures about Postretirement Benefit Plan Assets*
- EITF No. 07-5, *Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock*
- EITF No. 08-5, *Issuer's Accounting for Liabilities Measured at Fair Value with a Third-Party Credit Enhancement*
- EITF No. 08-6, *Equity Method Investment Accounting Considerations*

Note 2 — Comprehensive Income/(Loss)

The following table summarizes the components of the Company's comprehensive income/(loss), net of tax:

(In millions)	Three months ended March 31,	
	2009	2008
Net income	$ 198	$ 49
Changes in derivative activity	173	(302)
Foreign currency translation adjustment	(18)	42
Unrealized gain on available-for-sale securities	1	2
Other comprehensive income/(loss), net of tax	156	(258)
Comprehensive income/(loss) attributable to NRG Energy, Inc.	$ 354	$ (209)

The following table summarizes the changes in the Company's accumulated other comprehensive income, net of tax:

(In millions)	
Accumulated other comprehensive income as of December 31, 2008	$ 310
Changes in derivative activity	173
Foreign currency translation adjustments	(18)
Unrealized gain on available-for-sale securities	1
Accumulated other comprehensive income as of March 31, 2009	$ 466

Note 3 — Investments Accounted for by the Equity Method

MIBRAG — On February 25, 2009, NRG entered into an agreement to sell its 50% ownership interest in Mibrag B.V. to a consortium of Severočeské doly Chomutov, a member of the CEZ Group, and J&T Group. Mibrag B.V.'s principal holding is MIBRAG, which is jointly owned by NRG and URS Corporation. As part of the transaction, URS Corporation also has entered into an agreement to sell its 50% stake in MIBRAG.

For its share, NRG expects to receive EUR 202 million, subject to certain adjustments including transaction costs. The transaction is subject to customary closing conditions, including European Commission regulatory approvals and the absence of material adverse changes. NRG expects to recognize a pre-tax gain of approximately $100 million to $120 million and to close on the sale during the second quarter 2009. Prior to completion of the sale, NRG continues to record its share of MIBRAG's operations to "Equity in earnings of unconsolidated affiliates."

In connection with the transaction, NRG entered into a foreign currency forward contract on March 12, 2009 to hedge the impact of exchange rate fluctuations on the sale proceeds. The foreign currency forward contract has a fixed exchange rate of 1.277. The contract requires NRG to pay EUR 200 million in exchange for $255 million on June 30, 2009. For the three months ended March 31, 2009, NRG recorded an unrealized exchange loss of $9 million on the contract within "Other income/(expense), net."

NRG will provide certain indemnities in connection with its share of the transaction. See Note 17, *Guarantees,* to this Form 10-Q for further discussion.

Note 4 — Fair Value of Financial Instruments

The following table presents assets and liabilities measured and recorded at fair value on the Company's condensed consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

(In millions) As of March 31, 2009	Fair Value Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 1,188	$ —	$ —	$ 1,188
Funds deposited by counterparties	1,275	—	—	1,275
Restricted cash	17	—	—	17
Cash collateral paid in support of energy risk management activities	178	—	—	178
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	—	—	7	7
Marketable equity securities	2	—	—	2
Trust fund investments	157	104	27	288
Derivative assets	925	3,942	143	5,010
Total assets	$ 3,742	$ 4,046	$ 177	$ 7,965
Cash collateral received in support of energy risk management activities	$ 1,277	$ —	$ —	$ 1,277
Derivative liabilities	874	2,529	17	3,420
Total liabilities	$ 2,151	$ 2,529	$ 17	$ 4,697

The following table reconciles, for the three months ended March 31, 2009, the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements at least annually using significant unobservable inputs:

(In millions) Three months ended March 31, 2009	Fair Value Measurement Using Significant Unobservable Inputs (Level 3) Debt Securities	Trust Fund Investments	Derivatives	Total
Beginning balance as of January 1, 2009	$ 7	$ 31	$ 49	$ 87
Total gains/(losses) (realized and unrealized)				
Included in earnings	—	—	19	19
Included in nuclear decommissioning obligations	—	(4)	—	(4)
Purchases/(sales), net	—	—	4	4
Transfer into Level 3	—	—	54	54
Ending balance as of March 31, 2009	$ 7	$ 27	$ 126	$ 160
The amount of the total gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of March 31, 2009	$ —	$ —	$ 29	$ 29

Realized and unrealized gains and losses included in earnings that are related to the debt securities are recorded in other income, while those related to energy derivatives are recorded in operating revenues and cost of operations.

In determining the fair value of NRG's Level 2 and 3 derivative contracts, NRG applies a credit reserve to reflect credit risk which is calculated based on credit default swaps. As of March 31, 2009, the credit reserve resulted in a $46 million decrease in fair value which is composed of a $23 million loss in OCI and a $23 million loss in revenue and cost of operations.

This footnote should be read in conjunction with the complete description under Note 4, *Fair Value of Financial Instruments*, to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2008.

Note 5 — Nuclear Decommissioning Trust Fund

The following table summarizes the fair values of the securities held in the nuclear decommissioning trust fund for the decommissioning of South Texas Project, or STP:

(In millions)	March 31, 2009	December 31, 2008
Cash and cash equivalents	$ 5	$ 2
US government and federal agency obligations	28	21
Federal agency mortgage-backed securities	45	49
Commercial mortgage-backed securities	14	16
Corporate debt securities	35	37
Marketable equity securities	159	178
Total	$ 286	$ 303

Note 6 — Accounting for Derivative Instruments and Hedging Activities

SFAS 133 requires NRG to recognize all derivative instruments on the balance sheet as either assets or liabilities and to measure them at fair value each reporting period unless they qualify for a Normal Purchase Normal Sale, or NPNS, exception. If certain conditions are met, NRG may be able to designate certain derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives to Other Comprehensive Income, or OCI, until the hedged transactions occur and are recognized in earnings. The ineffective portion of a cash flow hedge is immediately recognized in earnings.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivative and the hedged transaction are recorded in current earnings. The ineffective portion of a hedging derivative instrument’s change in fair value is immediately recognized into earnings.

For derivatives that are not designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings. Under the guidelines established per SFAS 133, certain derivative instruments may qualify for the NPNS exception and are therefore exempt from fair value accounting treatment. SFAS 133 applies to NRG’s energy related commodity contracts, interest rate swaps, and foreign exchange contracts.

As the Company engages principally in the trading and marketing of its generation assets, many of NRG’s commercial activities qualify for hedge accounting under the requirements of SFAS 133. In order to so qualify, the physical generation and sale of electricity should be highly probable at inception of the trade and throughout the period it is held, as is the case with the Company’s baseload plants. For this reason, many trades in support of NRG’s baseload units normally qualify for NPNS or cash flow hedge accounting treatment, and trades in support of NRG’s peaking units will generally not qualify for hedge accounting treatment, with any changes in fair value likely to be reflected on a mark-to-market basis in the statement of operations. All of NRG’s hedging and trading activities are in accordance with the Company’s risk management policy.

Energy-Related Commodities

To manage the commodity price risk associated with the Company’s competitive supply activities and the price risk associated with power sales from the Company’s electric generation facilities, NRG may enter into a variety of derivative and non-derivative hedging instruments, utilizing the following:

- Forward contracts, which commit NRG to sell energy commodities or purchase fuels in the future.
- Futures contracts, which are exchange-traded standardized commitments to purchase or sell a commodity or financial instrument.
- Swap agreements, which require payments to or from counter-parties based upon the differential between two prices for a predetermined contractual, or notional, quantity.
- Option contracts, which convey the right or obligation to buy or sell a commodity.

The objectives for entering into derivative contracts designated as hedges include:

- Fixing the price for a portion of anticipated future electricity sales through the use of various derivative instruments including gas collars and swaps at a level that provides an acceptable return on the Company's electric generation operations.
- Fixing the price of a portion of anticipated fuel purchases for the operation of NRG's power plants.
- Fixing the price of a portion of anticipated energy purchases to supply NRG's load-serving customers.

NRG's trading activities include contracts entered into to profit from market price changes as opposed to hedging an exposure, and are subject to limits in accordance with the Company's risk management policy. These contracts are recognized on the balance sheet at fair value and changes in the fair value of these derivative financial instruments are recognized in earnings. These trading activities are a complement to NRG's energy marketing portfolio.

Interest Rate Swaps

NRG is exposed to changes in interest rates through the Company's issuance of variable and fixed rate debt. In order to manage the Company's interest rate risk, NRG enters into interest-rate swap agreements. As of March 31, 2009, NRG had interest rate derivative instruments extending through June 2019, all of which had been designated as either cash flow or fair value hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of NRG's derivative transactions broken out by commodity with the exception of those that qualified for the NPNS exception as of March 31, 2009. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in the money at its expiration date.

Commodity	Units	Total Volume (In millions)
Emissions	Short Ton	2
Coal	Short Ton	62
Natural Gas	MMBtu	(797)
Oil	Barrel	1
Power	MWH	(99)
Interest	Dollars	$ 2,419

Fair Value of Derivative Instruments

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet as of March 31, 2009:

	Fair Value	
(In millions)	Derivatives Asset	Derivatives Liability
Derivatives Designated as Cash Flow or Fair Value Hedges:		
Interest rate contracts current	$ —	$ 6
Interest rate contracts long term	15	135
Commodity contracts current	414	3
Commodity contracts long term	473	20
Total Derivatives Designated as Cash Flow or Fair Value Hedges	902	164
Derivatives Not Designated as Cash Flow or Fair Value Hedges:		
Commodity contracts current	3,448	2,982
Commodity contracts long term	660	265
Foreign currency current	—	9
Total Derivatives Not Designated as Cash Flow or Fair Value Hedges	4,108	3,256
Total Derivatives	$ 5,010	$ 3,420

Impact of Derivative Instruments on the Statement of Financial Performance

The following table summarizes the amount of gain/(loss) resulting from fair value hedges reflected in interest income/(expense) for interest rate contracts:

(In millions) Three months ended March 31, 2009	Amount of gain/(loss) recognized
Derivative	$ (1)
Senior Notes (hedged item)	$ 1

The following table summarizes the location and amount of gain/(loss) resulting from cash flow hedges:

(In millions) Three months ended March 31, 2009	Amount of gain/(loss) recognized in OCI (effective portion) after tax	Location of gain/(loss) reclassified from Accumulated OCI into Income	Amount of gain/(loss) reclassified from Accumulated OCI into Income	Location of gain/(loss) recognized in income (ineffective portion)	Amount of gain/(loss) recognized in income (ineffective portion)
Interest rate contracts	$ 12	Interest expense	$ (1)	Interest expense	$ —
Commodity contracts	161	Operating revenue	112	Operating revenue	4
Total	$ 173		$ 111		$ 4

The following table summarizes the amount of gain/(loss) recognized in income for derivatives not designated as cash flow or fair value hedges on commodity contracts:

(In millions) Three months ended March 31, 2009	Amount of gain/(loss) recognized in income or cost of operations for derivatives
Location of gain/(loss) recognized in income for derivatives:	
Operating revenue	$ 323
Cost of operations	$ (52)

Credit Risk Related Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed 'adequate assurance' under the agreements. While deterioration in credit quality is not defined, it could generally be interpreted to mean at least a three notch downgrade from existing credit ratings. Other agreements contain provisions that require the Company to post additional collateral if there was a one notch downgrade in the Company's credit rating. The aggregate fair value of all derivative instruments that have adequate assurance clauses that are in a net liability position as of March 31, 2009 was $21 million. The aggregate fair value of all derivative instruments with credit rating contingent features that are in a net liability position as of March 31, 2009 was $37 million. In addition, there are certain marginable agreements where NRG has a net liability position but the counterparty has not called for the collateral due, which is approximately $95 million.

Concentration of Credit Risk

Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process, (ii) a daily monitoring of counterparties' credit limits, (iii) the use of credit mitigation measures such as margin, collateral, credit derivatives or prepayment arrangements, (iv) the use of payment netting agreements, and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk with a diversified portfolio of counterparties, including ten participants under its first and second lien structure. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at NRG to cover the credit risk of the counterparty until positions settle.

Under the current economic downturn in the US and overseas, the Company has heightened its management and mitigation of counterparty credit risk by using credit limits, netting agreements, collateral thresholds, volumetric limits and other mitigation measures, where available. NRG avoids concentration of counterparties whenever possible and applies credit policies that include an evaluation of counterparties' financial condition, collateral requirements and the use of standard agreements that allow for netting and other security.

As of March 31, 2009, total credit exposure to substantially all counterparties was $2.6 billion and NRG held collateral (cash and letters of credit) against those positions of $1.3 billion resulting in a net exposure of $1.3 billion. Total credit exposure is discounted at a risk free rate.

The following table highlights the credit quality and the net counterparty credit exposure by industry sector. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and NPNS and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

Category	Net Exposure(a) as of March 31, 2009 (% of Total)
Coal suppliers	2%
Financial institutions	63
Utilities, energy, merchants, marketers and other	32
ISOs	3
Total	100%

Category	Net Exposure(a) as of March 31, 2009 (% of Total)
Investment grade	95%
Non-investment grade	1
Non-rated	4
Total	100%

(a) Credit exposure excludes California tolling, uranium, coal transportation/railcar leases, New England Reliability-Must-Run, cooperative load contracts and Texas Westmoreland coal contracts.

NRG has credit risk exposure to certain counterparties representing more than 10% of total net exposure and the aggregate of such counterparties was $444 million. No single counterparty represents more than 19% of total net credit exposure. Approximately 85% of NRG's positions relating to credit risk roll-off by the end of 2011. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial results from nonperformance by a counterparty.

Accumulated Other Comprehensive Income

The following table summarizes the effects of SFAS 133 on NRG's accumulated OCI balance attributable to hedged derivatives, net of tax:

(In millions) Three months ended March 31, 2009	Energy Commodities	Interest Rate	Total
Accumulated OCI balance at December 31, 2008	$ 406	$ (91)	$ 315
Realized from OCI during the period:			
— Due to realization of previously deferred amounts	(112)	1	(111)
— Due to discontinuance of cash flow hedge accounting	(133)	—	(133)
Mark-to-market of cash flow hedge accounting contracts	406	11	417
Accumulated OCI balance at March 31, 2009	$ 567	$ (79)	$ 488
Gains/(losses) expected to be realized from OCI during the next 12 months, net of $180 tax	$ 287	$ (4)	$ 283

(In millions) Three months ended March 31, 2008	Energy Commodities	Interest Rate	Total
Accumulated OCI balance at December 31, 2007	$ (234)	$ (31)	$ (265)
Realized from OCI during the period:			
— Due to realization of previously deferred amounts	(15)	—	(15)
Mark-to-market of cash flow hedge accounting contracts	(244)	(43)	(287)
Accumulated OCI balance at March 31, 2008	$ (493)	$ (74)	$ (567)
Losses expected to be realized from OCI during the next 12 months, net of $69 tax	$ (104)	$ (2)	$ (106)

As of March 31, 2009, the net balance in OCI relating to SFAS 133 was an unrecognized gain of approximately $488 million, which is net of $305 million in income taxes. As of March 31, 2008, the net balance in OCI relating to SFAS 133 was unrecognized losses of approximately $567 million, which was net of $371 million in income taxes.

As of July 31, 2008, the Company's regression analysis for natural gas prices to ERCOT power prices while positively correlated did not meet the required threshold for cash flow hedge accounting for calendar years 2012 and 2013. As a result, the Company de-designated its 2012 and 2013 ERCOT cash flow hedges as of July 31, 2008 and prospectively mark these derivatives to market. The Company will continue to monitor the correlations in this market, and if the regression analysis meets the required thresholds in the future, the Company may elect to re-designate these transactions as cash flow hedges.

Statement of Operations

In accordance with SFAS 133, unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedge derivatives and ineffectiveness of hedge derivatives are reflected in current period earnings.

The following table summarizes the pre-tax effects of economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activity on NRG's statement of operations. These amounts are included within operating revenues and cost of operations.

(In millions)	Three Months Ended March 31, 2009	2008
Unrealized mark-to-market results		
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	$ (16)	$ (10)
Reversal of previously recognized unrealized gains on settled positions related to trading activity	(69)	(5)
Net unrealized gains/(losses) on open positions related to economic hedges	349	(97)
Gains/(losses) on ineffectiveness associated with open positions treated as cash flow hedges	4	(45)
Net unrealized gains on open positions related to trading activity	7	16
Total unrealized gains/(losses)	$ 275	$ (141)

(In millions)	Three months ended March 31, 2009	2008
Revenue from operations — energy commodities	$ 327	$ (141)
Cost of operations	(52)	—
Total impact to statement of operations	$ 275	$ (141)

For the three months ended March 31, 2009, the unrealized gain associated with changes in the fair value of derivative instruments not accounted for as hedge derivatives of $275 million was comprised of $349 million of fair value increases in forward sales of electricity and fuel, $4 million of ineffectiveness, $85 million loss from the reversal of mark-to-market gains, which ultimately settled as financial revenues, and $7 million of gains associated with the Company's trading activity. The $349 million gain from economic hedge positions includes $217 million recognized in earnings from previously deferred amounts in OCI as the Company discontinued cash flow hedge accounting for certain 2009 transactions in Texas and New York due to lower expected generation, and $132 million of increase in value of forward sales of electricity and fuel due to forward power and gas prices. The $4 million gain is primarily from hedge accounting ineffectiveness related to gas trades in Texas which was driven by decreasing forward gas prices while forward power prices decreased at a slower pace. The Company recognized a derivative loss of $29 million resulting from discontinued NPNS designated coal purchases due to expected lower coal consumption and accordingly could not assert taking physical delivery of coal purchase transaction under NPNS designation. This amount is included in the Company's cost of operations.

For the three months ended March 31, 2008, the unrealized loss associated with changes in the fair value of derivative instruments not accounted for as hedge derivatives of $141 million was comprised of $97 million of fair value decreases in forward sales of electricity and fuel, a $45 million loss due to the ineffectiveness associated with financial forward contracted electric and gas sales, $15 million from the reversal of mark-to-market gains which ultimately settled as financial revenues of which $10 million was related to economic hedges and $5 million was related to trading activity. These decreases were partially offset by $16 million of gains associated with open positions related to trading activity.

Discontinued Hedge Accounting — During the first quarter 2009, a relatively sharp decline in commodity prices resulted in falling power prices and expected lower power generation for the remainder of 2009. As such, NRG discontinued cash flow hedge accounting for certain 2009 contracts previously accounted for as cash flow hedges. These contracts were originally entered into as hedges of forecasted sales by baseload plants in Texas and Northeast. As a result, $217 million of gain previously deferred in OCI was recognized in earnings for the three months ended March 31, 2009.

Discontinued Normal Purchase and Sale for Coal Purchase – Due to the decline in commodity prices, the Company's coal consumption is lower than forecasted, and the Company expects to build-up inventory due to anticipated lower baseload plant generation. The Company may need to net settle some of its coal purchases under NPNS designation and thus would no longer be able to assert physical delivery under these coal contracts. The forward positions previously treated as accrual accounting have been reclassified into mark-to-market accounting during the quarter and prospectively. The impact of discontinuance of coal NPNS designated transactions resulted in a derivative loss of $29 million and reflected in cost of operations for the three months ended March 31, 2009.

Note 7 — Long-Term Debt

Senior Credit Facility

In March 2009, NRG made a repayment of approximately $197 million to its first lien lenders under the Term Loan Facility. This payment resulted from the mandatory annual offer of a portion of NRG's excess cash flow (as defined in the Senior Credit Facility) for the prior year.

TANE Facility

On February 24, 2009, Nuclear Innovation North America LLC, or NINA, executed an Engineering, Procurement and Construction, or EPC, agreement with Toshiba American Nuclear Energy Corporation, or TANE, which specifies the terms under which STP Units 3 and 4 will be constructed. Concurrent with the execution of the EPC agreement, NINA and TANE entered into a credit facility, or the TANE Facility, wherein TANE has committed up to $500 million to finance purchases of long-lead materials and equipment for the construction of STP 3 and 4. The TANE Facility matures on February 24, 2012, subject to two renewal periods, and provides for customary events of default, which include, among others: nonpayment of principal or interest; default under other indebtedness; the rendering of judgments; and certain events of bankruptcy or insolvency. Outstanding borrowings will accrue interest at LIBOR plus 3%, subject to a ratings grid, and are secured by substantially all of the assets of and membership interests in NINA and its subsidiaries. As of March 31, 2009, no amounts have been borrowed under the TANE Facility. NINA will be required to repay all outstanding amounts associated with its existing $20 million revolving credit facility before borrowing under the TANE Facility.

Debt Related to Capital Allocation Program

Share Lending Agreements — On February 20, 2009, CSF I and CSF II, wholly-owned unrestricted subsidiaries of the Company, entered into Share Lending Agreements with affiliates of Credit Suisse Group, or CS, relating to the shares of NRG common stock currently held by CSF I and II in connection with the CSF I and CSF II issued notes and preferred interests agreements, or CSF Debt, originally entered into on August 4, 2006, by and between CSF I and II and affiliates of CS. The Company entered into Share Lending Agreements due to the current lack of liquidity in the stock borrow market for NRG shares and in order to maintain the intended economic benefits of the CSF Debt agreements. As of March 31, 2009 CSF I and II have lent affiliates of CS 12,000,000 shares of the 21,970,903 shares of NRG common stock held by CSF I and II. The Share Lending Agreements permit affiliates of CS to borrow up to the total number of shares of NRG common stock held by CSF I and II.

Shares borrowed by affiliates of CS under the Share Lending Agreement will be used to replace shares borrowed by affiliates of CS from third parties in connection with CS' hedging activities related to the financing agreements.

The shares are expected to be returned upon the termination of the financing agreements. Until the shares are returned, the shares will be treated as outstanding for corporate law purposes, and accordingly, the holders of the borrowed shares will have all of the rights of a holder of the Company's outstanding shares, including the right to vote the shares on all matters submitted to a vote of the Company's stockholders. However, because the CS affiliates must return all borrowed shares (or identical shares), the borrowed shares are not considered outstanding for the purpose of computing and reporting the Company's basic or diluted earnings per share.

Adoption of FSP APB 14-1 — As discussed in Note 1, *Basis of Presentation*, the Company adopted FSP APB 14-1 on January 1, 2009. The following table summarizes certain information related to the CSF Debt in accordance with FSP APB 14-1:

	March 31, 2009	December 31, 2008
Equity Component		
Additional Paid-in Capital	$ 14	$ 14
Liability Component		
Principal amount	$ 333	$ 333
Unamortized discount	(6)	(8)
Net carrying amount	$ 327	$ 325

The unamortized discount will be amortized through the maturity of the CSF Debt. The CSF I debt has a maturity date of June 2010 and the CSF II debt has a maturity date October 2009. Interest expense for the CSF Debt, including the debt discount amortization for the three months ended March 31, 2009 and 2008 was $9 million and $10 million, respectively. The effective interest rate as of March 31, 2009 was 11.4% for the CSF I debt and 12.0% for the CSF II debt.

Subsequent events

Dunkirk Power LLC Tax-Exempt Bonds — On April 15, 2009, NRG executed a $59 million tax-exempt bond financing through its wholly owned subsidiary, Dunkirk Power LLC. The bonds were issued by the County of Chautauqua Industrial Development Agency and will be applied towards construction of emission control equipment on the Dunkirk Generating Station in Dunkirk, NY. The bonds initially bear weekly interest based on the Securities Industry and Financial Markets Association, or SIFMA, rate, have a maturity date of April 1, 2042, and are enhanced by a letter of credit under the Company's Revolving Credit Facility covering amounts drawn on the facility. The initial proceeds were $31 million with the remaining balance being released over time as construction costs are paid.

GenConn Energy LLC related financings — On April 27, 2009, a wholly owned subsidiary of NRG closed on an equity bridge loan facility, or EBL, in the amount of $121.5 million from a syndicate of banks. The purpose of the EBL is to fund the Company's proportionate share of the project construction costs required to be contributed into GenConn Energy LLC, or GenConn, a 50% equity method investment of the Company. The EBL, which is fully collateralized with a letter of credit issued under the Company's Synthetic Letter of Credit Facility, will bear interest at a rate of LIBOR plus 2% on drawn amounts. The EBL will mature on the earlier of the commercial operations date of the Middletown project or July 26, 2011. The EBL also features a mandatory prepayment of the portion of the loan utilized for the Devon project (approximately $56 million) becoming due on the earlier of Devon's commercial operations date or January 27, 2011. The initial proceeds of the EBL were $61 million and the remaining amounts will be drawn as necessary to fund construction costs.

At the same time, GenConn secured financing from the same syndicate of banks for 50% of its project construction costs through a 7-year term loan facility, as well as a 5 year revolving working capital loan and letter of credit facility, collectively the GenConn Facility. The aggregate credit amount secured under the GenConn Facility, which is non-recourse to NRG, was $291 million, including $48 million for the revolving facility. No amounts were immediately drawn under the GenConn Facility.

Note 8 — Changes in Capital Structure

The following table reflects the changes in NRG's common stock issued and outstanding during the three months ended March 31, 2009:

	Authorized	Issued	Treasury	Outstanding
Balance as of December 31, 2008	500,000,000	263,599,200	(29,242,483)	234,356,717
Shares issued from LTIP	—	199,135	—	199,135
Shares issued under NRG Employee Stock Purchase Plan, or ESPP	—	—	41,706	41,706
Shares borrowed by affiliates of CS	—	—	12,000,000	12,000,000
4.00% Preferred Stock conversion	—	10,500	—	10,500
5.75% Preferred Stock conversion	—	18,601,201	—	18,601,201
Balance as of March 31, 2009	500,000,000	282,410,036	(17,200,777)	265,209,259

Employee Stock Purchase Plan

As of March 31, 2009, there remained 458,294 shares of treasury stock reserved for issuance under the ESPP.

5.75% Preferred Stock

Certain holders of the Company's 5.75% convertible perpetual preferred stock, or 5.75% Preferred Stock, elected to convert their preferred shares into NRG common shares prior to the mandatory conversion date of March 16, 2009 at the minimum conversion rate of 8.2712. As of March 16, 2009, each remaining outstanding share of the 5.75% Preferred Stock automatically converted into shares of common stock at a rate of 10.2564, based upon the applicable market value of NRG's common stock. These conversions resulted in a decrease in preferred stock of $447 million, and a corresponding increase in Additional Paid-in Capital. The following table summarizes the conversion of the 5.75% Preferred Stock into NRG Common Stock:

	Preferred Stock Shares	Conversion Rate (per share)	Common Stock Shares
Balance as of December 31, 2008	1,841,680		—
Preferred shares converted by the holders prior to March 16, 2009	144,975	8.2712	1,199,116
Preferred shares automatically converted as of March 16, 2009	1,696,705	10.2564	17,402,085
Balance at March 31, 2009	—		18,601,201

4% Preferred Stock

As of March 31, 2009, 210 shares of the 4% Preferred Stock were converted into 10,500 shares of common stock in 2009.

Note 9 — Equity Compensation

Non-Qualified Stock Options, or NQSO's

The following table summarizes the Company's NQSO activity as of March 31, 2009, and changes during the three months then ended:

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)
Outstanding as of December 31, 2008	4,008,188	$ 25.84	
Granted	1,195,600	23.64	
Forfeited	(8,967)	29.77	
Outstanding at March 31, 2009	5,194,821	25.33	$ 7
Exercisable at March 31, 2009	2,801,309	$ 21.56	7

The weighted average grant date fair value of NQSO's granted for the three months ended March 31, 2009, was $8.55.

Restricted Stock Units, or RSU's

The following table summarizes the Company's non-vested RSU awards as of March 31, 2009 and changes during the three months then ended:

	Units	Weighted Average Grant-Date Fair Value Per Unit
Non-vested as of December 31, 2008	1,061,996	$ 32.97
Granted	147,000	23.64
Vested	(288,578)	23.73
Forfeited	(10,720)	39.55
Non-vested as of March 31, 2009	909,698	$ 34.32

Performance Units, or PU's

The following table summarizes the Company's non-vested PU awards as of March 31, 2009 and changes during the three months then ended:

	Units	Weighted Average Grant- Date Fair Value Per Unit
Non-vested as of December 31, 2008	659,564	$ 22.81
Granted	285,200	22.73
Forfeited	(216,064)	18.72
Non-vested as of March 31, 2009	728,700	$ 24.16

In the first quarter 2009, there were no performance unit payouts in accordance with the provisions.

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Note 10 — Earnings Per Share

Basic earnings per share attributable to NRG common stockholders is computed by dividing net income attributable to NRG adjusted for accumulated preferred stock dividends by the weighted average number of common shares outstanding. Shares issued and treasury shares repurchased during the year are weighted for the portion of the year that they were outstanding. The 12,000,000 shares outstanding under the Share Lending Agreements with CS affiliates are not treated as outstanding for earnings per share purposes because the CS affiliates must return all borrowed shares (or identical shares) upon termination of the Agreements. See Note 7 – *Long-Term Debt,* for more information on the Share Lending Agreements. Diluted earnings per share attributable to NRG common stockholders is computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during the period.

The reconciliation of basic earnings per common share to diluted earnings per share attributable to NRG is as follows:

	Three months ended March 31,	
(In millions, except per share data)	**2009**	**2008**
Basic earnings per share attributable to NRG common stockholders		
Numerator:		
Income from continuing operations, net of income taxes	$ 198	$ 45
Dividends for preferred shares	(14)	(14)
Net income available to common stockholders from continuing operations	184	31
Income from discontinued operations, net of income taxes	—	4
Net income attributable to NRG Energy, Inc. available to common stockholders	$ 184	$ 35
Denominator:		
Weighted average number of common shares outstanding	237.1	236.3
Basic earnings per share:		
Income from continuing operations	$ 0.78	$ 0.13
Income from discontinued operations, net of income taxes	—	0.02
Net income attributable to NRG Energy, Inc.	$ 0.78	$ 0.15
Diluted earnings per share attributable to NRG common stockholders		
Numerator:		
Net income available to common stockholders from continuing operations	$ 184	$ 31
Add preferred stock dividends for dilutive preferred stock	10	—
Adjusted income from continuing operations	194	31
Income from discontinued operations, net of income taxes	—	4
Net income attributable to NRG Energy, Inc. available to common stockholders	$ 194	$ 35
Denominator:		
Weighted average number of common shares outstanding	237.1	236.3
Incremental shares attributable to the issuance of equity compensation (treasury stock method)	1.0	3.7
Incremental shares attributable to embedded derivatives of certain financial instruments (if-converted method)	—	5.3
Incremental shares attributable to assumed conversion features of outstanding preferred stock (if-converted method)	37.3	—
Total dilutive shares	275.4	245.3
Diluted earnings per share:		
Income from continuing operations	$ 0.70	$ 0.12
Income from discontinued operations, net of income taxes	—	0.02
Net income attributable to NRG Energy, Inc.	$ 0.70	$ 0.14

Effects on Earnings per Share

The following table summarizes NRG's outstanding equity instruments that are anti-dilutive and were not included in the computation of the Company's diluted earnings per share:

(In millions of shares)	Three months ended March 31, 2009	2008
Equity compensation (NQSO's and PU's)	5.4	1.3
4.0% convertible preferred stock	—	21.0
5.75% convertible preferred stock	—	16.5
Embedded derivative of 3.625% redeemable perpetual preferred stock	16.0	12.2
Embedded derivative of CSF preferred interests and notes	7.6	16.8
Total	29.0	67.8

Note 11 — Segment Reporting

NRG's segment structure reflects the Company's core areas of operation which are primarily the geographic regions of the Company's wholesale power generation, thermal and chilled water business, and corporate activities. Within NRG's wholesale power generation operations, there are distinct components with separate operating results and management structures for the following regions: Texas, Northeast, South Central, West, and International.

(In millions)	Wholesale Power Generation								
Three months ended March 31, 2009	Texas	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$ 925	$ 464	$ 162	$ 28	$ 34	$ 42	$ 4	$ (1)	$ 1,658
Depreciation and amortization	117	29	17	2	—	2	2	—	169
Equity in earnings of unconsolidated affiliates	4	—	—	1	17	—	—	—	22
Income/(loss) from continuing operations before income taxes	378	211	1	(3)	14	4	(109)	—	496
Net income attributable to NRG Energy, Inc.	$ 217	$ 211	$ 1	$ (3)	$ 12	$ 4	$ (244)	$ —	$ 198
Total assets	$ 13,298	$ 1,687	$ 929	$ 262	$ 952	$ 206	$ 19,966	$ (13,102)	$ 24,198

(In millions)	Wholesale Power Generation								
Three months ended March 31, 2008	Texas	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$ 649	$ 360	$ 179	$ 38	$ 38	$ 44	$ (5)	$ (1)	$ 1,302
Depreciation and amortization	113	26	17	1	—	3	1	—	161
Equity in (losses)/earnings of unconsolidated affiliates	(18)	—	—	(2)	16	—	—	—	(4)
Income/(loss) from continuing operations before income taxes	67	59	39	12	24	5	(107)	—	99
Income from discontinued operations, net of income taxes	—	—	—	—	4	—	—	—	4
Net income attributable to NRG Energy, Inc.	$ 37	$ 59	$ 39	$ 12	$ 24	$ 5	$ (127)	$ —	$ 49

Note 12 — Income Taxes

Effective Tax Rate

Income taxes included in continuing operations were as follows:

(In millions except otherwise noted)	Three months ended March 31, 2009	2008
Income tax expense	$ 298	$ 54
Effective tax rate	60.0%	54.5%

For the three months ended March 31, 2009 and 2008, NRG's overall effective tax rate on continuing operations was different than the statutory rate of 35% primarily due to state income taxes and an increase in valuation allowance as a result of capital losses generated in the quarter for which there are no projected capital gains or available tax planning strategies. In addition, NRG's overall effective tax rate on continuing operations for the three months ended March 31, 2008 was impacted by a taxable dividend from foreign operations.

Valuation Allowance

As of March 31, 2009, the Company's valuation allowance was increased by approximately $96 million primarily due to losses generated in the first quarter from derivative trading activity which require capital treatment for tax purposes. The Company reduced its foreign valuation allowance by approximately $1 million.

Uncertain tax benefits

NRG has identified certain unrecognized tax benefits whose after-tax value is $556 million, which would impact the Company's income tax expense.

As of March 31, 2009, NRG has recorded a $272 million non-current tax liability for unrecognized tax benefits, resulting from taxable earnings for the period for which there are no NOLs available to offset for financial statement purposes. NRG has accrued interest related to these unrecognized tax benefits of approximately $4 million for the three months ended March 31, 2009, and has accrued approximately $12 million since adoption. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

NRG is subject to examination by taxing authorities for income tax returns filed in the US federal jurisdiction and various state and foreign jurisdictions including major operations located in Germany and Australia. The Company is no longer subject to US federal income tax examinations for years prior to 2002. With few exceptions, state and local income tax examinations are no longer open for years before 2002. The Company's significant foreign operations are also no longer subject to examination by local jurisdictions for years prior to 2000. The Company continues to be under examination by the Internal Revenue Service.

Note 13 — Benefit Plans and Other Postretirement Benefits

NRG Defined Benefit Plans

NRG sponsors and operates three defined benefit pension and other postretirement plans. The NRG Plan for Bargained Employees and the NRG Plan for Non-Bargained Employees are maintained solely for eligible legacy NRG participants. A third plan, the Texas Genco Retirement Plan, is maintained for participation solely by eligible Texas-based employees. The total amount of employer contributions paid for the three months ended March 31, 2009 was $6 million. NRG expects to make $24 million in further contributions for the remainder of 2009. The total 2009 planned contribution of $30 million was a decrease of $30 million from the expected contributions as disclosed in Note 12 — *Benefit Plans and Other Postretirement Benefits*, in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008. This decrease in the 2009 expected contributions is due to the adoption by the Company in March 2009 of the new funding method options now available. The new methods were made allowable under new IRS guidance on the application of recent Congressional legislation on funding requirements.

The net periodic pension cost related to all of the Company's defined benefit pension plans include the following components:

(In millions) Three months ended March 31,	Defined Benefit Pension Plans 2009	Defined Benefit Pension Plans 2008
Service cost benefits earned	$ 4	$ 4
Interest cost on benefit obligation	5	5
Expected return on plan assets	(4)	(4)
Net periodic benefit cost	$ 5	$ 5

The net periodic cost related to all of the Company's other post retirement benefits plans include the following components:

(In millions) Three months ended March 31,	Other Postretirement Benefits Plans 2009	Other Postretirement Benefits Plans 2008
Service cost benefits earned	$ 1	$ 1
Interest cost on benefit obligation	2	1
Net periodic benefit cost	$ 3	$ 2

STP Defined Benefit Plans

NRG has a 44% undivided ownership interest in South Texas Project, or STP. South Texas Project Nuclear Operating Company, or STPNOC, which operates and maintains STP, provides its employees a defined benefit pension plan as well as postretirement health and welfare benefits. Although NRG does not sponsor the STP plan, it reimburses STPNOC for 44% of the contributions made towards its retirement plan obligations. There were no employer contributions reimbursed to STPNOC for the three months ended March 31, 2009. The Company recognized net periodic costs related to its 44% interest in STP defined benefits plans of $3 million and $2 million for the three months ended March 31, 2009 and 2008, respectively.

Note 14 — Commitments and Contingencies

Commitments

Fuel Commitments

NRG enters into long-term contractual arrangements to procure fuel and transportation services for the Company's generation assets. NRG's total net coal commitments, which span from 2009 through 2012, decreased by approximately $120 million during the three months ended March 31, 2009 as the 2009 monthly commitments were settled. In addition, NRG's natural gas purchase commitments decreased by approximately $124 million during the three months ended March 31, 2009, as the 2009 monthly commitments were settled and average natural gas prices decreased.

First and Second Lien Structure

NRG has granted first and second liens to certain counterparties on substantially all of the Company's assets to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-the-money hedge agreements for forward sales of power or MWh equivalents. The Company's lien counterparties may have a claim on NRG's assets to the extent market prices exceed the hedged price. As of March 31, 2009, and April 23, 2009, there was no exposure to out-of-the-money positions to counterparties on hedges under either the first or second liens.

***Repowering*NRG Initiatives**

NRG has capitalized $32 million through March 31, 2009, for the repowering of its El Segundo generating facility in California. As a result of permitting delays related to on-going Natural Resource Defense Counsel claims, the El Segundo project will not reach its original completion date of June 1, 2011. The Company is contemplating certain PPA modifications including the commercial operations date.

Contingencies

Set forth below is a description of the Company's material legal proceedings. The Company believes that it has valid defenses to these legal proceedings and intends to defend them vigorously. Pursuant to the requirements of SFAS No. 5, *Accounting for Contingencies,* or SFAS 5, and related guidance, NRG records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition, legal costs are expensed as incurred. Management has assessed each of the following matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. Unless specified below, the Company is unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Company's liabilities and contingencies could vary from its currently recorded reserves and such differences could be material.

In addition to the legal proceedings noted below, NRG and its subsidiaries are party to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect NRG's consolidated financial position, results of operations, or cash flows.

Exelon Related Litigation

Delaware Chancery Court

On November 11, 2008, Exelon and its wholly-owned subsidiary Exelon Xchange filed a complaint against NRG and NRG's Board of Directors. The complaint alleges, among other things, that NRG's Board of Directors failed to give due consideration and to take appropriate action in response to the acquisition proposal announced by Exelon on October 19, 2008, in which Exelon offered to acquire all of the outstanding shares of NRG common stock at an exchange ratio of 0.485 Exelon shares for each NRG common share. On November 14, 2008, NRG and NRG's Board of Directors filed a motion to dismiss Exelon's complaint on the grounds that it failed to state a claim upon which relief can be granted. On March 16, 2009, prior to responding to the motion to dismiss, Exelon and Exelon Xchange filed an amended complaint. The amended complaint seeks, among other things, declaratory and injunctive relief: (1) declaring that NRG and its Board of Directors breached its fiduciary duties by summarily rejecting the October 19, 2008 Exelon offer, by resorting to defensive measures to interfere with Exelon's tender offer, and by making false and misleading statements to NRG stockholders; (2) compelling NRG and its Board of Directors to approve the Exelon tender offer by waiving the application of Section 203 of the Delaware General Corporation Law; (3) compelling NRG and its Board of Directors from taking any actions with respect to regulatory authorities that would thwart or interfere with the Exelon tender offer; and (4) compelling NRG and its Board of Directors to correct any false and misleading statements to NRG stockholders and to disclose all material facts necessary for NRG stockholders to make informed decisions regarding the October 19, 2008 Exelon offer. On April 17, 2009, NRG and NRG's Board of Directors filed a partial motion to dismiss the amended complaint asserting that many of the claims are subject to the business judgment rule, are premature, and should be dismissed for failure to state a claim upon which relief can be granted. A schedule for briefing the motion will be agreed by the parties or set by the court.

On December 11, 2008, the Louisiana Sheriffs' Pension & Relief Fund and City of St. Claire Shores Police & Fire Retirement System, on behalf of themselves and all others similarly situated, served a previously filed complaint on NRG and its Board of Directors alleging substantially similar allegations as the Exelon complaint. On December 23, 2008, NRG and NRG's Board of Directors filed a motion to dismiss the complaint on the grounds that it failed to state a claim upon which relief can be granted. On March 16, 2009, prior to responding to the motion to dismiss, these plaintiffs filed an amended complaint against only NRG's Board of Directors. The amended complaint seeks, among other things, declaratory and injunctive relief: (1) declaring that it is a proper class action; (2) declaring that the NRG Board of Directors breached its fiduciary duties by summarily rejecting the October 19, 2008, Exelon offer and by resorting to defensive measures designed to prevent any potential acquirer from entering into a value-maximizing transaction with NRG; (3) compelling NRG's Board of Directors to engage in a dialogue with Exelon to more fully understand the October 19, 2008, offer and to determine the potential for any improvement thereon; (4) enjoining NRG from proceeding with the acquisition of Reliant Energy's retail business; (5) enjoining the NRG's Board of Directors from taking any actions designed to block a transaction with Exelon; and (6) awarding plaintiffs their costs and fees. On April 17, 2009, the NRG Board of Directors filed a motion to dismiss the amended complaint asserting that it fails to state a claim upon which relief can be granted. A schedule for briefing the motion will be agreed by the parties or set by the court.

On April 3, 2009, the Louisiana Sheriffs' Pension & Relief Fund and City of St. Claire Shores Police & Fire Retirement System filed (1) a motion for injunctive relief to rescind the appointment of Pastor Kirbyjon H. Caldwell to NRG's Board of Directors and to prevent the NRG Board from taking any action that would impede the vote for directors at the next annual meeting of NRG stockholders; and (2) a motion to expedite the injunction proceeding. The NRG Board of Directors filed its opposition to the motions on April 8, 2009, a telephonic hearing was held on April 9, 2009, and on April 14, 2009, the court denied both motions.

Mercer County, New Jersey Superior Court

On January 6, 2009, three lawsuits previously filed against NRG and NRG's Board of Directors on behalf of individual shareholders and all others similarly situated were consolidated into one case in the Law Division of the Superior Court of Mercer County, New Jersey. On January 21, 2009, the plaintiffs filed an Amended Consolidated Complaint in which they allege a single count of breach of fiduciary duty against NRG's Board of Directors and seek injunctive relief: (1) declaring that the action is a class action and certifying plaintiffs as class plaintiffs and counsel as class counsel; (2) declaring that defendants breached their fiduciary duties by summarily rejecting the Exelon offer; (3) ordering defendants to negotiate with respect to the Exelon offer or with respect to another transaction to maximize shareholder value; (4) ordering defendants to exempt Exelon's offer from Section 203 of the Delaware General Corporations Law; (5) awarding compensatory damages including interest; (6) awarding plaintiffs costs and fees; and (7) granting other relief the Court deems proper. On February 20, 2009, NRG's Board of Directors filed a motion to dismiss the amended consolidated complaint for failure to state a claim or, in the alternative, to stay the action in favor of the Delaware Chancery Court proceedings. On March 19, 2009, the plaintiffs filed their response and on April 6, 2009, NRG's Board of Directors filed its reply. On April 17, 2009, oral argument was held on the NRG Board of Director's motion to dismiss. Additional oral argument will be scheduled by the court.

California Department of Water Resources

This matter concerns, among other contracts and other defendants, the California Department of Water Resources, or CDWR, and its wholesale power contract with subsidiaries of WCP (Generation) Holdings, Inc., or WCP. The case originated with a February 2002 complaint filed by the State of California alleging that many parties, including WCP subsidiaries, overcharged the State of California. For WCP, the alleged overcharges totaled approximately $940 million for 2001 and 2002. The complaint demanded that the Federal Energy Regulatory Commission, or FERC, abrogate the CDWR contract and sought refunds associated with revenues collected under the contract. In 2003, the FERC rejected this complaint, denied rehearing, and the case was appealed to the US Court of Appeals for the Ninth Circuit where oral argument was held on December 8, 2004. On December 19, 2006, the Ninth Circuit decided that in the FERC's review of the contracts at issue, the FERC could not rely on the *Mobile-Sierra* standard presumption of just and reasonable rates, where such contracts were not reviewed by the FERC with full knowledge of the then existing market conditions. WCP and others sought review by the US Supreme Court. WCP's appeal was not selected, but instead held by the Supreme Court. In the appeal that was selected by the Supreme Court, on June 26, 2008, the Supreme Court ruled: (1) that the *Mobile-Sierra* public interest standard of review applied to contracts made under a seller's market-based rate authority; (2) that the public interest "bar" required to set aside a contract remains a very high one to overcome; and (3) that the *Mobile-Sierra* presumption of contract reasonableness applies when a contract is formed during a period of market dysfunction unless (a) such market conditions were caused by the illegal actions of one of the parties or (b) the contract negotiations were tainted by fraud or duress. In this related case, the US Supreme Court affirmed the Ninth Circuit's decision agreeing that the case should be remanded to FERC to clarify FERC's 2003 reasoning regarding its rejection of the original complaint relating to the financial burdens under the contracts at issue and to alleged market manipulation at the time these contracts were formed. As a result, the US Supreme Court then reversed and remanded the WCP CDWR case to the Ninth Circuit for treatment consistent with its June 26, 2008 decision in the related case. On October 20, 2008, the Ninth Circuit asked the

parties in the remanded CDWR case, including WCP and the FERC, whether that Court should answer a question the US Supreme Court did not address in its June 26, 2008, decision; whether the *Mobile-Sierra* doctrine applies to a third-party that was not a signatory to any of the wholesale power contracts, including the CDWR contract, at issue in that case. Without answering that reserved question, on December 4, 2008, the Ninth Circuit vacated its prior opinion and remanded the WCP CDWR case back to the FERC for proceedings consistent with the US Supreme Court's June 26, 2008, decision. On December 15, 2008, WCP and the other seller-defendants filed with FERC a Motion for Order Governing Proceedings on Remand. On January 14, 2009, the Public Utilities Commission of the State of California filed an Answer and Cross Motion for an Order Governing Procedures on Remand, and on January 28, 2009, WCP and the other seller-defendants filed their reply.

At this time, while NRG cannot predict with certainty whether WCP will be required to make refunds for rates collected under the CDWR contract or estimate the range of any such possible refunds, a reconsideration of the CDWR contract by the FERC with a resulting order mandating significant refunds could have a material adverse impact on NRG's financial position, statement of operations, and statement of cash flows. As part of the 2006 acquisition of Dynegy's 50% ownership interest in WCP, WCP and NRG assumed responsibility for any risk of loss arising from this case, unless any such loss was deemed to have resulted from certain acts of gross negligence or willful misconduct on the part of Dynegy, in which case any such loss would be shared equally between WCP and Dynegy.

On April 27, 2009, the US Supreme Court granted *certiorari* in an unrelated proceeding involving the *Mobile-Sierra* doctrine that may affect the standard of review applied to the CDWR contract on remand before the FERC. Specifically, on March 18, 2008, the U.S. Court of Appeals for the DC Circuit rejected the appeals filed by the Attorneys General of the State of Connecticut and Commonwealth of Massachusetts regarding the settlement that established the current New England capacity market. That settlement, filed with FERC on March 7, 2006, provides for interim capacity transition payments for all generators in New England for the period starting December 1, 2006 through May 31, 2010, and for the Forward Capacity Market thereafter. The Court of Appeals rejected all substantive challenges to the settlement, but sustained one procedural argument relating to the applicability of the *Mobile-Sierra* doctrine to non-settling parties. After the Court of Appeals denied rehearing *en banc*, NRG sought certiorari before the US Supreme Court, which was granted on April 27, 2009.

Louisiana Generating, LLC

On February 11, 2009, the US Department of Justice acting at the request of the US Environmental Protection Agency, or USEPA, commenced a lawsuit against Louisiana Generating, LLC in federal district court in the Middle District of Louisiana alleging violations of the Clean Air Act, or CAA, at the Big Cajun II power plant. This is the same matter for which Notices of Violation, or NOVs, were issued to Louisiana Generating, LLC on February 15, 2005, and on December 8, 2006. Specifically, it is alleged that in the late 1990's, several years prior to NRG's acquisition of the Big Cajun II power plant from the Cajun Electric bankruptcy and several years prior to the NRG bankruptcy, modifications were made to Big Cajun II Units 1 and 2 by the prior owners without appropriate or adequate permits and without installing and employing the best available control technology, or BACT, to control emissions of nitrogen oxides and/or sulfur dioxides. The relief sought in the complaint includes a request for an injunction to: (1) preclude the operation of Units 1 and 2 except in accordance with the CAA; (2) order the installation of BACT on Units 1 and 2 for each pollutant subject to regulation under the CAA; (3) obtain all necessary permits for Units 1 and 2; (4) order the surrender of emission allowances or credits; (5) conduct audits to determine if any additional modifications have been made which would require compliance with the CAA's Prevention of Significant Deterioration program; (6) award to the Department of Justice its costs in prosecuting this litigation; and (7) assess civil penalties of up to $27,500 per day for each CAA violation found to have occurred between January 31, 1997, and March 15, 2004, up to $32,500 for each CAA violation found to have occurred between March 15, 2004, and January 12, 2009, and up to $37,500 for each CAA violation found to have occurred after January 12, 2009.

On April 27, 2009, Louisiana Generating, LLC made several filings. First, it filed an objection in the Cajun Electric Cooperative Power, Inc.'s bankruptcy proceeding challenging the February 19, 2009, Motion for Final Decree, Discharge of the Trustee, and For Order Closing the Chapter 11 Case, to prevent the bankruptcy from closing. The objection was filed in the U.S. Bankruptcy Court for the Middle District of Louisiana. Second, it filed a complaint in the same bankruptcy proceeding in the same court seeking a judgment that: (i) it did not assume liability from Cajun Electric for any claims or other liabilities under environmental laws with respect to Big Cajun II that arose, or are based on activities that were undertaken, prior to the closing date of the acquisition; (ii) it is not otherwise the successor to Cajun Electric; and (iii) Cajun Electric and/or the Bankruptcy Trustee are exclusively liable for the violations alleged in the February 11, 2009, lawsuit to the extent that such claims are determined to have merit. Last, it filed in the federal district court for the Middle District of Louisiana a Motion for an Extension of Time to File Responsive Pleadings arguing that the court should extend the May 11, 2009, deadline to respond to the February 11, 2009, lawsuit until such time as directed by the court following resolution of Louisiana Generating, LLC's Motion for Stay of Proceedings Pending Resolution of Certain Bankruptcy Actions filed concurrently with the Motion for an Extension of Time.

Citizens for Clean Power

On November 6, 2008, Citizens for Clean Power, or CCP, filed a notice of its intent to file a lawsuit under the CAA against Indian River Power, LLC, or IRP, seeking to enforce opacity limitations applicable to units 1, 2, 3, and 4. On January 5, 2009, the Delaware Department of Natural Resources and Environmental Control, or DNREC, filed a lawsuit relating to opacity issues against IRP in the Superior Court in Kent County, Delaware. On January 6, 2009, DNREC and IRP agreed to a consent order resolving the DNREC action in which IRP agreed to pay a $5,000 civil penalty and agreed to purchase for DNREC's use an Ultrafine Particle Monitor for approximately $60,000. The consent order was filed with the court on February 6, 2009, and entered by the court on February 13, 2009, thereby precluding CCP's ability under the CAA to commence its noticed lawsuit. On February 26, 2009, notwithstanding the entry of the consent order, CCP filed a complaint against IRP, in federal district court in Delaware. The complaint seeks injunctive and declarative relief in addition to civil penalties: (1) declaring that IRP violated the CAA through 6,304 opacity violations between 2004 and 2008; (2) seeking civil penalties of up to $32,500 for each such violation; (3) enjoining IRP from violating the CAA; (4) ordering IRP to assess and mitigate any environmental injuries caused by its emissions; and (5) awarding CCP its fees and costs. On March 25, 2009, IRP filed a motion to dismiss the complaint, on April 7, 2009, CCP filed its opposition, and on April 20, 2009, IRP filed its reply.

Disputed Claims Reserve

As part of NRG's plan of reorganization, NRG funded a disputed claims reserve for the satisfaction of certain general unsecured claims that were disputed claims as of the effective date of the plan. Under the terms of the plan, as such claims are resolved, the claimants are paid from the reserve on the same basis as if they had been paid out in the bankruptcy. To the extent the aggregate amount required to be paid on the disputed claims exceeds the amount remaining in the funded claims reserve, NRG will be obligated to provide additional cash and common stock to satisfy the claims. Any excess funds in the disputed claims reserve will be reallocated to the creditor pool for the pro rata benefit of all allowed claims. The contributed common stock and cash in the reserves is held by an escrow agent to complete the distribution and settlement process. Since NRG has surrendered control over the common stock and cash provided to the disputed claims reserve, NRG recognized the issuance of the common stock as of December 6, 2003 and removed the cash amounts from the balance sheet. Similarly, NRG removed the obligations relevant to the claims from the balance sheet when the common stock was issued and cash contributed.

On April 3, 2006, the Company made a supplemental distribution to creditors under the Company's Chapter 11 bankruptcy plan, totaling $25 million in cash and 5,082,000 shares of common stock. On December 18, 2008, NRG filed with the US Bankruptcy Court for the Southern District of New York a Closing Report and an Application for Final Decree Closing the Chapter 11 Case for NRG Energy, Inc. et al and on December 29, 2008, the court entered the Final Decree. As of December 21, 2008, the reserve held approximately $9.8 million in cash and 1,282,783 shares of common stock. On December 21, 2008, the Company issued an instruction letter to The Bank of New York Mellon to distribute all remaining cash and stock in the Disputed Claims Reserve to NRG's creditors. On January 12, 2009, The Bank of New York Mellon commenced the distribution of all remaining cash and stock in the Disputed Claim Reserve to the Company's creditors pursuant to NRG's Chapter 11 bankruptcy plan.

Note 15 — Regulatory Matters

NRG operates in a highly regulated industry and is subject to regulation by various federal and state agencies. As such, NRG is affected by regulatory developments at both the federal and state levels and in the regions in which NRG operates. In addition, NRG is subject to the market rules, procedures and protocols of the various ISO markets in which NRG participates. These wholesale power markets are subject to ongoing legislative and regulatory changes.

PJM — By Order dated March 17, 2009, the US Court of Appeals for the DC Circuit denied the remaining appeals of the FERC orders establishing the RPM capacity market. In February of 2009, the entities representing load interests, including the New Jersey Board of Public Utilities, the District of Columbia Office of the People's Counsel, and the Maryland Office of People's Counsel, agreed to withdraw their appeals regarding the establishment of the RPM market design.

On May 30, 2008, the Maryland Public Service Commission together with other load interests, filed with FERC a complaint against PJM challenging the results of the RPM transition Base Residual Auctions for installed capacity, held between April 2007 and January 2008. The complaint sought to replace the auction-determined results for installed capacity for the 2008/2009, 2009/2010, and 2010/2011 delivery years with administratively-determined prices. On September 19, 2008, FERC dismissed the complaint. The parties representing load interests have sought rehearing of the dismissal of the complaint, and a reversal by FERC, could result in a refund obligation.

Note 16 — Environmental Matters

The construction and operation of power projects are subject to stringent environmental and safety protection and land use laws and regulation in the US. If such laws and regulations become more stringent, or new laws, interpretations or compliance policies apply and NRG's facilities are not exempt from coverage, the Company could be required to make modifications to further reduce potential environmental impacts. New legislation and regulations to mitigate the effects of greenhouse gases, or GHGs, including CO_2 from power plants, are under consideration at the federal and state levels. In general, the effect of such future laws or regulations is expected to require the addition of pollution control equipment or the imposition of restrictions or additional costs on the Company's operations.

Environmental Capital Expenditures

Based on current rules, technology and plans, NRG has estimated that environmental capital expenditures to be incurred during the remainder of 2009 through 2013 to meet NRG's environmental commitments will be approximately $1.1 billion. These capital expenditures, in general, are related to installation of particulate, SO_2, NO_x, and mercury controls to comply with federal and state air quality rules and consent orders, as well as installation of "Best Technology Available" under the Phase II 316(b) Rule. NRG continues to explore cost effective alternatives that can achieve desired results. This estimate reflects anticipated schedules and controls related to the Clean Air Interstate Rule, or CAIR, Maximum Achievable Control Technology, or MACT, for mercury, and the Phase II 316(b) rule which are under remand to the USEPA, and, as such, the full impact on the scope and timing of environmental retrofits from any new or revised regulations cannot be determined at this time.

Northeast Region

NRG operates electric generating units located in Connecticut, Delaware, Maryland, Massachusetts and New York which are subject to RGGI. These units must surrender one allowance for every US ton of CO_2 emitted with true up for 2009-2011 occurring in 2012. Allowances are partially allocated only in the state of Delaware. In 2008, NRG emitted approximately 12 million tonnes of CO_2 in RGGI states, although 2009 is tracking lower than 2008 year to date. NRG believes that to the extent CO_2 will not be fully reflected in wholesale electricity prices, the direct financial impact on the Company is likely to be negative as costs will be incurred in the course of securing the necessary RGGI allowances and offsets at auction and in the market.

In January 2006, NRG's Indian River Operations, Inc. received a letter of informal notification from the DNREC stating that the Company may be a potentially responsible party with respect to a historic captive landfill. On October 1, 2007, NRG signed an agreement with DNREC to investigate the site through the Voluntary Clean-up Program. On February 4, 2008, the DNREC issued findings that no further action is required in relation to surface water and that a previously planned shoreline stabilization project would adequately address shore line erosion. The landfill itself will require a further Remedial Investigation and Feasibility Study to determine the type and scope of any additional work required. Until the Remedial Investigation and Feasibility Study are completed, the Company is unable to predict the impact of any required remediation.

On May 29, 2008, the DNREC issued an invitation to NRG's Indian River Operations, Inc. to participate in the development and performance of a Natural Resource Damage Assessment, or NRDA, at the Burton Island Old Ash Landfill. NRG is currently working with the DNREC and other trustees to close out the property.

Note 17 — Guarantees

NRG and its subsidiaries enter into various contracts that include indemnification and guarantee provisions as a routine part of the Company's business activities. Examples of these contracts include asset purchases and sale agreements, commodity sale and purchase agreements, joint venture agreements, EPC agreements, operation and maintenance agreements, service agreements, settlement agreements, and other types of contractual agreements with vendors and other third parties, as well as affiliates. These contracts generally indemnify the counterparty for tax, environmental liability, litigation and other matters, as well as breaches of representations, warranties and covenants set forth in these agreements. In some cases, NRG's maximum potential liability cannot be estimated, since the underlying agreements contain no limits on potential liability.

This footnote should be read in conjunction with the complete description under Note 25, *Guarantees*, to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2008.

In connection with the agreement to sell its 50% ownership interest in Mibrag B.V., NRG signed an agreement guaranteeing the performance of its subsidiary Lambique Beheer under the purchase and sale agreement. The Company's guarantee is limited to EUR 206 million, which represents the expected sales proceeds including expected interest through closing. In addition, the Company guaranteed the performance of NRGenerating International B.V. under a currency exchange agreement related to the proceeds of the sale of MIBRAG. The guarantee is limited to $35 million. NRG has no reason to believe that the Company currently has any material liability relating to such routine indemnification obligations.

NRG signed a guarantee agreement on behalf of its subsidiary NRG Retail, LLC guaranteeing the payment and performance of its obligations under the LLC Membership Interest Purchase Agreement and related agreements with Reliant Energy in connection with the purchase of its retail business, including the purchase price of $287.5 million and an additional $2.6 million for additional marketing services agreed upon as part of the transaction. NRG has no reason to believe that the Company currently has any material liability relating to such routine indemnification obligations.

Note 18 — Condensed Consolidating Financial Information

As of March 31, 2009, the Company had $1.2 billion of 7.25% Senior Notes due 2014, $2.4 billion of 7.375% Senior Notes due 2016 and $1.1 billion Senior Notes due 2017 outstanding. These notes are guaranteed by certain of NRG's current and future wholly-owned domestic subsidiaries, or guarantor subsidiaries.

Each of the following guarantor subsidiaries fully and unconditionally guaranteed the Senior Notes as of March 31, 2009:

Arthur Kill Power LLC
Astoria Gas Turbine Power LLC
Berrians I Gas Turbine Power LLC
Big Cajun II Unit 4 LLC
Cabrillo Power I LLC
Cabrillo Power II LLC
Chickahominy River Energy Corp.
Commonwealth Atlantic Power LLC
Conemaugh Power LLC
Connecticut Jet Power LLC
Devon Power LLC
Dunkirk Power LLC
Eastern Sierra Energy Company
El Segundo Power, LLC
El Segundo Power II LLC
GCP Funding Company LLC
Hanover Energy Company
Hoffman Summit Wind Project LLC
Huntley IGCC LLC
Huntley Power LLC
Indian River IGCC LLC
Indian River Operations Inc.
Indian River Power LLC
James River Power LLC
Kaufman Cogen LP
Keystone Power LLC
Lake Erie Properties Inc.
Louisiana Generating LLC
Middletown Power LLC
Montville IGCC LLC
Montville Power LLC
NEO Chester-Gen LLC
NEO Corporation
NEO Freehold-Gen LLC
NEO Power Services Inc.
New Genco GP LLC
NRG Construction LLC
NRG Devon Operations Inc.
NRG Dunkirk Operations, Inc.
NRG El Segundo Operations Inc.
NRG Generation Holdings, Inc.
NRG Huntley Operations Inc.
NRG International LLC
NRG Kaufman LLC
NRG Mesquite LLC
NRG MidAtlantic Affiliate Services Inc.
NRG Middletown Operations Inc.
NRG Montville Operations Inc.
NRG New Jersey Energy Sales LLC
NRG New Roads Holdings LLC
NRG North Central Operations, Inc.
NRG Northeast Affiliate Services Inc.
NRG Norwalk Harbor Operations Inc.
NRG Operating Services Inc.
NRG Oswego Harbor Power Operations Inc.
NRG Power Marketing LLC
NRG Rocky Road LLC
NRG Saguaro Operations Inc.
NRG South Central Affiliate Services Inc.
NRG South Central Generating LLC
NRG South Central Operations Inc.
NRG South Texas LP
NRG Texas LLC
NRG Texas Power LLC
NRG West Coast LLC
NRG Western Affiliate Services Inc.
Oswego Harbor Power LLC
Padoma Wind Power, LLC
Saguaro Power LLC
San Juan Mesa Wind Project II, LLC
Somerset Operations Inc.

Norwalk Power LLC
NRG Affiliate Services Inc.
NRG Arthur Kill Operations Inc.
NRG Asia-Pacific Ltd.
NRG Astoria Gas Turbine Operations Inc.
NRG Bayou Cove LLC
NRG Cabrillo Power Operations Inc.
NRG Cadillac Operations Inc.
NRG California Peaker Operations LLC
NRG Cedar Bayou Development Company LLC
NRG Connecticut Affiliate Services Inc.
Somerset Power LLC
Texas Genco Financing Corp.
Texas Genco GP, LLC
Texas Genco Holdings, Inc.
Texas Genco LP, LLC
Texas Genco Operating Services, LLC
Texas Genco Services, LP
Vienna Operations, Inc.
Vienna Power LLC
WCP (Generation) Holdings LLC
West Coast Power LLC

The non-guarantor subsidiaries include all of NRG's foreign subsidiaries and certain domestic subsidiaries. NRG conducts much of its business through and derives much of its income from its subsidiaries. Therefore, the Company's ability to make required payments with respect to its indebtedness and other obligations depends on the financial results and condition of its subsidiaries and NRG's ability to receive funds from its subsidiaries. Except for NRG Bayou Cove, LLC, which is subject to certain restrictions under the Company's Peaker financing agreements, there are no restrictions on the ability of any of the guarantor subsidiaries to transfer funds to NRG. In addition, there may be restrictions for certain non-guarantor subsidiaries.

The following condensed consolidating financial information presents the financial information of NRG, the guarantor subsidiaries and the non-guarantor subsidiaries in accordance with Rule 3-10 under the Securities and Exchange Commission's Regulation S-X. The financial information may not necessarily be indicative of results of operations or financial position had the guarantor subsidiaries or non-guarantor subsidiaries operated as independent entities.

In this presentation, NRG Energy, Inc. consists of parent company operations. Guarantor subsidiaries and non-guarantor subsidiaries of NRG are reported on an equity basis. For companies acquired, the fair values of the assets and liabilities acquired have been presented on a push-down accounting basis.

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NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations (a)	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 1,566	$ 95	$ —	$ (3)	$ 1,658
Operating Costs and Expenses					
Cost of operations	698	68	3	(3)	766
Depreciation and amortization	158	10	1	—	169
General and administrative	17	3	75	—	95
Development costs	2	2	9	—	13
Total operating costs and expenses	875	83	88	(3)	1,043
Operating Income/(Loss)	691	12	(88)	—	615
Other Income/(Expense)					
Equity in earnings of consolidated subsidiaries	21	—	397	(418)	—
Equity in earnings of unconsolidated affiliates	1	21	—	—	22
Other income/(loss), net	1	(7)	3	—	(3)
Interest expense	(48)	(21)	(69)	—	(138)
Total other income/(expense)	(25)	(7)	331	(418)	(119)
Income/(Losses) From Continuing Operations Before Income Taxes	666	5	243	(418)	496
Income tax expense	252	1	45	—	298
Net Income attributable to NRG Energy, Inc.	$ 414	$ 4	$ 198	$ (418)	$ 198

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
March 31, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations (a)	Consolidated Balance
ASSETS					
Current Assets					
Cash and cash equivalents	$ 2	$ 200	$ 986	$ —	$ 1,188
Funds deposited by counterparties	1,275	—	—	—	1,275
Restricted cash	3	14	—	—	17
Accounts receivable, net	360	39	—	—	399
Inventory	476	12	—	—	488
Derivative instruments valuation	3,862	—	—	—	3,862
Cash collateral paid in support of energy risk management activities	178	—	—	—	178
Prepayments and other current assets	89	37	256	(124)	258
Total current assets	6,245	302	1,242	(124)	7,665
Net property, plant and equipment	10,688	829	27	—	11,544
Other Assets					
Investment in subsidiaries	624	—	12,744	(13,368)	—
Equity investments in affiliates	27	467	—	—	494
Capital leases and notes receivable, less current portion	829	403	3,378	(4,207)	403
Goodwill	1,718	—	—	—	1,718
Intangible assets, net	796	17	2	—	815
Nuclear decommissioning trust fund	286	—	—	—	286
Derivative instruments valuation	1,133	—	15	—	1,148
Other non-current assets	13	5	107	—	125
Total other assets	5,426	892	16,246	(17,575)	4,989
Total Assets	$ 22,359	$ 2,023	$ 17,515	$ (17,699)	$ 24,198
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt and capital leases	$ 67	$ 232	$ 31	$ (67)	$ 263
Accounts payable	(781)	373	766	—	358
Derivative instruments valuation	2,982	12	6	—	3,000
Deferred income taxes	722	26	(330)	—	418
Cash collateral received in support of energy risk management activities	1,277	—	—	—	1,277
Accrued expenses and other current liabilities	90	59	177	(57)	269
Total current liabilities	4,357	702	650	(124)	5,585
Other Liabilities					
Long-term debt and capital leases	2,894	1,046	7,952	(4,207)	7,685
Nuclear decommissioning reserve	288	—	—	—	288
Nuclear decommissioning trust liability	195	—	—	—	195
Deferred income taxes	633	(159)	829	—	1,303
Derivative instruments valuation	284	36	100	—	420
Out-of-market contracts	271	—	—	—	271
Other non-current liabilities	412	48	277	—	737
Total non-current liabilities	4,977	971	9,158	(4,207)	10,899
Total liabilities	9,334	1,673	9,808	(4,331)	16,484
3.625% Preferred Stock	—	—	247	—	247
Stockholders' Equity	13,025	350	7,460	(13,368)	7,467
Total Liabilities and Stockholders' Equity	$ 22,359	$ 2,023	$ 17,515	$ (17,699)	$ 24,198

(a) All significant intercompany transactions have been eliminated in consolidation.

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NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations (a)	Consolidated Balance
Cash Flows from Operating Activities					
Net income attributable to NRG Energy, Inc.	$ 414	$ 4	$ 198	$ (418)	$ 198
Adjustments to reconcile net income attributable to NRG Energy, Inc. to net cash provided by operating activities:					
Equity in earnings of unconsolidated affiliates and consolidated subsidiaries	(22)	(21)	(397)	418	(22)
Depreciation and amortization	158	10	1	—	169
Amortization of nuclear fuel	10	—	—	—	10
Amortization of financing costs and debt discount/premiums	—	3	6	—	9
Amortization of intangibles and out-of-market contracts	(34)	—	—	—	(34)
Changes in deferred income taxes and liability for unrecognized tax benefits	116	(11)	194	—	299
Changes in nuclear decommissioning liability	6	—	—	—	6
Changes in derivatives	(301)	(3)	—	—	(304)
Changes in collateral deposits supporting energy risk management activities	312	—	—	—	312
Gain on sale of assets	(1)	—	—	—	(1)
Gain on sale of emission allowances	(7)	—	—	—	(7)
Amortization of unearned equity compensation	—	—	7	—	7
Changes in option premium collected	(270)	—	—	—	(270)
Cash provided by/(used by) changes in other working capital	(161)	38	(110)	—	(233)
Net Cash Provided/(Used) by Operating Activities	220	20	(101)	—	139
Cash Flows from Investing Activities					
Intercompany loans to from subsidiaries	(231)	—	(201)	432	—
Investment in consolidated affiliates	—	—	(60)	60	—
Capital expenditures	(165)	(68)		—	(233)
(Increase)/decrease in restricted cash, net	4	(5)	—	—	(1)
Decrease/(increase) in notes receivable	—	11	(8)	—	3
Purchases of emission allowances	(35)	—	—	—	(35)
Proceeds from sale of emission allowances	8	—	—	—	8
Investment in nuclear decommissioning trust fund securities	(83)	—	—	—	(83)
Proceeds from sales of nuclear decommissioning trust fund securities	78	—	—	—	78
Proceeds from sale of assets	4	—	—	—	4
Net Cash Used by Investing Activities	(420)	(62)	(269)	492	(259)
Cash Flows from Financing Activities					
Proceeds from intercompany loans	164	30	238	(432)	—
Intercompany investments	—	60	—	(60)	—
Payment of dividends to preferred stockholders	—	—	(14)	—	(14)
Receipt from financing element of acquired derivatives	40	—	—	—	40
Payment of deferred debt issuance costs	—	(1)	—	—	(1)
Payment of short and long-term debt	—	(4)	(205)	—	(209)
Net Cash Provided by Financing Activities	204	85	19	(492)	(184)
Effect of exchange rate changes on cash and cash equivalents	—	(2)	—	—	(2)
Net Decrease in Cash and Cash Equivalent	4	41	(351)	—	(306)
Cash and Cash Equivalents at Beginning of Period	(2)	159	1,337	—	1,494
Cash and Cash Equivalents at End of Period	$ 2	$ 200	$ 986	$ —	$ 1,188

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Three Months Ended March 31, 2008

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations(a)	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 1,201	$ 101	$ —	$ —	$ 1,302
Operating Costs and Expenses					
Cost of operations	735	67	2	—	804
Depreciation and amortization	153	6	2	—	161
General and administrative	13	3	59	—	75
Development costs	—	2	10	—	12
Total operating costs and expenses	901	78	73	—	1,052
Operating Income/(Loss)	300	23	(73)	—	250
Other Income/(Expense)					
Equity in earnings/(losses) of consolidated subsidiaries	72	(18)	142	(196)	—
Equity in losses of unconsolidated affiliates	(2)	(2)	—	—	(4)
Other income, net	1	3	5	—	9
Interest expense	(51)	(21)	(84)	—	(156)
Total other income/(expense)	20	(38)	63	(196)	(151)
Income/(Loss) From Continuing Operations Before Income Taxes	320	(15)	(10)	(196)	99
Income tax expense/(benefit)	121	(8)	(59)	—	54
Income/(Loss) From Continuing Operations	199	(7)	49	(196)	45
Income from discontinued operations, net of income taxes	—	4	—	—	4
Net Income/(Loss) attributable to NRG Energy, Inc.	$ 199	$ (3)	$ 49	$ (196)	$ 49

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2008

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc.	Eliminations(a)	Consolidated Balance
ASSETS					
Current Assets					
Cash and cash equivalents	$ (2)	$ 159	$ 1,337	$ —	$ 1,494
Funds deposited by counterparties	—	—	754	—	754
Restricted cash	7	9	—	—	16
Accounts receivable, net	422	42	—	—	464
Inventory	443	12	—	—	455
Derivative instruments valuation	4,600	—	—	—	4,600
Cash collateral paid in support of energy risk management activities	494	—	—	—	494
Prepayments and other current assets	130	37	278	(230)	215
Total current assets	6,094	259	2,369	(230)	8,492
Net Property, Plant and Equipment	10,725	791	29	—	11,545
Other Assets					
Investment in subsidiaries	651	—	11,949	(12,600)	—
Equity investments in affiliates	26	464	—	—	490
Capital leases and note receivable, less current portion	598	435	3,177	(3,775)	435
Goodwill	1,718	—	—	—	1,718
Intangible assets, net	797	16	2	—	815
Nuclear decommissioning trust fund	303	—	—	—	303
Derivative instruments valuation	870	—	15	—	885
Other non-current assets	9	4	112	—	125
Total other assets	4,972	919	15,255	(16,375)	4,771
Total Assets	$ 21,791	$ 1,969	$ 17,653	$ (16,605)	$ 24,808
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt and capital leases	$ 67	$ 235	$ 229	$ (67)	$ 464
Accounts payable	(1,302)	429	1,324	—	451
Derivative instruments valuation	3,976	3	2	—	3,981
Deferred income taxes	503	31	(333)	—	201
Cash collateral received in support of energy risk management activities	760	—	—	—	760
Accrued expenses and other current liabilities	507	48	333	(164)	724
Total current liabilities	4,511	746	1,555	(231)	6,581
Other Liabilities					
Long-term debt and capital leases	2,730	1,014	7,729	(3,776)	7,697
Nuclear decommissioning reserve	284	—	—	—	284
Nuclear decommissioning trust liability	218	—	—	—	218
Deferred income taxes	705	(187)	672	—	1,190
Derivative instruments valuation	348	46	114	—	508
Out-of-market contracts	291	—	—	—	291
Other non-current liabilities	405	44	220	—	669
Total non-current liabilities	4,981	917	8,735	(3,776)	10,857
Total liabilities	9,492	1,663	10,290	(4,007)	17,438
3.625% Preferred Stock	—	—	247	—	247
Stockholders' Equity	12,299	306	7,116	(12,598)	7,123
Total Liabilities and Stockholders' Equity	$ 21,791	$ 1,969	$ 17,653	$ (16,605)	$ 24,808

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2008

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations(a)	Consolidated Balance
Cash Flows from Operating Activities					
Net income attributable to NRG Energy, Inc.	$ 199	$ (3)	$ 49	$ (196)	$ 49
Adjustments to reconcile net income attributable to NRG Energy to net cash provided by operating activities:					
Distributions and equity (earnings)/losses of unconsolidated affiliates and consolidated subsidiaries	(70)	22	(142)	196	6
Depreciation and amortization	153	6	2	—	161
Amortization of nuclear fuel	15	—	—	—	15
Amortization of financing costs and debt discount/premiums	—	5	6	—	11
Amortization of intangibles and out-of-market contracts	(66)	—	—	—	(66)
Changes in deferred income taxes and liability for unrecognized tax benefits	(21)	(19)	89	—	49
Changes in nuclear decommissioning liability	9	—	—	—	9
Changes in derivatives	132	—	—	—	132
Changes in collateral deposits supporting energy risk management activities	(150)	—	—	—	(150)
Gain on sale of emission allowances	(14)	—	—	—	(14)
Amortization of unearned equity compensation	—	—	7	—	7
Changes in option premium collected	15	—	—	—	15
Cash provided by/(used by) changes in other working capital, net of dispositions affects	23	(29)	(158)	—	(164)
Net Cash Provided/(Used) by Operating Activities	225	(18)	(147)	—	60
Cash Flows from Investing Activities					
Intercompany (loans to)/receipts from subsidiaries	(27)	—	28	(1)	—
Capital expenditures	(114)	(48)	(2)	—	(164)
Increase in restricted cash, net	(10)	—	—	—	(10)
Decrease in notes receivable	—	9	—	—	9
Purchases of emission allowances	(1)	—	—	—	(1)
Proceeds from sale of emission allowances	31	—	—	—	31
Investment in nuclear decommissioning trust fund securities	(144)	—	—	—	(144)
Proceeds from sales of nuclear decommission trust fund securities	135	—	—	—	135
Proceeds from sale of assets	12	—	—	—	12
Net Cash Provided/(Used) by Investing Activities	(118)	(39)	26	(1)	(132)
Cash Flows from Financing Activities					
(Payments)/proceeds for intercompany loans	(103)	75	27	1	—
Payment of dividends to preferred stockholders	—	—	(14)	—	(14)
Payment of financing element of acquired derivatives	(1)	—	—	—	(1)
Payment for treasury stock	—	—	(55)	—	(55)
Proceeds from issuance of common stock, net of issuance costs	—	—	2	—	2
Payment of deferred debt issuance costs	—	—	(2)	—	(2)
Payments for short and long-term debt	—	(3)	(151)	—	(154)
Net Cash Used by Financing Activities	(104)	72	(193)	1	(224)
Change in cash from discontinued operations	—	(6)	—	—	(6)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	4	—	—	4
Net Increase/(Decrease) in Cash and Cash Equivalent	3	13	(314)	—	(298)
Cash and Cash Equivalents at Beginning of Period	(4)	124	1,012	—	1,132
Cash and Cash Equivalents at End of Period	$ (1)	$ 137	$ 698	$ —	$ 834

(a) All significant intercompany transactions have been eliminated in consolidation.

ITEM 2 — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In this discussion and analysis, NRG discusses and explains its financial condition and results of operations, including:

- Factors which affect the Company's business;
- NRG's earnings and costs in the periods presented;
- Changes in earnings and costs between periods;
- Impact of these factors on NRG's overall financial condition;
- A discussion of new and ongoing initiatives that may affect NRG's future results of operations and financial condition;
- Expected future expenditures for capital projects; and
- Expected sources of cash for future operations and capital expenditures.

As you read this discussion and analysis, refer to the Company's Condensed Consolidated Statements of Operations, which present the results of operations for the three months ended March 31, 2009, and 2008. NRG analyzes and explains the differences between periods in the specific line items of NRG's Condensed Consolidated Statements of Operations. Also refer to NRG's 2008 Annual Report on Form 10-K, which includes detailed discussions of various items impacting the Company's business, results of operations and financial condition, including:

- Introduction and Overview section which provides a description of NRG's business segments;
- Strategy section;
- Business Environment section, including how regulation, weather, and other factors affect NRG's business; and
- Critical Accounting Policies and Estimates section.

The discussion and analysis below has been organized as follows:

- Executive Summary, including introduction and overview, business strategy, and changes to the business environment during the period including regulatory and environmental matters;
- Results of operations beginning with an overview of the Company's consolidated results, followed by a more detailed discussion of those results by operating segment;
- Financial condition addressing liquidity position, sources and uses of cash, capital resources and requirements, commitments, and off-balance sheet arrangements; and
- Known trends that may affect NRG's results of operations and financial condition in the future, including the Reliant Retail acquisition and the disposition of the MIBRAG investment.

Executive Summary

Introduction and Overview

NRG is a wholesale power generation company with a significant presence in major competitive power markets in the US. NRG is engaged in the ownership, development, construction and operation of power generation facilities, the transacting in and trading of fuel and transportation services, and the trading of energy, capacity and related products in the regional markets in the US and select international markets where its generating assets are located.

As of March 31, 2009, NRG had a total global portfolio of 189 active operating fossil fuel and nuclear generation units, at 48 power generation plants, with an aggregate generation capacity of approximately 24,000 MW, and approximately 700 MW under construction which includes partners' interests of 275 MW. In addition to the previous ownership, NRG has ownership interests in two wind farms representing an aggregate generation capacity of 270 MW, which includes partner interests of 75 MW. Within the US, NRG has one of the largest and most diversified power generation portfolios in terms of geography, fuel-type and dispatch levels, with approximately 22,920 MW of fossil fuel and nuclear generation capacity in 177 active generating units at 43 plants. In addition, NRG has ownership interests in two wind farms representing 195 MW of wind generation capacity. All of these power generation facilities combined are primarily located in Texas (approximately 11,010 MW, including the 195 MW from the two wind farms), the Northeast (approximately 7,015 MW), South Central (approximately 2,845 MW), and West (approximately 2,130 MW) regions of the US, and approximately 115 MW of additional generation capacity from the Company's thermal assets.

NRG's principal domestic power plants consist of a mix of natural gas-, coal-, oil-fired, nuclear and wind facilities, representing approximately 45%, 33%, 16%, 5% and 1% of the Company's total domestic generation capacity, respectively. In addition, 11% of NRG's domestic generating facilities have dual or multiple fuel capacity, which allows plants to dispatch with the lowest cost fuel option.

NRG's domestic generation facilities consist of intermittent, baseload, intermediate and peaking power generation facilities, the ranking of which is referred to as Merit Order, and include thermal energy production plants. The sale of capacity and power from baseload generation facilities accounts for the majority of the Company's revenues and provides a stable source of cash flow. In addition, NRG's generation portfolio provides the Company with opportunities to capture additional revenues by selling power during periods of peak demand, offering capacity or similar products to retail electric providers and others, and providing ancillary services to support system reliability.

NRG's Business Strategy

NRG's business strategy is designed to enhance the Company's position as a leading wholesale power generation company in the US. NRG will continue to utilize its asset base as a platform for growth and development and as a source of cash flow generation which can be used for the return of capital to debt and equity holders. The Company's strategy is focused on: (i) top decile operating performance of its existing operating assets and enhanced operating performance of the Company's commercial operations and hedging program; (ii) repowering of power generation assets at existing sites and development of new power generation projects; and (iii) investment in energy-related new businesses and new technologies associated with the societal and industry imperatives to foster sustainability and combat climate change. This strategy is supported by the Company's five major initiatives (*FOR*NRG, *Repowering*NRG, econrg, Future NRG and NRG Global Giving) which are designed to enhance the Company's competitive advantages in these strategic areas and allow the Company to surmount the challenges faced by the power industry in the coming years. This strategy is being implemented by focusing on the following principles, which are more fully described in Company's 2008 Annual Report on Form 10-K:

Operational Performance — The Company is focused on increasing value from its existing assets, primarily through the Company's *FOR*NRG initiative, commercial operations strategy, and maintenance of appropriate levels of liquidity, debt and equity in order to ensure continued access to capital.

Development — NRG is favorably positioned to pursue growth opportunities through expansion of its existing generating capacity and development of new generating capacity at its existing facilities, primarily through the Company's *Repowering*NRG initiative. NRG expects that these efforts will provide one or more of the following benefits: improve heat rates; lower delivered costs; expand electricity production capability; improve the ability to dispatch economically across the regional general portfolio; increase technological and fuel diversity; and reduce environmental impacts, including facilities that either have near zero GHG emissions or can be equipped to capture and sequester GHG emissions. Several of the Company's original *Repowering*NRG projects or projects commenced under that initiative since its inception may qualify for financial support under the infrastructure financing component of the American Recovery and Reinvestment Act.

New Businesses and New Technology — NRG is focused on the development and investment in energy-related new businesses and new technologies where the benefits of such investments represent significant commercial opportunities and create a comparative advantage for the Company, including low or no GHG emitting energy generating sources, such as nuclear, wind, solar thermal, photovoltaic, "clean" coal and gasification, and the retrofit of post-combustion carbon capture technologies. A primary focus of this strategy is supported by the econrg initiative whereby NRG is pursuing investments in new generating facilities and technologies that will be highly efficient and will employ no and low carbon technologies to limit CO_2 emissions and other air emissions. While the Company's effort in this regard to date has focused on businesses and technologies applicable to the centralized power station, the acquisition of Reliant Retail will put the Company in a position to consider and pursue smart meters and distributed "clean" solutions.

Company-Wide Initiatives — In addition, the Company's overall strategy is also supported by Future NRG and NRG Global Giving initiatives, which primarily contemplate workforce planning and community investments, respectively.

Finally, NRG will continue to pursue selective acquisitions, joint ventures and divestitures to enhance its asset mix and competitive position in the Company's core markets. NRG intends to concentrate on opportunities that present attractive risk-adjusted returns. NRG will also opportunistically pursue other strategic transactions, including mergers, acquisitions or divestitures. On March 2, 2009, NRG announced that it entered into an agreement to acquire Reliant Energy, Inc.'s Texas electric retail business operations. See *New and On-going Company Initiatives – Reliant Retail Acquisition* , hereinafter, for further discussion.

Business Environment – Financial Credit Market Availability and Domestic Recession

In 2009, the nation's economy continues to experience recessionary factors which include tight credit markets. Power generation companies are capital intensive and, as such, rely on the credit markets for liquidity and for the financing of power generation investments. In addition, economic recessions historically result in lower power demand, power prices, and fuel prices. NRG has a diversified liquidity program, with $3.1 billion in total liquidity, excluding funds deposited by counterparties, and a first and second lien structure that enables significant strategic hedging while reducing requirements for the posting of cash or letters of credit as collateral. NRG expects to continue to manage commodity price volatility through its strategic hedging program, under which the Company expects to hedge revenues and fuel costs. This program should provide the Company with the flexibility to enter into hedges opportunistically, such as when gas prices are increasing, while at the same time protecting NRG against longer-term volatility in the commodity markets. The Company believes that an economic recession is unlikely to have a material impact on the Company's cash generation in the near term due to the hedged position of its portfolio. NRG transacts with a diversified pool of counterparties and actively manages the Company's exposure to any single counterparty. See Part I, Item 2 – *Liquidity and Capital Resources*, and Part I, Item 3 – *Quantitative and Qualitative Disclosures about Market Risk* for further discussion.

Unsolicited Exelon Proposal

On October 19, 2008, the Company received an unsolicited proposal from Exelon Corporation to acquire all of the outstanding shares of the Company and on November 12, 2008, Exelon announced a tender offer for all of the Company's outstanding common stock. On February 26, 2009, Exelon again extended the tender offer, to June 26, 2009. NRG's Board of Directors, after carefully reviewing the proposal, unanimously concluded that the proposal was not in the best interests of the stockholders and has recommended that NRG stockholders not tender their shares. In addition, on March 17, 2009 Exelon filed a Preliminary Proxy Statement with the SEC with respect to their proposals for the Company's 2009 Annual Meeting of Stockholders, which consists of: (i) consideration of Exelon's four nominees as Class III directors, (ii) consideration of the expansion of NRG's board to 19 directors, (iii) if the board expansion is approved, consideration of five additional Exelon nominees; and (iv) consideration of repealing any amendments to the NRG Bylaws after February 26, 2009. NRG's Board of Directors has recommended a vote against each of the proposals.

Environmental Matters

Climate Change Update

On March 31, 2009, Representatives Henry Waxman and Edward Markey released draft climate change legislation, titled *The American Clean Energy and Security Act of 2009*. This comprehensive draft proposes a multi-sector, market based greenhouse gas cap and trade system starting in 2012 as well as national Renewable Energy Standards, expedited transmission planning and approval and aggressive efficiency measures. While the draft has provisions for both auction and allocation of the allowances, the level of allocation and the nature of recipients for such allocations have not been defined. The draft further exempts CO_2 from regulation under New Source Review, or NSR, as a criteria pollutant, or a hazardous air pollutant under the CAA. In 2008, NRG emitted 60 million metric tonnes of CO_2 in the US and will continue to provide input as a leading energy company and member of the US Climate Action Partnership, or USCAP, to achieve final legislation.

If the Waxman-Markey draft legislation or some other federal comprehensive climate change bill were to pass both House of Congress and be enacted into law, the actual impact on the Company's financial performance would depend on a number of factors, including the overall level of GHG reductions required under any final legislation, the degree to which offsets may be used for compliance and their price and availability, and the extent to which NRG would be entitled to receive CO_2 emissions allowances without having to purchase them in an auction or on the open market. Thereafter, the impact would depend on the level of success of the Company's multifold strategy, which includes (i) shaping public policy with the objective being constructive and effective federal GHG regulatory policy, and (ii) pursuing its *Repowering*NRG and econrg programs. The Company's multifold strategy is discussed in greater detail in Part I, Item 1 — *Business, Carbon Update* in NRG's 2008 Annual Report on Form 10-K.

On April 17, 2009, the USEPA released a proposed endangerment finding that the mix of six key GHGs, including CO_2, threaten the public health and welfare. The proposed endangerment finding does not include any proposed regulations. This is in response to the Supreme Court's decision in *Massachusetts v. USEPA*, which requires the USEPA to decide under the CAA's mobile source title whether GHGs contribute to climate change, and if so, promulgate appropriate regulations. Absent eventual action from Congress on climate change, this finding could ultimately serve as a basis for rulemaking for stationary sources, like power plants, under the existing CAA.

Federal Environmental Initiatives

A number of regulations are under review by USEPA including CAIR, MACT, National Ambient Air Quality Standards, or NAAQS for ozone, small particle matter, or PM2.5, and the Phase II 316(b) Rule. These rules address air emissions and best practices for units with once-through-cooling. In addition, the USEPA has announced that it is considering new rules regarding the handling and disposition of coal combustion byproducts. While the Company cannot predict the requirements in the final versions nor the ultimate effect that the changing regulations will have on NRG's business, NRG has prepared an environmental capital expenditure plan in anticipation of such requirements.

The Supreme Court released its decision in the Phase II 316(b) Rule case on April 1, 2009, that the USEPA does have the authority to allow a cost-benefit analysis in the evaluation of Best Technology Available, or BTA. This ruling is favorable for the industry and NRG as it improves the USEPA's ability to include alternatives to closed-loop cooling in its redraft of the Phase II 316(b) Rules.

Regional Environmental Initiatives

Northeast Region — NRG operates electric generating units located in Connecticut, Delaware, Maryland, Massachusetts and New York which are subject to RGGI. The RGGI CO_2 cap-and-trade program went into effect on January 1, 2009. An allowance must be surrendered for every US ton of CO_2 emitted with true up for 2009-2011 occurring in 2012. NRG's emissions under RGGI was on the order of 12 million tonnes in 2008, although 2009 year-to-date emissions are tracking lower than first quarter 2008.

Regulatory Matters

As an operator of power plants and a participant in the wholesale markets, NRG is subject to regulation by various federal and state government agencies. In addition, NRG is subject to the market rules, procedures, and protocols of the various ISO markets in which NRG participates. These wholesale power markets are subject to ongoing legislative and regulatory changes. In some of NRG's regions, interested parties have advocated for material market design changes, including the elimination of a single clearing price mechanism, as well as proposals to re-regulate the markets or require divestiture by generating companies in order to reduce their market share. The Company cannot predict the future design of the wholesale power markets or the ultimate effect that the changing regulatory environment will have on NRG's business.

Northeast Region

PJM —On March 26, 2009, the FERC issued an order accepting in part and rejecting in part a December 12, 2008, PJM proposal to revise the design of the RPM capacity market, and a February 9, 2009, settlement agreement reached between PJM and various load interests. The revisions will take effect with the next RPM Base Residual Auction for planning year 2012/2013, which is scheduled to take place in May 2009. Several parties have requested rehearing of the March 26, 2009 order.

West Region

California – The CAISO Market Redesign and Technology Update, or MRTU, commenced April 1, 2009. Significant components of the MRTU include: (i) locational marginal pricing of energy; (ii) a more effective congestion management system; (iii) a day-ahead market; and (iv) an increase to the existing bid caps. NRG considers these market reforms to generally be a positive development for its assets in the region, but additional time is needed to assess the impact of MRTU.

Texas Region

On October 6, 2008, as part of its determination of Competitive Renewable Energy Zones, or CREZ, the Public Utility Commission of Texas, or PUCT, issued its final order approving a significant transmission expansion plan to provide for the delivery of approximately 18,500 MW of energy from the western region of Texas, primarily wind generation – approximately 2,300 miles of new 345 kV lines and 42 miles of new 138 kV lines. In January 2009, Texas Industrial Energy Consumers, a trade organization composed of large industrial customers, appealed PUCT's CREZ plan in state district court, seeking reversal of the final order. On March 30, 2009, PUCT issued a final order designating the transmission utilities that plan to construct the various CREZ transmission component projects. A large number of separate transmission licensing proceedings will be required prior to construction of the CREZ facilities. If completed as currently approved, the transmission upgrades and associated wind generation could impact wholesale energy and ancillary service prices in ERCOT. As part of the normal ERCOT five-year planning process, transmission utilities are also planning other system improvements, 2,800 circuit miles of transmission and more than 17,000 MVA of autotransformer capacity, intended to support increasing power demand and to address transmission congestion.

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Changes in Accounting Standards

See Note 1 to the condensed consolidated financial statements of this Form 10-Q as found in Item 1 for a discussion of recent accounting developments.

Consolidated Results of Operations

The following table provides selected financial information for the Company:

(In millions except otherwise noted)	Three months ended March 31, 2009	2008	Change %
Operating Revenues			
Energy revenue	$ 887	$ 925	(4)%
Capacity revenue	260	347	(25)
Risk management activities	437	(129)	N/A
Contract amortization	21	69	(70)
Thermal revenue	34	36	(6)
Other revenues	19	54	(65)
Total operating revenues	1,658	1,302	27
Operating Costs and Expenses			
Cost of operations (including risk management activities of $68 in 2009)	766	804	(5)
Depreciation and amortization	169	161	5
General and administrative	95	75	27
Development costs	13	12	8
Total operating costs and expenses	1,043	1,052	(1)
Operating income	615	250	146
Other Income/(Expense)			
Equity in (losses)/earnings of unconsolidated affiliates	22	(4)	N/A
Other income/(expense), net	(3)	9	(133)
Interest expense	(138)	(156)	(12)
Total other expenses	(119)	(151)	(21)
Income from Continuing Operations before income tax expense	496	99	401
Income tax expense	298	54	452
Income from Continuing Operations	198	45	340
Income from discontinued operations, net of income tax expense	—	4	—
Net Income attributable to NRG Energy, Inc.	$ 198	$ 49	304
Business Metrics			
Average natural gas price — Henry Hub ($/MMbtu)	4.58	8.58	(47)%

N/A — Not Applicable

Operating revenues, excluding risk management activities, decreased $210 million during the three months ended March 30, 2009, compared to the same period in 2008.

- *Energy revenue* — decreased $38 million during the three months ended March 31, 2009, compared to the same period in 2008:
  - *Texas* — energy revenue increased by $48 million, with $90 million of this increase driven by higher energy prices, partially offset by $42 million of reduced generation. During both 2008 and 2009, the average realized merchant prices were higher than the average contract prices. A higher volume of MWh sold under the merchant market yielded a higher average realized energy price, even though the average realized merchant price decreased by 11%. In addition, the 22% increase in contract price further contributed to the rise in average energy prices. Coal plant generation decreased by 7% and gas plant generation decreased by 40%, partially offset by new generation from the recently constructed Elbow Creek wind farm. Coal plant generation was impacted by a 51% decrease in average natural gas prices, increased production costs, and increased wind generation which moved the coal units further up the bid stack.

- *Northeast* — energy revenue decreased by $83 million, with $32 million driven by lower energy prices and $63 million attributable to a reduction in generation offset by an $11 million increase from higher net contract revenue. Merchant energy prices were lower by an average of 12%. The lower energy prices reduced the Company's net cost incurred to meet obligations under load serving contracts in the PJM market. Generation decreased 27% primarily due to reduced generation caused by a 26% decrease in coal generation and a 48% decrease in New York City gas generation. The decrease in coal generation was caused by several factors including a planned 20 day outage at the western New York facilities, a transmission line outage in western New York and weakened power demand for power at the Indian River and Somerset facilities. The decrease in gas generation is largely the result of fewer run hours for voltage support at the Arthur Kill facility.

- *South Central* — energy revenue decreased by $4 million due to an unfavorable mix of contract versus merchant energy revenue. Contract revenue declined $13 million as a result of a contract expiration with a regional utility. This decrease was offset by an $11 million increase in merchant energy revenue from the sale of available generation and the increased use of the region's tolled facility into the merchant market at lower average prices.

- *Capacity revenue* — decreased $87 million during the three months ended March 31, 2009, compared to the same period in 2008:

  - *Texas* — capacity revenue decreased by $71 million due to a lower proportion of baseload contracts which contained a capacity component.

  - *Northeast* — capacity revenue decreased by $14 million as lower capacity prices in the NYISO and PJM markets were partially offset by higher capacity prices in the NEPOOL market.

  - *South Central* — capacity revenue increased by $11 million. A new contract with a regional utility and a rise in the PJM market prices for the region's Rockford plant contributed to the increase in capacity revenue of $9 million and $3 million, respectively.

  - *West* — capacity revenue decreased by $9 million due to the expiration of a two year tolling agreement at the El Segundo facility.

- *Contract amortization revenue* — resulting from the Texas Genco acquisition decreased by $48 million due to the lower volume of contracted energy in the three months ended March 31, 2009, as compared to the same period in 2008.

- *Other revenues* — decreased by $35 million driven by lower gas and coal trading of $23 million, a decline in emissions revenues of $7 million and reduced ancillary revenues of $6 million.

Cost of Operations

Cost of operations, excluding risk management activities, decreased $106 million during the three months ended March 31, 2009, compared to the same period in 2008.

- *Cost of energy* — decreased $117 million during the three months ended March 31, 2009, compared to the same period in 2008 due to:

  - *Texas* — cost of energy decreased $85 million due to lower natural gas, coal, and purchased energy costs. Natural gas costs decreased $48 million, reflecting a 51% decline in per MMBtu average natural gas prices and a 40% decrease in gas-fired generation. Coal costs decreased $12 million as the prior period included a $15 million loss reserve related to a coal contract dispute offset by a $3 million increase in delivered coal costs. Purchased energy decreased $14 million as the Company's generating assets provided more energy to fulfill its obligation. Ancillary service costs decreased by $11 million due to a decrease in purchased ancillary services costs incurred to meet contract obligation. Nuclear fuel expenses decreased by $5 million.

  - *Northeast* — cost of energy decreased $46 million due to a $33 million reduction in natural gas costs and a $21 million reduction in coal costs. Natural gas costs decreased due to 48% lower New York City gas generation and 38% lower average prices. Coal costs decreased due to 26% lower coal generation. These decreases were offset by a $5 million increase in costs related to RGGI which became effective in 2009 and a $4 million increase in average oil costs.

- *South Central* — cost of energy increased $14 million due to an increase in purchased energy reflecting higher gas costs resulting from a higher proportion of generation sourced from region's tolled facility and higher capacity payments on such tolled facility. The tolling arrangement in 2009 was for three months compared to one month in 2008.

- *West* — cost of energy increased $2 million due to a write-down to net realizable value of fuel oil inventory no longer used in the production of energy.

- *Other operating costs* — increased $11 million during the three months ended March 31, 2009, compared to the same period in 2008 due to increased operating and maintenance expenses.

Risk Management Activities

Risk management activities include economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activities. Total derivative gains increased by $498 million during the three months ended March 31, 2009, compared to the same period in 2008. The breakdown of changes by region follows:

	Three months ended March 31, 2009						Three months ended March 31, 2008			
(In millions)	Texas	Northeast	South Central	West	Thermal	Total	Texas	Northeast	South Central	Total
Net gains/(losses) on settled positions, or *financial income*	$ 29	$ 56	$ 10	$ (2)	$ 1	$ 94	$ (2)	$ 10	$ 4	$ 12
Mark-to-market results										
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	(8)	(7)	—	—	(1)	(16)	(7)	(3)	—	(10)
Reversal of previously recognized unrealized (gains)/losses on settled positions related to trading activity	(29)	(14)	(26)	—	—	(69)	1	1	(7)	(5)
Net unrealized gains/(losses) on open positions related to economic hedges	204	153	(5)	(1)	2	353	(113)	(29)	—	(142)
Net unrealized gains/(losses) on open positions related to trading activity	2	(1)	6	—	—	7	17	(17)	16	16
Subtotal mark-to-market results	169	131	(25)	(1)	1	275	(102)	(48)	9	(141)
Total derivative gain/(loss)	198	187	(15)	(3)	2	369	(104)	(38)	13	(129)
Total derivative gain/(loss) included in revenues	263	182	(7)	(3)	2	437	(104)	(38)	13	(129)
Total derivative gain/(loss) included in cost of operations	$ (65)	$ 5	$ (8)	$ —	$ —	$ (68)	$ —	$ —	$ —	$ —

NRG's first quarter 2009 gain is comprised of $275 million of mark-to-market gains and $94 million in settled gains, or financial income. Of the $275 million of mark-to-market gains, $16 million loss represents the reversal of mark-to-market gains recognized on economic hedges and $69 million loss represents the reversal of mark-to-market gains recognized on trading activity during 2008. Both of these losses ultimately settled as financial income during 2009. The $353 million gain from economic hedge positions includes $217 million recognized in earnings from previously deferred amounts in OCI as the Company discontinued cash flow hedge accounting for certain 2009 transactions in Texas and New York due to lower expected generation, $132 million increase in value in forward sales of electricity and fuel due to lower forward power and gas prices, and a $4 million gain primarily from hedge accounting ineffectiveness related to gas trades in the Texas region which was driven by decreasing forward gas prices while forward power prices decreased at a slower pace. The Company recognized a derivative loss

of $29 million resulting from discontinued NPNS designated coal purchases due to expected lower coal consumption and accordingly the Company could not assert taking physical delivery of coal purchase transactions under NPNS designation. This amount is included in the Company's cost of operations.

Since these hedging activities are intended to mitigate the risk of commodity price movements on revenues and cost of energy, the changes in such results should not be viewed in isolation, but rather should be taken together with the effects of pricing and cost changes on energy revenue and costs. During and prior to 2008, NRG hedged a portion of the Company's 2008 and 2009 generation. During the first quarter 2009, the settled and forward prices of electricity and natural gas decreased resulting in the recognition of realized gains and unrealized mark-to-market gains, while in the first quarter 2008, increasing prices of electricity and natural gas resulted in recognition of unrealized mark-to-market losses.

Depreciation and Amortization

NRG's depreciation and amortization expense increased by $8 million for the three months ended March 31, 2009, compared to the same period in 2008. The increase was due to depreciation on the baghouse projects in western New York and the Elbow Creek project which came online in 2009.

General and Administrative Expenses

General and administrative expenses increased by $20 million for the three months ended March 31, 2009, compared to the same period in 2008. The increase is due to:

- *Acquisition and integration costs* — increased $12 million due to costs incurred related to the acquisition of Reliant Retail.
- *Consultant costs* — increased $5 million as a result of efforts related to Exelon's exchange offer and proxy contest.
- *Wage and benefits expense* — increased $3 million.

Equity in Earnings of Unconsolidated Affiliates

NRG's equity earnings from unconsolidated affiliates increased by $26 million for the three months ended March 31, 2009, compared to the same period in 2008. During 2009, Sherbino recognized a $5 million mark-to-market unrealized gain whereas in 2008 Sherbino recognized an $18 million mark-to-market loss on a natural gas swap executed to hedge its future power generation. Additionally in 2009, the Company's share in NRG Saguaro LLC earnings increased by $3 million.

Other Income/(Expense), Net

NRG's other income/(expense) decreased by $12 million for the three months ended March 31, 2009, compared to the same period in 2008. The 2009 amount includes a $9 million mark-to-market unrealized loss on a forward contract for foreign currency executed to hedge the sale proceeds from the MIBRAG sale.

Interest Expense

NRG's interest expense decreased by $18 million for the three months ended March 31, 2009, compared to the same period in 2008. This decrease was due to lower debt balance and lower interest rate on the unhedged portion of the Term Loan Facility and the fair value hedge of the Senior Notes. In addition there was a decrease of $4 million as a result of higher interest capitalized on *Repowering*NRG projects under construction.

Income Tax Expense

NRG's income tax expense increased by $244 million for the three months ended March 31, 2009, compared to the same period in 2008. The effective tax rate was 60.0% and 54.5% for the three months ended March 31, 2009, and 2008, respectively. The increase in income tax expense was primarily due to an increase in income.

For the three months ended March 31, 2009 and 2008, NRG's overall effective tax rate on continuing operations was different than the statutory rate of 35% primarily due to state income taxes and an increase in valuation allowance as a result of capital losses generated in the quarter for which there are no projected capital gain or available tax planning strategies. In addition, for the three months ended March 31, 2008, NRG's overall effective tax rate on continuing operations was impacted by a taxable dividend from foreign operations.

Income from Discontinued Operations, Net of Income Tax Expense

For the three months ended March 31, 2008, NRG recorded income from discontinued operations, net of income tax expense, of $4 million. NRG closed the sale of ITISA during the second quarter 2008.

Results of Operations — Regional Discussions

The following is a detailed discussion of the results of operations of NRG's major wholesale power generation business segments.

Texas

For a discussion of the business profile of the Company's Texas operations, see pages 23-26 of NRG Energy, Inc.'s 2008 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2009	2008	Change %
Operating Revenues			
Energy revenue	$ 594	$ 546	9%
Capacity revenue	47	118	(60)
Risk management activities	263	(104)	N/A
Contract amortization	15	63	(76)
Other revenues	6	26	(77)
Total operating revenues	925	649	43
Operating Costs and Expenses			
Cost of energy (including risk management activities)	238	258	(8)
Other operating expenses	168	164	2
Depreciation and amortization	117	113	4
Operating Income	$ 402	$ 114	253
MWh sold (in thousands)	10,239	11,031	(7)
MWh generated (in thousands)	10,073	10,756	(6)
Business Metrics			
Average on-peak market power prices ($/MWh)	33.66	71.30	(53)
Cooling Degree Days, or CDDs (a)	126	74	70
CDD's 30 year rolling average	94	95	(1)
Heating Degree Days, or HDDs (a)	903	1,053	(14)
HDD's 30 year rolling average	1,122	1,132	(1)%

(a) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

Operating Income

Operating income increased by $288 million for the three months ended March 31, 2009, compared to the same period in 2008, primarily due to:

- *Risk management activities* — an increase of $367 million was primarily due to $327 million in greater unrealized derivative gains and $40 million in greater realized gains on settled financial transactions. These changes reflect a reduction in forward power and gas prices during the first quarter 2009 and the recognition of previously deferred amounts due to the discontinuance of certain 2009 cash flow hedges on baseload plant generation due to lower forecasted generation.

- *Energy revenues* — increased by $48 million due to higher average energy prices despite the lower sales volume.

- *Cost of energy* — decreased by $20 million reflecting lower coal and gas costs due to a decrease in coal and gas generation partially offset by higher unrealized derivative costs of energy.

Operating Revenues

Total operating revenues increased by $276 million during the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Risk management activities* — gains of $263 million were recognized for the three months ended March 31, 2009, compared to a $104 million loss in the same period in 2008. The $263 million gains included $225 million of unrealized mark-to-market gains and $38 million in settled gains, or financial income, compared to $102 million in unrealized derivative losses and $2 million of settled financial losses in the same period in 2008. The $225 million gain from economic hedges included a $110 million unrealized gain of previously deferred amounts in OCI due to discontinuance of certain 2009 trades resulting from lower than expected baseload plant generation and the remaining $115 million unrealized gain was attributable to an increase in value of forward sales and fuel due to lower power and gas prices.

- *Energy revenues* — increased $48 million due to:

  - *Energy Prices* – increased by $90 million as the average realized merchant price was higher than the average contract price in both periods. Higher MWh sold under merchant market yielded a higher average energy price, even though the average realized merchant price decreased by 11%. The 22% increase in contract price further contributed to the average energy price increase.

  - *Generation* - decreased by 6% contributing to a $42 million decrease in sales volume. This decrease was driven by a 7% or 524,000 MWh decrease in coal plant generation and a 40% or 290,000 MWh decrease in gas plant generation, offset by a 102,000 MWh increase from the recently constructed Elbow Creek wind farm, which was not in operation in the first quarter 2008. Coal plant generation was adversely affected by lower energy prices driven by a 51% decrease in average natural gas prices, increased production cost to generate with the start of NO_x rules contained in CAIR, and increased wind generation which shifted the coal unit's position in the bid stack. These factors led to increased hours where the coal units were either uneconomic to dispatch or where it was more economical to participate in the ancillary markets as compared to energy markets.

- *Capacity revenue* — decreased by $71 million due to a lower proportion of baseload contracts which contain a capacity component.

- *Contract amortization revenue*— resulting from the Texas Genco acquisition decreased by $48 million due to the reduced volume of contracted energy in 2009 as compared to 2008.

- *Other revenue* — decreased by $20 million due to lower ancillary services as well as reduced allocation of physical sales and emissions credits sales.

Cost of Energy

Cost of energy decreased by $20 million during the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Natural gas costs* — decreased by $48 million due to a 51% decline in average natural gas prices and a 40% decrease in gas-fired generation.

- *Purchased energy* — decreased by $14 million due to a $33 per MWh decrease in average price to procure energy from the market combined with 174,000 fewer MWhs purchased.

- *Coal costs* — decreased by $12 million as the prior period included a $15 million loss reserve related to a coal contract dispute, offset by a $3 million increase in the delivered cost of coal.

- *Ancillary Service Costs* — decreased by $11 million due to a decrease in purchased ancillary services costs incurred to meet contract obligations.
- *Nuclear fuel expense* — resulting from the Texas Genco purchase accounting, decreased $5 million as amortization of nuclear fuel inventory ended in March 2008.

These decreases were offset by:

- *Derivative Cost of Energy* — increased $56 million due to the recognition of unrealized losses on coal contracts of $38 million as the Company discontinued NPNS accounting for coal purchases combined with $16 million of unrealized losses associated with oil transactions hedging price risk on rail transportation contracts.
- *Miscellaneous Cost of Energy* — increased $9 million due to losses on settled financial transactions associated with oil transactions hedging price risk on rail transportation contracts.

Other Operating Expenses

Other operating expenses increased by $4 million during the three months ended March 31, 2009, compared to the same period in 2008, driven by an increase in general and administrative expense as a result of higher software implementation cost at STP, insurance premiums and corporate allocations.

Northeast Region

For a discussion of the business profile of the Northeast region, see pages 27-29 of NRG Energy, Inc.'s 2008 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted)

Three months ended March 31,	**2009**	**2008**	**Change %**
Operating Revenues			
Energy revenue	$ 181	$ 264	(31)%
Capacity revenue	96	110	(13)
Risk management activities	182	(38)	N/A
Other revenues	5	24	(79)
Total operating revenues	464	360	29
Operating Costs and Expenses			
Cost of energy (including risk management activities)	117	168	(30)
Other operating expenses	94	93	1
Depreciation and amortization	29	26	12
Operating Income	$ 224	$ 73	207
MWh sold (in thousands)	2,637	3,591	(27)
MWh generated (in thousands)	2,637	3,591	(27)
Business Metrics			
Average on-peak market power prices ($/MWh)(b)	58.29	86.16	(32)
Cooling Degree Days, or CDDs(a)	—	—	—
CDD's 30 year rolling average	—	—	—
Heating Degree Days, or HDDs(a)	3,207	2,961	8
HDD's 30 year rolling average	3,093	3,127	(1)%

(a) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

(b) MWh sold are shown net of MWh purchased to satisfy certain load contracts in the region.

Operating Income

Operating income increased by $151 million for the three months ended March 31, 2009, compared to the same period in 2008 due to:

- *Operating revenues* — increased by $104 million due to favorable impact of risk management activities, offset by lower energy, capacity and other revenues.

- *Cost of energy* – decreased by $51 million due to lower generation and fuel costs.

Operating Revenues

Operating revenues increased by $104 million for the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Risk management activities* — gains of $182 million were recorded for the three months ending March 31, 2009, compared to losses of $38 million during the same period in 2008. The $182 million gain included $122 million of unrealized mark-to-market gains and $60 million in gains on settled transactions, or financial income, compared to $48 million in unrealized mark-to-market losses and $10 million in financial income during the same period in 2008. The $122 million unrealized gain included $107 million unrealized gain recognition of previously deferred amounts in OCI as a result of discontinuance of certain 2009 cash flow hedges on baseload plants generation due to lower forecasted generation.

- *Energy revenues* — decreased by $83 million due to:
  - *Energy prices* — decreased by $32 million reflecting an average 12% decline in merchant energy prices. This decrease was partially offset by higher net contract revenue of $11 million driven by lower net costs incurred in meeting obligations under load serving contracts in the PJM market.
  - *Generation* — decreased by $63 million due to a 27% decrease in generation in 2009 compared to 2008, driven by a 26% decrease in coal generation and a 48% decrease in New York City gas generation. Coal generation in western New York declined 17% or 286,000 MWhs due to a 20 day planned outage in January 2009 for the baghouse equipment tie in work on one of the region's generators combined with a transmission line outage starting in mid-March which limited the flow of power out of western New York thus depressing energy prices and creating reserve shut down hours for the region's coal units. Coal generation at the Indian River facility declined 36% or 417,000 MWhs. Weakened demand for power combined with low gas prices resulted in node prices at the Indian River facility being under $55 per MWh for 63% of the available hours during the first quarter 2009 versus only 24% in the first quarter 2008. Lower prices combined with higher cost of production from the introduction of RGGI and NO_x rules contained in CAIR resulted in increased hours where the units were uneconomic to dispatch. The Somerset facility experienced similar weakened demand and low gas prices, with generation down 62% or 123,000 MWh. The decline in gas generation is largely attributable to fewer run hours for voltage support at the Arthur Kill facility.
- *Capacity revenues* — decreased by $14 million due to:
  - *NYISO* — capacity revenues decreased by $13 million due to unfavorable prices. The lower capacity market prices are a result of NYISO's reductions in Installed Reserve Margins and ICAP in-city mitigation rules effective March 2008.
  - *PJM* — capacity revenues decreased by $3 million due to lower capacity prices.
  - *NEPOOL* — capacity revenues increased by $2 million due to higher volume of Locational Forward Reserve Market, or LFRM, revenues on the Cos Cob repowered unit which entered service in June 2008.
- *Other revenues* — decreased by $19 million due to $10 million lower allocations of net physical gas sales and $7 million due to decreased activity in the trading of emission allowances.

Cost of Energy

Cost of energy decreased by $51 million for the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Natural gas costs* — decreased by $33 million due to lower gas generation and 38% lower average prices per MMBtu.
- *Coal costs* — decreased by $21 million, or 22%, due to 26% lower coal generation as discussed in energy revenues above.
- *Fuel risk management activities* — increased by $8 million due to increased mark-to-market losses on fuel hedges.

These decreases were offset by:

- *Carbon emissions expense* — increased by $5 million due to the January 1, 2009 implementation of RGGI and the recognition of carbon compliance cost under this program.
- *Oil costs* — increased by $4 million due to higher oil-fired generation as a result of a colder January 2009.

South Central Region

For a discussion of the business profile of the South Central region, see pages 29-31 of NRG Energy, Inc.'s 2008 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2009	2008	Change %
Operating Revenues			
Energy revenue	$ 96	$ 100	(4)%
Capacity revenue	68	57	19
Risk management activities	(7)	13	(154)
Contract amortization	6	6	—
Other revenues	(1)	3	(133)
Total operating revenues	162	179	(9)
Operating Costs and Expenses			
Cost of energy (including risk management activities)	110	88	25
Other operating expenses	22	22	—
Depreciation and amortization	17	17	—
Operating Income	$ 13	$ 52	(75)
MWh sold (in thousands)	3,169	3,088	3
MWh generated (in thousands)	2,706	3,024	(11)
Business Metrics			
Average on-peak market power prices ($/MWh)	37.30	67.73	(45)
Cooling Degree Days, or CDDs (a)	6	5	20
CDD's 30 year rolling average	31	31	—
Heating Degree Days, or HDDs (a)	1,805	1,885	(4)
HDD's 30 year rolling average	1,895	1,914	(1)%

(a) *National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.*

Operating income decreased by $39 million for the three months ended March 31, 2009, compared to the same period in 2008, primarily due to:

- *Operating revenues* — decreased by $17 million due to decreases in risk management activities, energy revenue, and other revenues. These decreases were offset by an increase in capacity revenue. Mild weather and lower merchant power prices contributed to the decrease.

- *Cost of energy* — increased by $22 million due to higher purchased energy costs reflecting increased use of the region's tolled facilities.

Operating Revenues

Operating revenues decreased by $17 million for the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Risk Management Activities* — losses of $7 million were recognized during the first quarter 2009 compared to gains of $13 million recognized during the same period in 2008. The $7 million loss included $20 million in unrealized losses offset by realized gains of $13 million compared to $9 million in unrealized gains and $4 million in realized gains for the same period in 2008. The $20 million unrealized loss was the net effect of a $6 million unrealized mark-to-market gain from trading activity and the reversal of $26 million of mark-to-market losses on trading activity.

- *Energy revenues* — decreased by $4 million due to a $15 million decline in contract revenue offset by an $11 million increase in merchant energy revenues. The decline in contract revenue reflected a $13 million drop due to the expiration of a contract with a regional utility and a $2 million decrease in cost pass through from the cooperatives. The expiration of the contract freed up energy to be sold into the merchant market, but at lower average prices. Increased use of the region's tolled facility provided additional energy to the merchant market.

- *Capacity revenues* —capacity revenue increased by $11 million due to a $9 million increase from a new capacity agreement with a regional utility and a $3 million increase in capacity revenue from region's Rockford plants which dispatch into the PJM market.

Cost of Energy

Cost of energy increased by $22 million for the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Purchased energy* — increased by $16 million reflecting higher fuel costs associated with an increase of 532,000 MWhs sourced from the region's tolled facility and higher capacity payments on the tolled facility. The region's tolling agreement covered three months in 2009 compared to one month in 2008.

- *Fuel risk management activities* — increased by $8 million and included $5 million in unrealized losses related to fuel transportation hedging activities and $3 million in realized losses associated with that same hedging activity.

This increase was offset by decreases in coal costs of $1 million and natural gas costs of $1 million, respectively:

- *Coal costs* — decreased by $1 million due to an 11% reduction in coal generation and a decrease in fuel transportation surcharges offset by a contractual increase in rail contract base rates.

- *Natural gas costs* — decreased by $1 million as a result of falling gas prices offset by a 50% increase in generation from the region's gas peaking plants.

West Region

For a discussion of the business profile of the West region, see pages 31-33 of NRG Energy, Inc.'s 2008 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2009	2008	Change %
Operating Revenues			
Energy revenue	$ 2	$ —	N/A
Capacity revenue	29	38	(24)%
Risk management activities	(3)	—	N/A
Other revenues	—	—	—
Total operating revenues	28	38	(26)
Operating Costs and Expenses			
Cost of energy (including risk management activities)	4	2	100
Other operating expenses	25	18	39
Depreciation and amortization	2	1	100
Operating Income	$ (3)	$ 17	(118)
MWh sold (in thousands)	169	150	13
MWh generated (in thousands)	169	150	13
Business Metrics			
Average on-peak market power prices ($/MWh)	40.46	80.30	(50)
Cooling Degree Days, or CDDs (a)	—	—	—
CDD's 30 year rolling average	7	7	—
Heating Degree Days, or HDDs (a)	1,410	1,525	(8)
HDD's 30 year rolling average	1,419	1,434	(1)%

(a) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

Operating Income

Operating income decreased by $20 million for the three months ended March 31, 2009, compared to the same period in 2008, due to:

- *Capacity revenues* — decreased by $9 million primarily due to expiration of a two year tolling agreement at the El Segundo facility in April 2008.
- *Cost of energy* — increased by $2 million due to a write down to market of fuel oil inventory no longer used in the production of energy
- *Other operating* expenses — increased by $7 million due to higher major maintenance expense of $5 million associated with the El Segundo Unit 4 and Encina facilities as well as normal maintenance expense of $2 million associated with planned outages.

Liquidity and Capital Resources

Liquidity Position

As of March 31, 2009, and December 31, 2008, NRG's liquidity, excluding collateral received, was approximately $3.1 billion and $3.4 billion, respectively, comprised of the following:

(In millions)	March 31, 2009	December 31, 2008
Cash and cash equivalents	$ 1,188	$ 1,494
Funds deposited by counterparties	1,275	754
Restricted cash	17	16
Total cash	2,480	2,264
Synthetic Letter of Credit Facility availability	884	860
Revolver Credit Facility availability	1,000	1,000
Total liquidity	4,364	4,124
Less: Funds deposited as collateral by hedge counterparties	(1,277)	(760)
Total liquidity, excluding collateral received	$ 3,087	$ 3,364

For the three months ended March 31, 2009, total liquidity increased by $240 million due to a rise in funds deposited by $521 million and increased availability of the synthetic letter of credit by $24 million, offset by lower cash balances by $306 million. Changes in cash balances are further discussed hereinafter under *Cash Flow Discussion*. Cash and cash equivalents and funds deposited by counterparties at March 31, 2009, were predominantly held in money market funds invested in treasury securities, treasury repurchase agreements or government agency debt.

The line item "Funds deposited by counterparties" consist of cash collateral received from hedge counterparties in support of energy risk management activities, and it is the Company's intention as of March 31, 2009 to limit the use of these funds. The change in these amounts was due to an increase of in-the-money positions as a result of decreasing forward prices. Depending on market fluctuation and the settlement of the underlying contracts, the Company will refund this collateral to the counterparties pursuant to the terms and conditions of the underlying trades. The Company's balance sheet reflects a liability for cash collateral received within current liabilities.

Management believes that the Company's liquidity position and cash flows from operations will be adequate to finance operating and maintenance capital expenditures, to fund dividends to NRG's preferred shareholders, and other liquidity commitments. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity in a manner consistent with its intention to maintain a net debt to capital ratio in the range of 45-60%.

SOURCES OF FUNDS

The principal sources of liquidity for NRG's future operating and capital expenditures are expected to be derived from new and existing financing arrangements, asset sales, existing cash on hand and cash flows from operations.

Financing Arrangements

Senior Credit Facility

As of March 31, 2009, NRG has a Senior Credit Facility which is comprised of a senior first priority secured term loan, or the Term Loan Facility, a $1.0 billion senior first priority secured revolving credit facility, or the Revolving Credit Facility, and a $1.3 billion senior first priority secured synthetic letter of credit facility, or the Synthetic Letter of Credit Facility. The Senior Credit Facility was last amended on June 8, 2007. As of March 31, 2009, NRG had issued $416 million of letters of credit under the Synthetic Letter of Credit Facility, leaving $884 million available for future issuances. Under the Revolving Credit Facility, as of March 31, 2009, NRG had not issued any letters of credit.

TANE Facility

On February 24, 2009, NINA executed an Engineering, Procurement and Construction, or EPC, agreement with TANE, which specifies the terms under which STP Units 3 and 4 will be constructed. Concurrent with the execution of the EPC agreement, NINA and TANE entered into the TANE Facility wherein TANE, has committed up to $500 million to finance purchases of long-lead materials and equipment for the construction of STP 3 and 4. The TANE Facility matures on February 24, 2012, subject to two renewal periods, and provides for customary events of default, which include, among others: nonpayment of principal or interest; default under other indebtedness; the rendering of judgments; and certain events of bankruptcy or insolvency. Outstanding borrowings will accrue interest at LIBOR plus 3%, subject to a ratings grid, and are secured by substantially all of the assets of and membership interests in NINA and its subsidiaries. As of March 31, 2009, no amounts have been borrowed under the TANE Facility. NINA will be required to repay all outstanding amounts associated with its existing $20 million revolving credit facility before borrowing under the TANE Facility.

Dunkirk Power LLC Tax-Exempt Bonds

On April 15, 2009, NRG executed a $59 million tax-exempt bond financing through its wholly owned subsidiary, Dunkirk Power LLC. The bonds were issued by the County of Chautauqua Industrial Development Agency and will be applied towards construction of emission control equipment on the Dunkirk Generating Station in Dunkirk, NY. The bonds initially bear weekly interest based on the SIFMA rate, have a maturity date of April 1, 2042, and are enhanced by a letter of credit under the Company's Revolving Credit Facility covering amounts drawn on the facility. The initial proceeds were $31 million with the remaining balance being released over time as construction costs are paid.

GenConn Energy LLC related financings

On April 27, 2009, a wholly owned subsidiary of NRG closed on an EBL in the amount of $121.5 million from a syndicate of banks. The purpose of the EBL is to fund the Company's proportionate share of the project construction costs required to be contributed into GenConn, a 50% equity method investment of the Company. The EBL, which is fully collateralized with a letter of credit issued under the Company's Synthetic Letter of Credit Facility, will bear interest at a rate of LIBOR plus 2% on drawn amounts. The EBL will mature on the earlier of the commercial operations date of the Middletown project or July 26, 2011. The EBL also features a mandatory prepayment of the portion of the loan utilized for the Devon project (approximately $56 million) becoming due on the earlier of Devon's commercial operations date or January 27, 2011. The initial proceeds of the EBL were $61 million and the remaining amounts will be drawn as necessary to fund construction costs.

At the same time, GenConn secured financing from the same syndicate of banks for 50% of its project construction costs through a seven-year term loan facility, as well as a five year revolving working capital loan and letter of credit facility, collectively the GenConn Facility. The aggregate credit amount secured under the GenConn Facility, which is non-recourse to NRG, was $291 million, including $48 million for the revolving facility. No amounts were immediately drawn under the GenConn Facility.

First and Second Lien Structure

NRG has granted first and second liens to certain counterparties on substantially all of the Company's assets. NRG uses the first and second lien structure to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-the-money hedge agreements for forward sales of power or MWh equivalents. To the extent that the underlying hedge positions for a counterparty are in-the-money to NRG, the counterparty would have no claim under the lien program. The lien program limits the volume that can be hedged, not the value of underlying out-of-the money positions. The first lien program does not require NRG to post collateral above any threshold amount of exposure. Within the first and second lien structure, the Company can hedge up to 80% of its baseload capacity and 10% of its non-baseload assets with these counterparties for the first 60 months and then declining thereafter. Net exposure to a counterparty on all trades must be positively correlated to the price of the relevant commodity for the first lien to be available to that counterparty. The first and second lien structure is not subject to unwind or termination upon a ratings downgrade of a counterparty or NRG and has no stated maturity date.

The Company's lien counterparties may have a claim on the Company's assets to the extent market prices exceed the hedged price. As of March 31, 2009, and April 23, 2009, there was no exposure to out-of-the-money positions to counterparties on hedges under either the first or second liens.

The following table summarizes the amount of MWs hedged against the Company's baseload assets and as a percentage relative to the Company's forecasted baseload capacity under the first and second lien structure as of April 23, 2009:

Equivalent Net Sales Secured by First and Second Lien Structure (a)	2009	2010	2011	2012	2013
In MW (b)	4,969	4,612	3,704	2,123	788
As a percentage of total forecasted baseload capacity (c)	71%	68%	55%	31%	12%

(a) Equivalent Net Sales include natural gas swaps converted using a weighted average heat rate by region.

(b) 2009 MW value consists of May through December positions only.

(c) Forecasted baseload capacity under the first and second lien structure represents 80% of the total Company's baseload assets.

Asset Sales

Disposition of MIBRAG Investment

On February 25, 2009, NRG entered into an agreement to sell its 50% ownership interest in Mibrag B.V. to a consortium of Severočeské doly Chomutov, a member of the CEZ Group, and J&T Group. Mibrag B.V.'s principal holding is MIBRAG which is jointly owned by the Company and URS Corporation. As part of the transaction, URS Corporation also has entered into an agreement to sell its 50% stake in MIBRAG. For its share, NRG expects to receive EUR202 million, subject to certain adjustments including transaction costs. The transaction is subject to customary closing conditions, including European Commission regulatory approvals and the absence of material adverse changes. The sale is expected to close during the second quarter of 2009.

In connection with the transaction, NRG entered into a foreign currency forward contract on March 12, 2009 to hedge the impact of exchange rate fluctuations on the sale proceeds. The foreign currency forward contract has a fixed exchange rate of 1.277. The contract requires NRG to pay EUR 200 million in exchange for $255 million on June 30, 2009.

USES OF FUNDS

The Company's requirements for liquidity and capital resources, other than for operating its facilities, can generally be categorized by the following: (i) commercial operations activities; (ii) debt service obligations; (iii) capital expenditures including *Repowering*NRG and environmental; and (iv) corporate financial transactions including return of capital to shareholders.

Commercial Operations

NRG's commercial operations activities require a significant amount of liquidity and capital resources. These liquidity requirements are primarily driven by: (i) margin and collateral posted with counterparties; (ii) initial collateral required to establish trading relationships; (iii) timing of disbursements and receipts (i.e., buying fuel before receiving energy revenues); and (iv) initial collateral for large structured transactions. As of March 31, 2009, commercial operations had total cash collateral outstanding of $176 million, and $416 million outstanding in letters of credit to third parties primarily to support its economic hedging activities. As of March 31, 2009, total collateral held from counterparties was $1.3 billion and $34 million of letters of credit.

Future liquidity requirements may change based on the Company's hedging activities and structures, fuel purchases, and future market conditions, including forward prices for energy and fuel and market volatility. In addition, liquidity requirements are dependent on NRG's credit ratings and general perception of its creditworthiness.

Debt Service Obligations

NRG must annually offer a portion of its excess cash flow (as defined in the Senior Credit Facility) to its first lien lenders under the Term Loan Facility. The percentage of excess cash flow offered to these lenders is dependent upon the Company's consolidated leverage ratio (as defined in the Senior Credit Facility) at the end of the preceding year. Of the amount offered, the first lien lenders must accept 50% while the remaining 50% may either be accepted or rejected at the lenders' option. In March 2009, NRG made and the lenders accepted a repayment of approximately $197 million for the mandatory annual offer relating to 2008.

As of March 31, 2009, NRG had approximately $4.7 billion in aggregate principal amount of unsecured high yield notes or Senior Notes, had approximately $2.4 billion in principal amount outstanding under the Term Loan Facility, and had issued $416 million of letters of credit under the Company's $1.3 billion Synthetic Letter of Credit Facility. The Revolving Credit Facility matures on February 2, 2011 and the Synthetic Letter of Credit Facility matures on February 1, 2013.

Capital Expenditures

For the three months ended March 31, 2009, the Company's capital expenditures, including accruals, were approximately $186 million, of which $78 million was related to *Repowering*NRG projects. The following table summarizes the Company's capital expenditures for the three months ended March 31, 2009, and the estimated capital expenditure and repowering investments forecast for the remainder of 2009.

(In millions)	Maintenance	Environmental	Repowering	Total
Northeast	$ 8	$ 39	$ —	$ 47
Texas	59		12	71
South Central	(1)		—	(1)
West	1	—	1	2
Wind development	—	—	28	28
Nuclear development	—	—	37	37
Other	2	—	—	2
Total	$ 69	$ 39	$ 78	$ 186
Estimated capital expenditures for the remainder of 2009	$ 193	$ 191	$ 278	$ 662

*Repowering*NRG *capital expenditures and investments* — *Repowering*NRG project capital expenditures consisted of approximately $28 million related to the Company's Langford wind farm project which is currently under construction. In addition, the Company's *Repowering*NRG capital expenditures included $12 million for the construction of Cedar Bayou Unit 4 in Texas and $37 million for the development of STP Units 3 and 4 in Texas.

The Company's estimated repowering capital expenditures for the remainder of 2009 are expected to be approximately $278 million. Of this amount, $157 million is estimated for STP units 3 and 4 without giving effect to any partner contributions or potential equity sell down, $13 million is anticipated for the construction of Cedar Bayou Unit 4, and the balance is anticipated for the construction of the Langford wind farm.

Major maintenance and environmental capital expenditures — The Company's baghouse projects at western New York facilities resulted in environmental capital expenditures of $39 million for the three months ended March 31, 2009. Other capital expenditures included $25 million for STP fuel and $34 million in maintenance capital expenditures in Texas primarily related to the W.A. Parish and Limestone plants.

NRG anticipates funding its maintenance capital projects primarily with funds generated from operating activities. In addition, on April 16, 2009, the Company closed on an approximately $59 million tax-exempt bond financing through its Dunkirk Power LLC subsidiary, with the bonds issued by the County of Chautauqua Industrial Development Agency. These funds are expected to fund environmental capital expenditures at the Dunkirk Generating facility in 2009.

Loans to affiliates — As of March 31, 2009, the Company had funded approximately $44 million in loans to GenConn Energy LLC, a 50/50 joint venture vehicle of NRG and the United Illuminating Company as a part of the Devon and Middletown plant projects. These loans, which are in the form of an interest bearing note, mature in 2009, and will be fully repaid with the proceeds from the financing of GenConn. All future construction costs for GenConn Energy LLC will be funded from the equity bridge loans of NRG and the United Illuminating Company and non-recourse project level financing.

Environmental Capital Expenditures

Based on current rules, technology and plans, NRG has estimated that environmental capital expenditures to be incurred during the remainder of 2009 through 2013 to meet NRG's environmental commitments will be approximately $1.1 billion. These capital expenditures, in general, are related to installation of particulate, SO_2, NO_x, and mercury controls to comply with federal and state air quality rules and consent orders, as well as installation of "Best Technology Available" under the Phase II 316(b) Rule. NRG continues to explore cost effective alternatives that can achieve desired results. This estimate reflects anticipated schedules and controls related to CAIR, MACT for mercury, and the Phase II 316(b) rule which are under remand to the USEPA and, as such, the full impact on the scope and timing of environmental retrofits from any new or revised regulations cannot be determined at this time.

Capital Allocation

In addition to the aforementioned planned investments in maintenance and environmental capital expenditures and *Repowering*NRG in 2009, and the 2009 repayment of Term Loan Facility debt to the first lien lenders, the Company's Capital Allocation Plan includes the completion of the 2008 Capital Allocation Plan with the planned purchase of $30 million of common stock as well as the purchase of an additional $300 million in common stock under the previously announced 2009 Capital Allocation Plan, with such purchases to be made from time to time at subject to market conditions and other factors, including as permitted by US securities laws.

Preferred Stock Dividend Payments

For the three months ended March 31, 2009, NRG paid approximately $6 million, $4 million, and $4 million in dividend payments to holders of the Company's 5.75%, 4%, and 3.625% Preferred Stock. On March 16, 2009, the outstanding shares of the 5.75% Preferred Stock converted into common stock and, as a result, there will be no further dividends paid with respect to this series of preferred stock.

CSF Share Lending Arrangement

On February 20, 2009, CSF I and CSF II, wholly-owned unrestricted subsidiaries of the Company, entered into Share Lending Agreements with affiliates of Credit Suisse Group, or CS, relating to the shares of NRG common stock currently held by CSF I and II in connection with the CSF I and CSF II issued notes and preferred interests agreements, or CSF Debt, originally entered into on August 4, 2006, by and between CSF I and II and affiliates of CS. The Company entered into Share Lending Agreements due to the current lack of liquidity in the stock borrow market for NRG shares and in order to maintain the intended economic benefits of the CSF Debt agreements. As of March 31, 2009 CSF I and II have lent affiliates of CS 12,000,000 shares of the 21,970,903 shares of NRG common stock held by CSF I and II. The Share Lending Agreements permit affiliates of CS to borrow up to the total number of shares of NRG common stock held by CSF I and II.

Benefit Plans Obligations

As of March 31, 2009, NRG contributed $6 million towards its three defined benefit pension plans to meet the Company's 2009 benefit obligation. The Company's expected contribution to the plans is $24 million during the remainder of 2009. The total 2009 planned contribution of $30 million is a decrease of $30 million from the expected contributions as disclosed in Part II, Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources*, in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. This decrease in the 2009 expected contributions is due to the adoption by the Company in March 2009 of the new funding method options now available. The new methods were made allowable under new IRS guidance on the application of recent Congressional legislation on funding requirements.

Cash Flow Discussion

The following table reflects the changes in cash flows for the comparative years; all cash flow categories include the cash flows from both continuing operations and discontinued operations:

(In millions) Three months ended March 31,	2009	2008	Change
Net cash provided by operating activities	$ 139	$ 60	$ 79
Net cash used by investing activities	(259)	(132)	(127)
Net cash used by financing activities	(184)	(224)	40

Net Cash Provided By Operating Activities

For the three months ended March 31, 2009, net cash provided by operating activities increased by $79 million compared to the same period in 2008. The difference was due to:

- *Collateral paid and option premiums collected* — In 2009, the changes in collateral deposits paid and option premiums collected increased cash from operations by $177 million due to close out of commercial trade positions and lower commodity prices.
- *Working capital* — In 2009, the cash used by working capital items increased by $69 million, primarily as a result of higher inventory of $29 million and the balance due to other various changes in assets and liabilities.

Net Cash Used By Investing Activities

For the three months ended March 31, 2009, net cash used in investing activities was approximately $127 million more than the same period in 2008. This was due to:

- *Capital expenditures* — NRG's capital expenditures increased by $69 million due to increased environmental capital expenditures which consists primarily of the Company's baghouse projects in the Northeast.
- *Trading of emission allowances* — Net purchases and sales of emission allowances resulted in a decrease in cash of $57 million for 2009 as compared to 2008.
- *Asset sales* — The Company received $4 million in proceeds primarily from the sale of various assets in 2009 compared to proceeds of $12 million in proceeds primarily from the sale of rail cars in the same period in 2008 for a net decrease in cash of $8 million.

Net Cash Used By Financing Activities

For the three months ended March 31, 2009, net cash used by financing activities decreased by approximately $40 million compared to 2008, due to:

- *Term Loan Facility debt payment* — In 2009, the Company paid down $205 million of its Term Loan Facility, including the payment of excess cash flow, as discussed above under *Debt Service Obligations*. The Company paid down $151 million of its Term Loan Facility during 2008 for a net cash decrease of $54 million for the year ended 2009 compared to the same period in 2008.
- *Share repurchase* — During 2009, the Company did not repurchase any common stock during the first quarter in 2009, compared to $55 million for 2008.
- *Receipt from/(Payment of) financing element of acquired derivatives* — For 2009, the Company received approximately $40 million for the settlement of gas swaps related to the acquisition of Texas Genco in 2006 compared to a payment of approximately $1 million for 2008 for a net increase in cash of $41 million.

NOL's, Deferred Tax Assets and FIN 48 Implications

As of March 31, 2009, the Company had generated total domestic pre-tax book income of $481 million and foreign continuing pre-tax book income of $15 million. In addition, NRG has cumulative foreign NOL carryforwards of $235 million, of which $47 million will expire starting in 2011 through 2018 and of which $188 million do not have an expiration date.

In addition to these amounts, the Company has $556 million of tax effected unrecognized tax benefits which relate primarily to net operating losses for tax return purposes but have been classified as capital loss carryforwards for financial statements purposes and for which a full valuation allowance has been established. As a result of the Company's tax position, and based on current forecasts, the Company anticipates income tax payments of up to $100 million during 2009.

However, as the position remains uncertain, of the $556 million of tax effected unrecognized tax benefits, the Company has recorded a non-current tax liability of $272 million and may accrue the remaining balance as an increase to non-current liabilities until final resolution with the related taxing authority. The $272 million non-current tax liability for unrecognized tax benefits is due to taxable earnings for which there are no NOLs available to offset for financial statement purposes.

The Company continues to be under examination by the Internal Revenue Service.

New and On-going Company Initiatives

Reliant Retail Acquisition

On March 2, 2009, NRG announced that, acting through its wholly owned subsidiary, NRG Retail LLC, or NRG Retail, it had entered into a membership interest purchase agreement to acquire Reliant Energy Inc.'s Texas electric retail business operations, or Reliant Retail, for a purchase price of $287.5 million cash, and the return of Reliant Retail's net working capital as of the closing date. NRG will also guarantee certain obligations of NRG Retail in connection with the purchase.

NRG also has arranged with Merrill Lynch, the current credit provider of Reliant, to provide continuing credit support to the retail business subsequent to closing. The Company negotiated a transitional credit sleeve facility, or CSRA, with Merrill Lynch under which NRG will contribute $200 million of cash into the retail entity. In conjunction with the CSRA, NRG, Reliant Retail, Merrill Lynch and certain counterparties will enter into offsetting trades to move collateral with respect to NRG's in-the-money position in order to reduce Merrill Lynch's actual and contingent collateral on Reliant Retail's out-of-money position. The CSRA will provide collateral support for the retail enterprise up to November 1, 2010, while a transition to NRG supplying the retail business' power requirements occurs, with limited ongoing collateral requirements. NRG will also have two potential cash contribution obligations: (i) in October 2009 of $250 million if a threshold level to be determined at closing is exceeded, and (ii) in October 2010 for up to $400 million at the sleeve unwind. The monthly fees for this sleeve facility is 5.875% on an annualized basis of the predetermined exposure as defined in the CSRA.

Each of the parties' obligation to consummate the acquisition of Reliant Retail is subject to certain customary conditions and regulatory approvals, including: (i) the absence of any event or circumstance that would have a material adverse effect on the other party's business, assets, properties, liabilities, condition (financial or otherwise) or results of operations, taken as a whole; and (ii) the receipt of required regulatory approvals, which have been obtained. On March 30, 2009, the Federal Trade Commission, together with the US Department of Justice, granted early termination of the pre-merger waiting period pursuant to the Hart Scott Rodino Antitrust Improvements Act. Subject to the remaining foregoing conditions, the transaction is expected to be consummated effective May 1, 2009. Following the acquisition, NRG Retail will focus only on the ERCOT market and will be managed under the NRG Texas Region. NRG Retail will seek to grow both residential and industrial load in the ERCOT market. The acquisition includes approximately 1.7 million customers, 1,300 employees and the Reliant brand which will be retained.

Disposition of MIBRAG Investment

On February 25, 2009, NRG entered into an agreement to sell its 50% ownership interest in Mibrag B.V. to a consortium of Severočeské doly Chomutov, a member of the CEZ Group, and J&T Group. Mibrag B.V.'s principal holding is MIBRAG, which is jointly owned by NRG and URS Corporation. As part of the transaction, URS Corporation also has entered into an agreement to sell its 50% stake in MIBRAG.

For its share, NRG expects to receive EUR 202 million, subject to certain adjustments including transaction costs. The transaction is subject to customary closing conditions, including European Commission regulatory approvals and the absence of material adverse changes. NRG expects to recognize a pre-tax gain of approximately $100 million to $120 million and to close on the sale during the second quarter of 2009. Prior to completion of the sale, NRG continues to record its share of MIBRAG's operations to "Equity in earnings of unconsolidated affiliates."

In connection with the transaction, NRG entered into a foreign currency forward contract on March 12, 2009, to hedge the impact of exchange rate fluctuations on the sale proceeds. The foreign currency forward contract has a fixed exchange rate of 1.277. The contract requires NRG to pay EUR 200 million in exchange for $255 million on June 30, 2009. For the three months ended March 31, 2009, NRG recorded an unrealized exchange loss of $9 million on the contract within "Other income/(expense), net."

NRG will provide certain indemnities in connection with its share of the transaction. See Note 17, *Guarantees,* to this Form 10-Q for further discussion.

***FOR*NRG Update**

Beginning in January 2009, the Company transitioned to *FOR*NRG 2.0 to target an incremental 100 basis point improvement to the Company's ROIC by 2012. The initial targets for *FOR*NRG 2.0 were based upon improvements in the Company's ROIC as measured by increased cash flow. The economic goals of *FOR*NRG 2.0 will focus on: (i) revenue enhancement, (ii) cost savings, and (iii) asset optimization, including reducing excess working capital and other assets. The *FOR*NRG 2.0 program will measure its progress towards the *FOR*NRG 2.0 goals by using the Company's 2008 financial results as a baseline, while plant performance calculations will be based upon the appropriate historic baselines.

Nuclear Innovation North America

NINA is an NRG subsidiary focused on marketing, siting, developing, financing and investing in new advanced design nuclear projects in select markets across North America, including the planned STP units 3 and 4 that NRG is developing on a 50/50 basis with City of San Antonio's agent City Public Service Board of San Antonio, or CPS Energy, at the STP nuclear power station site. TANE, a wholly owned subsidiary of Toshiba Corporation, owns a non-controlling interest in NINA.

The STP Expansion received a favorable preliminary ranking in the Department of Energy, or DOE, Loan Guarantee program and NINA submitted its part II application in mid-October. NRG believes DOE loan guarantee support is critical to new nuclear development projects. NINA is also actively pursuing additional loan guarantee options through the Japanese government and due diligence by Japanese financing agencies is in progress.

On February 24, 2009, NINA executed an EPC agreement with TANE to build the STP expansion. The EPC agreement is structured so as to assure that the new plant is constructed on time, on budget and to exacting standards. In accordance with the EPC agreement, TANE will provide engineering and development services prior to Full Notice to Proceed, or FNTP, on a time and materials basis. Upon the New Source Review's, or NRC approval of the STP units 3 and 4 combined license and the owners decision to issue the FNTP, the EPC converts to a lump-sum turnkey contract with customary warranties, performance and schedule guarantees, and liquidated damage provisions. TANE's obligations are backed by a guaranty from its ultimate parent, the Toshiba Corporation. Concurrent with the execution of the EPC agreement, NINA entered into a $500 million credit facility with TANE to finance the cost of material and equipment commitments prior to FNTP for STP units 3 and 4.

In light of the progress made by the project in terms of regulatory schedule, DOE loan guarantee process, and the conclusion of the EPC agreement, NINA has initiated a partial sell down process in the STP expansion. NINA has Memorandums of Understanding with a mix of investment grade rated load serving entities and industrial customers for all offtake from NINA's anticipated 40% ownership interest in STP units 3 and 4's generation. Currently, NINA and CPS Energy each own 50% of the 2,700 megawatt planned expansion of the South Texas Project nuclear facility. After the sell down, it is expected that each would own 40% and a new owner(s) would have a 20% equity interest although other ownership outcomes may arise. The ownership interests of STP units 1 and 2, (NRG 44%, CPS Energy 40% and Austin Energy 16%) are not affected by this proposed sale.

Agreement with eSolar

On February 23, 2009, the Company signed an agreement with eSolar, a leading provider of modular, scalable solar thermal power technology, to acquire the development rights to approximately 500MW of solar thermal power plants at sites in California and the Southwest. The first plant is anticipated to begin producing electricity as early as 2011.

At closing, NRG will invest in approximately $10 million for equity and associated development rights for three projects on sites in south central California and the Southwest US and a portfolio of PPAs to develop, build, own and operate up to 11 eSolar modular solar generating units at these sites. These development assets will use eSolar's concentrating solar power, or CSP, technology to sell renewable electricity under contracted PPAs with local utilities.

*Repowering*NRG Update

Currently, NRG has various projects in certain stages of development that includes a biomass project at Montville Generating Station and the repowering of Limestone 3, Big Cajun I and El Segundo sites. As a result of permitting delays related to on-going Natural Resource Defense Counsel claims, the El Segundo project will not reach its original completion date of June 1, 2011. The Company is contemplating certain PPA modifications, including commercial operations date.

The following is a summary of repowering projects that are under construction. In addition, NRG continues to participate in active bids in response to requests for proposals in markets in which it operates, particularly in the West and Northeast regions.

Plants under Construction

GenConn Energy LLC — In a procurement process conducted by the Department of Public Utility Control, or DPUC, and finalized in 2008, GenConn, a 50/50 joint venture of NRG and The United Illuminating Company, secured contracts in 2008 with Connecticut Light & Power, or CL&P, for the construction and operation of two 200 MW peaking facilities, at NRG's Devon and Middletown sites in Connecticut. The contracts, which are structured as contracts for differences for the operation of the new power plants, have a 30-year term and call for commercial operation of the Devon project by June 1, 2010, and the Middletown project by June 1, 2011. GenConn has secured all state permits required for the projects and has entered into contracts for engineering, construction and procurement of the 8 GE LM6000 combustion turbines required for the projects. As of April 1 2009, construction has begun at the Devon site while construction at Middletown is expected to commence in the first quarter 2010.

Langford Wind Project — On March 12, 2009, NRG, through its wholly owned subsidiary, Padoma Wind Power LLC, began construction on a 150 MW wind farm located in Tom Green, Irion, and Schleicher Counties, Texas. The Langford Wind Project will utilize 100 General Electric 1.5 MW wind turbines. The project is scheduled to reach commercial operation by the end of 2009.

Off-Balance Sheet Arrangements

Obligations under Certain Guarantee Contracts

NRG and certain of its subsidiaries enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties. These arrangements include financial and performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. See Note 17, *Guarantees,* to this Form 10-Q for additional discussion.

Retained or Contingent Interests

NRG does not have any material retained or contingent interests in assets transferred to an unconsolidated entity.

Derivative Instrument Obligations

The Company's 3.625% Preferred Stock includes a feature which is considered an embedded derivative per SFAS 133. Although it is considered an embedded derivative, it is exempt from derivative accounting as it is excluded from the scope pursuant to paragraph 11(a) of SFAS 133. As of March 31, 2009, based on the Company's stock price, the embedded derivative was out-of-the-money and had no redemption value.

The Company's unrestricted wholly-owned subsidiary, CSF II, has outstanding notes and preferred interests that contain a feature considered an embedded derivative per SFAS 133. Although it is considered a derivative, it is exempt from derivative accounting as it is excluded from the scope pursuant to paragraph 11(a) of SFAS 133. As of March 31, 2009, based on the Company's stock price, the CSF II embedded derivative was out-of-the-money and had no redemption value.

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable Interest in Equity Investments — As of March 31, 2009, NRG has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities that are accounted for under the equity method of accounting. One of these investments, GenConn, is a variable interest entity for which NRG is not the primary beneficiary.

NRG's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $122 million as of March 31, 2009. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to NRG.

Letter of Credit Facilities — The Company's $1.3 billion Synthetic Letter of Credit Facility is unfunded by NRG and is secured by a $1.3 billion cash deposit at Deutsche Bank AG, New York Branch that was funded using proceeds from the Term Loan Facility investors who participated in the facility syndication. Under the Synthetic Letter of Credit Facility, NRG is allowed to issue letters of credit for general corporate purposes including posting collateral to support the Company's commercial operations activities.

Contractual Obligations and Commercial Commitments

NRG has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to the Company's capital expenditure programs, as disclosed in the Company's Form 10-K. Also see Note 14, *Commitments and Contingencies*, to the condensed consolidated financial statements of this Form 10-Q for a discussion of new commitments and contingencies that also include contractual obligations and commercial commitments that occurred during the first quarter 2009.

Critical Accounting Policies and Estimates

NRG's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the US. The preparation of these financial statements and related disclosures in compliance with generally accepted accounting principles, or GAAP, requires the application of appropriate technical accounting rules and guidance as well as the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular projects, legal and regulatory challenges. These judgments, in and of themselves, could materially affect the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment may also have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies have not changed.

On an ongoing basis, NRG evaluates these estimates, utilizing historic experience, consultation with experts and other methods the Company considers reasonable. In any event, actual results may differ substantially from the Company's estimates. Effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Critical accounting policies and estimates are the accounting policies that are most important to the portrayal of NRG's financial condition and results of operations and require management's most difficult, subjective or complex judgment. NRG's critical accounting policies include revenue recognition and derivative accounting, income taxes and valuation allowance for deferred taxes, evaluation of assets for impairment and other than temporary decline in value, goodwill and other intangible assets, and contingencies

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NRG is exposed to several market risks in the Company's normal business activities. Market risk is the potential loss that may result from market changes associated with the Company's merchant power generation or with an existing or forecasted financial or commodity transaction. The types of market risks the Company is exposed to are commodity price risk, interest rate risk and currency exchange risk. In order to manage these risks the Company uses various fixed-price forward purchase and sales contracts, futures and option contracts traded on the New York Mercantile Exchange, and swaps and options traded in the over-the-counter financial markets to:

- Manage and hedge fixed-price purchase and sales commitments;
- Manage and hedge exposure to variable rate debt obligations;
- Reduce exposure to the volatility of cash market prices; and
- Hedge fuel requirements for the Company's generating facilities.

Commodity Price Risk

Commodity price risks result from exposures to changes in spot prices, forward prices, volatility in commodities, and correlations between various commodities, such as natural gas, electricity, coal, oil, and emissions credits. A number of factors influence the level and volatility of prices for energy commodities and related derivative products. These factors include:

- Seasonal, daily and hourly changes in demand;
- Extreme peak demands due to weather conditions;
- Available supply resources;
- Transportation availability and reliability within and between regions; and
- Changes in the nature and extent of federal and state regulations.

As part of NRG's overall portfolio, NRG manages the commodity price risk of the Company's merchant generation operations by entering into various derivative or non-derivative instruments to hedge the variability in future cash flows from forecasted sales of electricity and purchases of fuel. These instruments include forwards, futures, swaps, and option contracts traded on various exchanges, such as New York Mercantile Exchange, or NYMEX, Intercontinental Exchange, or ICE, and Chicago Climate Exchange, or CCX, as well as over-the-counter financial markets. The portion of forecasted transactions hedged may vary based upon management's assessment of market, weather, operation and other factors.

While some of the contracts the Company uses to manage risk represent commodities or instruments for which prices are available from external sources, other commodities and certain contracts are not actively traded and are valued using other pricing sources and modeling techniques to determine expected future market prices, contract quantities, or both. NRG uses the Company's best estimates to determine the fair value of commodity and derivative contracts held and sold. These estimates consider various factors, including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. However, it is likely that future market prices could vary from those used in recording mark-to-market derivative instrument valuation, and such variations could be material.

NRG measures the risk of the Company's portfolio using several analytical methods, including sensitivity tests, scenario tests, stress tests, position reports, and Value at Risk, or VAR. VAR is a statistical model that attempts to predict risk of loss based on market price and volatility. Currently, the company estimates VAR using a Monte Carlo simulation based methodology. NRG's total portfolio includes mark-to-market and non mark-to-market energy assets and liabilities.

NRG uses a diversified VAR model to calculate an estimate of the potential loss in the fair value of the Company's energy assets and liabilities, which includes generation assets, load obligations, and bilateral physical and financial transactions. The key assumptions for the Company's diversified model include: (i) a lognormal distribution of prices, (ii) one-day holding period, (iii) a 95% confidence interval, (iv) a rolling 36-month forward looking period, and (v) market implied volatilities and historical price correlations.

As of March 31, 2009, the VAR for NRG's commodity portfolio, including generation assets, load obligations and bilateral physical and financial transactions calculated using the diversified VAR model was $35 million.

The following table summarizes average, maximum and minimum VAR for NRG for the three months ended March 31, 2009, and 2008:

(In millions) VAR	2009	2008
As of March 31,	$ 35	$ 43
Average	41	53
Maximum	50	65
Minimum	34	35

Due to the inherent limitations of statistical measures such as VAR, the evolving nature of the competitive markets for electricity and related derivatives, and the seasonality of changes in market prices, the VAR calculation may not capture the full extent of commodity price exposure. As a result, actual changes in the fair value of mark-to-market energy assets and liabilities could differ from the calculated VAR, and such changes could have a material impact on the Company's financial results.

In order to provide additional information for comparative purposes to NRG's peers, the Company also uses VAR to estimate the potential loss of derivative financial instruments that are subject to mark-to-market accounting. These derivative instruments include transactions that were entered into for both asset management and trading purposes. The VAR for the derivative financial instruments calculated using the diversified VAR model as of March 31, 2009, for the entire term of these instruments entered into for both asset management and trading, was approximately $41 million primarily driven by asset-backed transactions.

Interest Rate Risk

NRG is exposed to fluctuations in interest rates through the Company's issuance of fixed rate and variable rate debt. Exposures to interest rate fluctuations may be mitigated by entering into derivative instruments known as interest rate swaps, caps, collars and put or call options. These contracts reduce exposure to interest rate volatility and result in primarily fixed rate debt obligations when taking into account the combination of the variable rate debt and the interest rate derivative instrument. NRG's risk management policies allow the Company to reduce interest rate exposure from variable rate debt obligations.

As of March 31, 2009, the Company had various interest rate swap agreements with notional amounts totaling approximately $2.4 billion. If the swaps had been discontinued on March 31, 2009, the Company would have owed the counterparties approximately $141 million. Based on the investment grade rating of the counterparties, NRG believes its exposure to credit risk due to nonperformance by counterparties to its hedge contracts to be insignificant.

NRG has both long and short-term debt instruments that subject the Company to the risk of loss associated with movements in market interest rates. As of March 31, 2009, a 1% change in interest rates would result in a $11 million change in interest expense on a rolling twelve month basis.

As of March 31, 2009, the Company's long-term debt fair value was $7.3 billion and the carrying amount was $7.8 billion. NRG estimates that a 1% decrease in market interest rates would have increased the fair value of the Company's long-term debt by $386 million.

Liquidity Risk

Liquidity risk arises from the general funding needs of NRG's activities and in the management of the Company's assets and liabilities. NRG's liquidity management framework is intended to maximize liquidity access and minimize funding costs. Through active liquidity management, the Company seeks to preserve stable, reliable and cost-effective sources of funding. This enables the Company to replace maturing obligations when due and fund assets at appropriate maturities and rates. To accomplish this task, management uses a variety of liquidity risk measures that take into consideration market conditions, prevailing interest rates, liquidity needs, and the desired maturity profile of liabilities.

Based on a sensitivity analysis, a $1 per MMBtu increase or decrease in natural gas prices across the term of the marginable contracts for power and gas positions would cause a change in margin collateral outstanding of approximately $72 million as of March 31, 2009. In addition, a 0.25 MMBtu/MWh change in heat rates for heat rate positions would result in a change in margin collateral of approximately $62 million as of March 31, 2009. This analysis uses simplified assumptions and is calculated based on portfolio composition and margin-related contract provisions as of March 31, 2009.

Under the second lien, NRG is required to post certain letters of credit as credit support for changes in commodity prices. As of March 31, 2009, no letters of credit are outstanding to second lien counterparties. With changes in commodity prices, the letters of credit could grow to $87 million, the cap under the agreements.

Credit Risk

Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. The Company monitors and manages credit risk through credit policies that include: (i) an established credit approval process, (ii) a daily monitoring of counterparties' credit limits, (iii) the use of credit mitigation measures such as margin, collateral, credit derivatives or prepayment arrangements, (iv) the use of payment netting agreements, and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty risk with a diversified portfolio of counterparties, including ten participants under its first and second lien structure. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at NRG to cover the credit risk of the counterparty until positions settle.

Under the current economic downturn in the US and overseas, the Company has heightened its management and mitigation of counterparty credit risk by using credit limits, netting agreements, collateral thresholds, volumetric limits and other mitigation measures, where available. NRG avoids concentration of counterparties whenever possible and applies credit policies that include an evaluation of counterparties' financial condition, collateral requirements and the use of standard agreements that allow for netting and other security.

As of March 31, 2009, total credit exposure to substantially all counterparties was $2.6 billion and NRG held collateral (cash and letters of credit) against those positions of $1.3 billion resulting in a net exposure of $1.3 billion. Total credit exposure is discounted at the risk free rate.

The following table highlights the credit quality and the net counterparty credit exposure by industry sector. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark to market and normal purchase and sale and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

Category	Net Exposure[(a)] as of March 31, 2009 (% of Total)
Coal suppliers	2%
Financial institutions	63
Utilities, energy, merchants, marketers and other	32
ISOs	3
Total	100%

Category	Net Exposure[(a)] as of March 31, 2009 (% of Total)
Investment grade	9 5%
Non-Investment grade	1
Non-rated	4
Total	100%

(a) Credit exposure excludes California tolling, uranium, coal transportation/railcar leases, New England Reliability Must-Run, cooperative load contracts and Texas Westmoreland coal contracts.

NRG has credit risk exposure to certain counterparties representing more than 10% of total net exposure and the aggregate of such counterparties was $444 million. No single counterparty represents more than 19% of total net credit exposure. Approximately 85% of NRG's positions relating to credit risk roll-off by the end of 2011. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial results from nonperformance by a counterparty.

Fair Value of Derivative Instruments

NRG may enter into long-term power sales contracts, fuel purchase contracts and other energy-related financial instruments to mitigate variability in earnings due to fluctuations in spot market prices, to hedge fuel requirements at generation facilities and protect fuel inventories. In addition, in order to mitigate interest rate risk associated with the issuance of the Company's variable rate and fixed rate debt, NRG enters into interest rate swap agreements.

NRG's trading activities include contracts to profit from market price changes as opposed to hedging an exposure, and are subject to limits in accordance with the Company's risk management policy. These contracts are recognized on the balance sheet at fair value and changes in the fair value of these derivative financial instruments are recognized in earnings. These trading activities are a complement to NRG's energy marketing portfolio.

The tables below disclose the activities that include both exchange and non-exchange traded contracts accounted for at fair value. Specifically, these tables disaggregate realized and unrealized changes in fair value; identify changes in fair value attributable to changes in valuation techniques; disaggregate estimated fair values at March 31, 2009, based on whether fair values are determined by quoted market prices or more subjective means; and indicate the maturities of contracts at March 31, 2009.

Derivative Activity Gains/(Losses)	(In millions)
Fair value of contracts as of December 31, 2008	$ 996
Contracts realized or otherwise settled during the period	(249)
Changes in fair value	843
Fair value of contracts as of March 31, 2009	$ 1,590

(In millions) Sources of Fair Value Gains/(Losses)	Fair Value of Contracts as of March 31, 2009 Maturity Less Than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in Excess 4-5 Years	Total Fair Value
Prices actively quoted	$ 37	$ 14	$ —	$ —	$ 51
Prices provided by other external sources	735	442	273	(37)	1,413
Prices provided by models and other valuation methods	90	23	13	—	126
Total	$ 862	$ 479	$ 286	$ (37)	$ 1,590

A small portion of NRG's contracts are exchange-traded contracts with readily available quoted market prices. The majority of NRG's contracts are non exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. For the majority of NRG markets, the Company receives quotes from multiple sources. To the extent that NRG receives multiple quotes, the Company's prices reflect the average of the bid-ask mid-point prices obtained from all sources that NRG believes provide the most liquid market for the commodity. If the Company receives one quote then the mid point of the bid-ask spread for that quote is used. The terms for which such price information is available vary by commodity, region and product. The remainder of the assets and liabilities represent contracts for which external sources or observable market quotes are not available. These contracts are valued based on various valuation techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Contracts valued with prices provided by models and other valuation techniques make up 8% of the total fair value of all derivative contracts. The fair value of each contract is discounted using a risk free interest rate. In addition, the Company applies a credit reserve to reflect credit risk which is calculated based on published default probabilities. To the extent that NRG's net exposure under a specific master agreement is an asset, the Company is using the counterparty's default swap rate. If the exposure under a specific master agreement is a liability, the Company is using NRG's default swap rate. The credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume NRG's liabilities or that a market participant would be willing to pay for NRG's assets. As of March 31, 2009, the credit reserve resulted in a $46 million decrease in fair value which is composed of a $23 million loss in OCI and a $23 million loss in derivative revenue and cost of operations.

The fair values in each category reflect the level of forward prices and volatility factors as of March 31, 2009, and may change as a result of changes in these factors. Management uses its best estimates to determine the fair value of commodity and derivative contracts NRG holds and sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. It is possible however, that future market prices could vary from those used in recording assets and liabilities from energy marketing and trading activities and such variations could be material.

The Company has elected to disclose derivative activity on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. Consequently, the magnitude of the changes in individual current and non-current derivative assets or liabilities is higher than the underlying credit and market risk of the Company's portfolio. As discussed in Item 7A — *Commodity Price Risk*, NRG measures the sensitivity of the Company's portfolio to potential changes in market prices using Value at Risk, or VAR, a statistical model which attempts to predict risk of loss based on market price and volatility. NRG's risk management policy places a limit on one-day holding period VAR, which limits the Company's net open position. As the Company's trade-by-trade derivative accounting results in a gross-up of the Company's derivative assets and liabilities, the net derivative assets and liability position is a better indicator of NRG's hedging activity. As of March 31, 2009, NRG's net derivative asset was $1.6 billion, an increase to total fair value of $594 million as compared to December 31, 2008. This increase was primarily driven by decreases in gas and power prices as well as the roll-off of trades that settled during the period.

Currency Exchange Risk

NRG may be subject to foreign currency risk as a result of the Company entering into purchase commitments with foreign vendors for the purchase of major equipment associated with RepoweringNRG initiatives. To reduce the risks to such foreign currency exposure, the Company may enter into transactions to hedge its foreign currency exposure using currency options and forward contracts. As of March 31, 2009, there were no foreign currency options and forward contracts outstanding for purchase commitments.

In addition, in connection with the MIBRAG sale, the Company entered into a foreign currency forward contract on March 12, 2009 to hedge the impact of exchange rate fluctuations on the sale proceeds. The foreign currency forward contract has a fixed exchange rate of 1.277. The contract requires NRG to pay EUR 200 million in exchange for $255 million on June 30, 2009.

As a result of the Company's limited foreign currency exposure to date, the effect of foreign currency fluctuations has not been material to the Company's results of operations, financial position and cash flows as of and for the three months ended March 31, 2009.

ITEM 4 — CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of NRG's management, including its principal executive officer, principal financial officer and principal accounting officer, NRG conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based on this evaluation, the Company's principal executive officer, principal financial officer and principal accounting officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report on Form 10-Q.

Changes in Internal Controls over Financial Reporting

There were no changes in the Company's internal controls over financial reporting (as such term is defined in Rules 13a-15(f) under the Exchange Act) that occurred in the first quarter of 2009 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations over Internal Controls

NRG's internal controls over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. However, internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

For a discussion of material legal proceedings in which NRG was involved through March 31, 2009, see Note 14, *Commitments and Contingencies*, to the condensed consolidated financial statements of this Form 10-Q.

ITEM 1A — RISK FACTORS

In addition to the revised risk factor below, information regarding risk factors appears in Part I, Item 1A, Risk Factors in NRG Energy, Inc.'s 2008 Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

If Exelon Corporation's board expansion proposal is approved at NRG's 2009 annual shareholders meeting and all of Exelon Corporation's nominees are elected to NRG's Board of Directors at the meeting, there will be an increased risk of a change of control under NRG's debt instruments, and if that were to occur the Company could become obligated to immediately repay approximately $8 billion under the Senior Credit Facility and Senior Notes, which would likely have a material adverse affect on NRG's business and financial condition and could render us insolvent.

Under NRG's Senior Credit Facility and the indentures governing NRG's Senior Notes, a "change of control" is deemed to occur if, among other triggering events, "a majority of the members of the Board of Directors of NRG are not continuing directors." A "continuing director" is defined to mean, as of the date of determination, any director who was a member of NRG's Board on the date of NRG's Senior Credit Facility or the indenture governing NRG's Senior Notes, as the case may be, or was nominated for election or elected to NRG's Board with the approval of a majority of the "continuing directors" who were members of NRG's Board at the time of such nomination or election. Based on NRG's interpretation of this provision, the failure of a majority of NRG's directors to qualify as "continuing directors" would result in a change of control. Since Exelon's proposal, the NRG Board has added two members and currently consists of 14 members, all of whom qualify as "continuing directors." If Exelon Corporation's board expansion proposal passes and all of its nominees are elected to NRG's Board, NRG's Board would consist of 19 members, 10 of whom would be existing NRG directors who qualify as "continuing directors" and nine of whom would be directors nominated by Exelon Corporation who would not qualify as "continuing directors." Therefore, under NRG's interpretation of the change of control provision, a change of control would be triggered by any future event that reduces the number of continuing directors, such as the retirement or death of any such director. If a change of control were triggered under NRG's Senior Credit Facility, an event of default would occur and the bank lenders under the facility would have the right to accelerate the outstanding indebtedness under the facility, which, as of March 31, 2009, totaled $2.4 billion, and if a change of control were triggered under the indentures governing NRG's Senior Notes, note holders holding approximately $4.7 billion face amount of the notes would have the right to put the notes to the Company at 101% of par. If either or both of these events were to occur, it would likely have a material adverse impact on NRG's business and financial condition and could render us insolvent. In addition to adding the two new Board members, the Company and the NRG Board may continue to explore other options to mitigate this risk.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

Exhibits

10.1*	LLC Membership Purchase Agreement between Reliant Energy, Inc. and NRG Retail LLC, dated as of February 28, 2009.
10.2	Credit Agreement by and among Nuclear Innovation North America LLC, Nuclear Innovation North America Investments LLC, NINA Texas 3 LLC and NINA Texas 4 LLC, as Borrowers and Toshiba America Nuclear Energy Corporation, as Administrative Agent and as Collateral Agent (1)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.3	Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32	Certification of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, filed herewith.

* Portions of this exhibit have been redacted and are subject to a confidential treatment request filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

(1) Incorporated herein by reference to NRG Energy Inc's current report on Form 8-K filed on February 27, 2009.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NRG ENERGY, INC.
(Registrant)

/s/ DAVID W. CRANE
David W. Crane
Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT C. FLEXON
Robert C. Flexon
Chief Financial Officer
(Principal Financial Officer)

/s/ JAMES J. INGOLDSBY
James J. Ingoldsby
Chief Accounting Officer
(Principal Accounting Officer)

Date: April 30, 2009

EXHIBIT INDEX

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Exhibit 10.1

LLC MEMBERSHIP INTEREST PURCHASE AGREEMENT

by and between

RELIANT ENERGY, INC.

and

NRG RETAIL LLC

Dated as of February 28, 2009

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

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*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Execution Copy

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THIS LLC MEMBERSHIP INTEREST PURCHASE AGREEMENT, dated as of February 28, 2009 (this "Agreement"), is entered into by and between Reliant Energy, Inc., a Delaware corporation (the "Seller"), and NRG Retail LLC, a Delaware limited liability company (the "Purchaser").

W I T N E S S E T H :

WHEREAS, the Seller owns all of the issued and outstanding Class A membership interests (the "Company Interests") of RERH Holdings, LLC, a Delaware limited liability company (the "Company");

WHEREAS, subject to the terms and conditions set forth herein, the Seller desires to sell, assign and transfer to the Purchaser, and the Purchaser desires to purchase and take assignment and delivery from the Seller of, all of the Company Interests and all of the membership interests in REST and RETR; and

WHEREAS, as a material inducement to the Seller to enter into this Agreement, concurrently with the execution of this Agreement, NRG Energy, Inc. a Delaware corporation and an affiliate of the Purchaser (the "Guarantor"), has entered into a Guarantee (the "Guarantee") in favor of the Seller with respect to the obligations of the Purchaser arising under, or in connection with, this Agreement and the Transition Services Agreement.

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, the Parties hereto, intending to be legally bound hereby, agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Defined Terms. As used in this Agreement, each of the following terms shall have the meaning given to it below:

"2009 Projections" shall mean the financial projections, annual budget and capital budget for the 2009 fiscal year captioned "RRI Retail Detail Outlook 2006_2010 — Constrained Case" set forth in Item 43.1.1 in the data room.

"Action(s)" shall have the meaning set forth in Section 4.7.

"Advance Integration Agreement" shall have the meaning set forth in Section 6.1(z).

"Affiliate" shall mean with respect to any Person, any direct or indirect Subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person. As used in this definition, "control" (including with correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or

partnership or other ownership interests; *provided*, *however*, that Merrill Lynch shall not be deemed an affiliate of any of the Subject Companies.

"Affiliate Contracts" shall have the meaning set forth in Section 4.14.

"Agreement" shall have the meaning set forth in the preamble hereto.

"Allegedly Infringing Products and Services" shall mean the products and services of the Seller or any of its Affiliates that IP CO., LLC or any of its Affiliates alleges infringe any of the patents asserted in the Intus Litigation.

"Allocation Notice of Objection" shall have the meaning set forth in Section 2.3(a).

"Annual Incentive Plans" shall have the meaning set forth in Section 7.6(n).

"Applicable Guarantee" means any guarantee, bond, surety or other credit support or assurance provided by the Seller or its Affiliates (other than any Subject Company) in support of obligations of REST or RETR.

"Assumed Benefit Plans" shall have the meaning set forth in Section 4.9(a).

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Houston, Texas are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

"Business Employees" shall mean each individual employed at the Subject Companies as of the Closing Date whose job function primarily relates to the Subject Companies.

"Change of Control" shall have the meaning set forth in Section 7.18(f)(i).

"Closing" shall have the meaning set forth in Section 3.1.

"Closing Date" shall have the meaning set forth in Section 3.1.

"COBRA" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code and of any similar state Law.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Commitment Letter" shall have the meaning set forth in Section 5.9.

"Company" shall have the meaning set forth in the recitals hereto.

"Company Interests" shall have the meaning set forth in the recitals hereto.

"Comverge" shall mean Comverge, Inc.

"Comverge Agreement" shall mean the Master Agreement, dated November 16, 2007, between Comverge and RERS.

"Confidentiality Agreement" shall have the meaning set forth in Section 7.2.

"Continuing Employees" shall have the meaning set forth in Section 7.6(a).

"Contract" shall mean any written or oral contract, agreement, license, sublicense, lease, sublease, mortgage, indenture, purchase order, binding bid, letter of credit, security agreement, instruments, guaranty, commitment, undertaking or other similar arrangement, whether express or implied, including all amendments, modifications and supplements thereto.

"Contribution Margin" shall be calculated in accordance with Exhibit P consistent with past practice in the ordinary course of the Subject Companies' business.

"Covenant Survival Period" shall have the meaning set forth in Section 10.1(b).

"Deductible Amount" shall mean $5,800,000.

"[*****]" shall have the meaning set forth in Schedule 10.8.

"[*****]" shall have the meaning set forth in Schedule 10.8.

"Dollar" shall mean dollars in the currency of the United States of America.

"[*****]" shall mean any Action before or by any court, governmental department, commission, agency, instrumentality or other Governmental Authority or any arbitrator or other third party for resolution in any way relating to, arising out of, or resulting from [*****], whether such Action arises under any Law (including any tort claim, indemnity claim, breach of contract claim or other commitment or undertaking, or other common law theory), order, rule, regulation, Action, injunction, consent decree or any judgment of any kind or any award of any kind, whether at law or in equity, known or unknown, and whether such Action is initiated by [*****].

"Encumbrances" shall mean liens, charges, licenses, claims, purchase rights, security interests, pledges, mortgages or other encumbrances of any nature whatsoever.

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"Environmental Claim" shall mean any claim, suit, action, proceeding, order, cause of action, investigation or written notice by any person or entity alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence or Release of any Hazardous Materials at any location, whether or not owned or operated by the Seller, or (b) circumstances forming the basis of any violation of or liability under any Environmental Law.

"Environmental Laws" shall mean all federal, state, local and foreign laws and regulations, all common law, all judicial or administrative orders and all other provisions having the force or effect of law, in each case relating to pollution or protection of human health or the environment, including laws relating to Releases or threatened Releases of Hazardous Materials or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, transport or handling of Hazardous Materials.

"ERCOT" shall mean the Electric Reliability Council of Texas, Inc. or its successor.

"ERISA" shall have the meaning set forth in Section 4.9(a).

"ERISA Affiliate" shall have the meaning set forth in Section 4.9(a).

"[*****]" shall mean [*****].

"Exchange Act" shall mean the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Liability" shall mean (i) all liabilities with respect to the specific matters described in item 3 of Section 4.3(d) of the Seller Disclosure Letter, (ii) all liabilities and obligations under the contracts set forth in Section 7.19(ii) of the Seller Disclosure Letter or Section 7.19(iii) of the Seller Disclosure Letter, in each case whether arising before or after the Closing, (iii) all liabilities of RESE arising prior to the Closing, (iv) all liabilities under any Plans other than Assumed Benefit Plans, whether arising before, on or after the Closing Date and (v) all One Shoreline Liabilities.

"Expert" shall have the meaning set forth in Section 2.3(b).

"FERC" shall mean the Federal Energy Regulatory Commission or its successor.

"Final Allocation Schedule" shall have the meaning set forth in Section 2.3(a).

"GAAP" shall mean United States generally accepted accounting principles.

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"General Solicitation" shall have the meaning set forth in Section 7.17.

"Governmental Authority" shall mean any court, federal, state, local, tribal or foreign governmental, regulatory or quasi-regulatory body (including a national securities exchange or other self-regulatory body) or authority, including ERCOT.

"Guarantee" shall have the meaning set forth in the recitals hereto.

"Guarantor" shall have the meaning set forth in the recitals hereto.

"Hazardous Materials" means all substances defined as Hazardous Substances, Oils, Pollutants or Contaminants in the National Oil and Hazardous Substances Pollution Contingency Plan, 40 C.F.R. § 300.5, or defined as such by, or regulated as such under, any Environmental Law.

"HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Party" shall have the meaning set forth in Section 10.5.

"Indemnifying Party" shall have the meaning set forth in Section 10.5.

"Information Technology Systems" shall mean all hardware, software, data and databases and networks, and documentation for any of the foregoing.

"Insurance Policies" shall have the meaning set forth in Section 4.12.

"Intellectual Property" shall mean all of the following in any jurisdiction throughout the world: (i) patents and patent applications; (ii) trademarks, trade names, service marks, trade dress and domain names, together with the goodwill associated with any of the foregoing; (iii) copyrights; (iv) trade secrets, know-how, and other confidential information; (v) rights of publicity and privacy; and (vi) all applications and registrations for any of the foregoing.

"Intus Litigation" shall mean (i) the litigation filed in the United States District Court for the Eastern District of Texas, Marshall Division, with the caption IP CO., LLC d/b/a INTUS IQ vs. Reliant Energy, Inc., et al.; C.A. No. 2: 090cv037, and (ii) any future litigation filed by IP CO., LLC or any of its Affiliates against any Subject Company which alleges infringement of any of its or their patents by the Allegedly Infringing Products and Services (provided that any such future litigation shall be based upon the Allegedly Infringing Products and Services sold, offered for sale, marketed, distributed, manufactured, used or imported by the Seller or any of its Affiliates on or prior to the Closing Date).

"IP License Agreement" shall have the meaning set forth in Section 3.2(e).

"IRS" shall have the meaning set forth in Section 4.9(a).

"IT Trust" shall mean the Reliant Energy IT Trust, a Delaware statutory trust.

"Knowledge" shall mean, with respect to the Seller, the actual knowledge of the individuals listed in Exhibit B-1 and, with respect to the Purchaser, the actual knowledge of the individuals listed in Exhibit B-2.

"Law" shall mean any federal, state, local, or foreign law, statute, code, ordinance, rule, regulation, or other requirement (including common law) enacted, promulgated, issued or entered by a Governmental Authority.

"Leases" shall mean all leases, subleases, licenses, concessions and other agreements (written or oral) pursuant to which any of the Subject Companies hold any leasehold or subleasehold estate, or other rights to use or occupy any land, building, structures, improvements, fixtures or other interests in real property held by the Subject Companies.

"Losses" shall mean any and all claims, liabilities, losses, causes of action, fines, penalties, litigation, lawsuits, administrative proceedings, administrative investigations, costs, and expenses, including reasonable attorneys' fees, court costs, and other costs of suit.

"Master Separation Agreement" means the Master Separation Agreement, dated as of December 31, 2000, as amended as of February 21, 2003, between CenterPoint Energy, Inc., a Texas corporation formerly known as Reliant Energy, Incorporated ("CenterPoint"), and the Seller.

"Material IP Contracts" shall have the meaning set forth in Section 4.17(c).

"Merrill Lynch" shall mean, collectively, Merrill Lynch Commodities, Inc., a Delaware corporation, Merrill Lynch & Co., Inc., a Delaware corporation, and their Affiliates.

"Merrill Lynch Agreement" shall mean the Credit Sleeve and Reimbursement Agreement, dated as of September 24, 2006, and as amended and restated as of August 1, 2007, among RE Supply, the other Subject Companies and RESE as Reimbursement Guarantors, Merrill Lynch Commodities, Inc. as Sleeve Provider and Merrill Lynch & Co., Inc. as ML Guarantee Provider, as amended from time to time.

"Merrill Lynch Litigation" shall mean the action filed on December 24, 2008 in the Supreme Court of the State of New York in New York County, and all related proceedings.

"Merrill Lynch New Agreement" shall mean, collectively, (i) the Credit Sleeve and Reimbursement Agreement between Merrill Lynch and the Purchaser and/or its Affiliate(s) substantially in the form attached as an exhibit to the Commitment Letter, and (ii) the working capital facility for the benefit of the Purchaser and/or its Affiliates in an amount not to exceed $100,000,000 substantially in the form attached to the Commitment Letter.

"ML Arrangement Documents" shall have the meaning set forth in Section 5.9(a).

"Nonqualified Deferred Compensation Plan" shall have the meaning set forth in Section 4.9(h).

"One Shoreline Liabilities" shall mean all liabilities arising out of any failure to obtain the consent of One Shoreline Properties Ltd. under the Lease Agreement for One Shoreline Plaza, dated as of April 12, 2002, as amended, for any change of control of RERS arising from the consummation of the transfer of the Company Interests contemplated by this Agreement.

"Parties" shall mean the parties to this Agreement, collectively.

"Party" shall mean any party to this Agreement, individually, as the case may be.

"Permitted Encumbrance" shall mean (a) Encumbrances for Taxes, impositions, assessments, fees, rents or other governmental charges levied, assessed or imposed (x) not yet due and payable or (y) being contested in good faith in the ordinary course of business as presently being conducted by the Subject Companies by appropriate proceedings; provided, however, that no such Encumbrance described in this clause (y) that is in existence on the date of this Agreement shall constitute a Permitted Encumbrance unless disclosed on the Seller Disclosure Letter; provided, further, however, that for the avoidance of doubt, the foregoing proviso shall not apply to any Encumbrance arising after the date of this Agreement, (b) statutory Encumbrances (including materialmen's, warehousemen's, mechanic's, repairmen's, landlord's, and other similar Encumbrances) arising in the ordinary course of business as presently being conducted by the Subject Companies, (c) restrictive covenants, easements, rights-of-way, including utility rights-of-way, servitudes and similar burdens and defects, imperfections or irregularities of title that do not, individually or in the aggregate, materially interfere with the use of the property burdened thereby, (d) purchase money Encumbrances arising in the ordinary course of business as presently being conducted by the Subject Companies, (e) Encumbrances set forth in Section 1.1(a) of the Seller Disclosure Letter, (f) Encumbrances under the Merrill Lynch Agreement and related documents to the extent the Seller has previously made available such documents to the Purchaser in the data room, (g) any Encumbrance, to the extent that the obligation secured thereby is reflected on any balance sheet included in the Retail Financial Statements attached hereto, (h) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation, and (i) Encumbrances created by the Purchaser or any of its Affiliates, or their respective successors and assigns.

"Person" shall mean any natural person, corporation, company, general or limited partnership, limited liability company, joint stock company, joint venture, trust, bank, trust company, land trusts, business trust or other organization, association or entity of any kind.

"PJM" shall mean the PJM Interconnection, L.L.C. regional transmission organization or its successor.

"Plans" shall have the meaning set forth in Section 4.9(a).

"Post-Closing Covenants" shall have the meaning set forth in Section 10.1(b).

"Pre-Closing Covenants" shall have the meaning set forth in Section 10.1(b).

"Proceeding" shall have the meaning set forth in Section 11.7.

"Proposed Allocation Schedule" shall have the meaning set forth in Section 2.3(a).

"Provider of Last Resort" shall have the meaning set forth in the Texas Administrative Code, Title 16, Part II, Chapter 25.

"PUCT" shall mean the Public Utility Commission of Texas, or any successor entity.

"Purchase Price" shall have the meaning set forth in Section 2.2.

"Purchaser" shall have the meaning set forth in the preamble hereto.

"Purchaser Disclosure Letter" has the meaning set forth in the introduction to ARTICLE V.

"Purchaser Indemnified Parties" shall mean the Purchaser and its Affiliates and its and their officers, directors, employees, agents and representatives.

"Purchaser Material Adverse Effect" shall mean any effect, change, circumstance or event that would prevent, materially delay or materially impair (i) the Purchaser's ability to consummate the transactions contemplated by this Agreement or to perform its obligations under this Agreement or (ii) the Guarantor's ability to perform its obligations under the Guarantee.

"Purchaser Required Consents" shall have the meaning set forth in Section 5.2(b).

"Purchaser Required Statutory Approvals" shall have the meaning set forth in Section 5.2(c).

"Purchaser Savings Plan" shall have the meaning set forth in Section 7.6(h).

"Purchaser Termination Fee" shall have the meaning set forth in Section 9.2(a).

"Purchaser's Flex Plan" shall have the meaning set forth in Section 7.6(c).

"RE Supply" shall mean Reliant Energy Power Supply, LLC, a Delaware limited liability company.

"RE Supply Transfer" shall have the meaning set forth in Section 7.19.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

"Reliant Names" shall have the meaning set forth in Section 7.11.

"Representatives" shall have the meaning set forth in Section 7.1.

“RERH” shall mean Reliant Energy Retail Holdings, LLC, a Delaware limited liability company.

“RERR” shall mean RE Retail Receivables, LLC, a Delaware limited liability company.

“RERS” shall mean Reliant Energy Retail Services LLC, a Delaware limited liability company.

“RESE” shall mean Reliant Energy Solutions East, LLC, a Delaware limited liability company.

“RESE Transfer” shall have the meaning set forth in Section 7.19.

“REST” shall mean Reliant Energy Services Texas, LLC, a Delaware limited liability company.

“REST and RETR Interests” shall have the meaning set forth in Section 2.1.

“Restraints” shall have the meaning set forth in Section 8.1(a).

“Restricted Business” shall have the meaning set forth in Section 7.18(a).

“Retail Business” shall mean Seller’s retail electric business (mass and C&I) in ERCOT and the businesses incidental and related thereto in ERCOT, which is conducted through the Subject Companies.

“Retail Business Intellectual Property” shall mean all of the Intellectual Property described in Section 4.17(e).

“Retail Electric Provider” shall have the meaning set forth in the Texas Administrative Code, Title 16, Part II, Chapter 25.

“Retail Financial Statements” shall have the meaning set forth in Section 4.5.

“Retail Material Adverse Effect” shall mean any change, circumstance or event that has a material adverse effect on either (a) the Seller’s ability to consummate the transactions contemplated by this Agreement or (b) the business, results of operations, or financial condition of the Subject Companies, taken as a whole, excluding any such change, circumstance or event to the extent resulting from or related to (i) any event, change, effect, development, condition or occurrence in or affecting the economy or the financial, credit, banking, commodities or capital markets in the United States or elsewhere in the world or in any specific jurisdiction or geographical area; (ii) any changes in general economic (including changes in foreign exchange rates), political or regulatory conditions in the electricity retail industry or the electric transmission or distribution industry that do not affect the Subject Companies in a significantly disproportionate manner relative to other electricity retail companies operating in the ERCOT region; (iii) the announcement or the existence of, or the pendency or consummation of, or compliance with, this Agreement or the transactions contemplated hereby, including any loss or

threatened loss of, or adverse change or threatened adverse change in, the relationship of any of the Subject Companies with its customers, employees, regulators, financing sources or suppliers to the extent caused by the pendency or announcement of the transactions contemplated by this Agreement except to the extent continuing such a relationship requires contractually or by Law the consent of a third party which is not obtained; (iv) any changes or developments in international, national, regional, state or local retail markets for electric power including those due to actions by competitors except to the extent it results in a significantly disproportionate effect on the Subject Companies relative to other electricity retail companies operating in the ERCOT region; (v) any changes or developments in national, regional, state or local retail electric power prices; (vi) any taking of any action at the request of the Purchaser; (vii) any changes in commodities prices or hedging markets therefor; (viii) any adoption, implementation, promulgation, repeal, modification or reinterpretation of any rule, regulation, statute, ordinance, order, protocol or any other Law of or by any Governmental Authority, independent system operator, regional transmission organization or market administrator except to the extent it results in a significantly disproportionate effect on the Subject Companies relative to other electricity retail companies operating in the ERCOT region; (ix) any changes in GAAP or accounting standards or interpretations thereof; (x) weather or any weather related event, (xi) any act of God or other calamity, national or international, political or social conditions (including the engagement by any country in hostilities, whether commenced before, on or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war), or the occurrence of any military or terrorist attack; and (xii) any changes in the Seller's credit rating, or the failure of the Seller to meet projections or forecasts, whether internal or maintained by analysts (provided that the exception in this clause (xii) shall not by itself prevent or otherwise affect any event, change, effect, development or occurrence underlying such change or failure from being taken into account in determining whether a Retail Material Adverse Effect has occurred; and (xiii) any change or effect which is cured (including by the payment of money) before the earlier of the Closing or the termination of this Agreement pursuant to Section 9.1; provided that any such cure shall be acceptable to the Purchaser in its reasonable discretion.

"Retail Properties" shall have the meaning set forth in Section 4.13.

"Retail Subsidiary" shall mean RE Supply, RERR, RERH, and RERS. For the purposes of Sections 4.1, 4.2(a), 4.3(b), 4.3(d), 4.4, 4.6(a), 4.7, 4.12, 4.13, 4.14, 4.15, 4.16, 6.1, 7.1 and 7.16 of this Agreement, with respect to the Seller, "Retail Subsidiaries" shall also be deemed to include the Trademark Trust and the IT Trust.

"Retained Policies" shall mean any and all policies of insurance as in effect on the Closing Date, whether or not covering the assets or operations of the Subject Companies, that are or have been maintained or managed through the Seller, including general liability (including products/completed operations), property, automobile liability, excess liability, director's and officer's, and workers' compensation/employer's liability insurance.

"RETR" shall mean Reliant Energy Texas Retail, LLC, a Delaware limited liability company.

“[*****]” shall have the meaning set forth in Section 8.2(i).

“[*****]” shall have the meaning set forth in Section 8.2(i).

“SEC” shall mean the Securities and Exchange Commission or its successor.

“Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Seller” shall have the meaning set forth in the preamble hereto.

“Seller Affiliate Plan” shall have the meaning set forth in Section 4.9(a).

“Seller Affiliate Savings Plan” shall have the meaning set forth in Section 7.6(h).

“Seller Disclosure Letter” shall have the meaning set forth in the introduction to ARTICLE IV.

“Seller Indemnified Parties” shall mean the Seller and its Affiliates and its and their officers, directors, employees, agents and representatives.

“Seller Required Consents” shall have the meaning set forth in Section 4.3(b).

“Seller Required Statutory Approvals” shall have the meaning set forth in Section 4.3(c).

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

"Seller SEC Reports" shall mean all reports, schedules, registration statements and definitive proxy statements and all exhibits thereto filed with or furnished to the SEC by the Seller pursuant to the requirements of the Securities Act or the Exchange Act during the period beginning January 1, 2007 and ending two days prior to the date hereof (as such documents have been amended since the time of their filing or furnishing prior to two days prior to the date hereof).

"Seller's Flex Plan" shall have the meaning set forth in Section 7.6(c).

"Seller's Risk Management Policy" shall mean the Seller's risk management policy applicable to the Subject Companies included as Items 45.1.1 and 45.1.2 in the data room.

"Severance Plan" shall have the meaning set forth in Section 7.6(k).

"Significant Restricted Business" shall have the meaning set forth in Section 7.18(f)(ii).

"Source Code" shall have the meaning set forth in Section 3.2(q).

"Straddle Period" shall have the meaning set forth in Section 7.7(b).

"Subject Companies" shall mean the Company and the Retail Subsidiaries.

"Subject Company Permits" shall have the meaning set forth in Section 4.4.

"Subsidiary" shall mean, with respect to a particular Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than 50% of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined equity interest, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote or to direct the voting of sufficient securities to elect a majority of the board of directors or similar governing body. For the purposes of Sections 7.12 and 7.18(c) of this Agreement, with respect to the Seller, "Subsidiaries" shall also be deemed to include the IT Trust.

"Takeover Proposal" shall mean any bona fide proposal or offer from any Person or group of Persons relating to (i) any direct or indirect acquisition or purchase of a majority of the assets (by fair market value) of NRG Energy, Inc. and its Subsidiaries, taken as a whole, or the equity interest in NRG Energy, Inc. (by vote or value), including any tender offer or exchange offer that if consummated would result in any Person or group of Persons beneficially owning a majority of the equity interest in NRG Energy, Inc. (by vote or value), or (ii) any merger, consolidation, share exchange, business combination, recapitalization, reorganization, liquidation, dissolution or similar transaction involving NRG Energy, Inc. (x) that results in any Person or group of Persons beneficially owning a majority of the equity securities of NRG Energy, Inc. (by vote or value) or (y) following which the voting securities of NRG Energy, Inc. outstanding immediately prior to such transaction do not represent (either by remaining outstanding or by being converted into equity securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of NRG Energy, Inc. or such surviving entity or any parent thereof outstanding immediately after such transaction.

Notwithstanding the foregoing, the offer dated November 12, 2008, by Exelon Xchange Corporation for all outstanding shares of common stock of NRG Energy, Inc. shall not be deemed a Takeover Proposal, unless it is amended, for purposes of this Agreement.

"Tax" or "Taxes" shall mean all taxes, charges, fees, levies, penalties or other assessments imposed by any United States federal, state, local, county, provincial or non-United States Tax Authority, including income, excise, sales and use, transfer, franchise, real and personal property, gross receipt, capital stock, production, business and occupation, estimated profits, capital gains, goods and services, environmental, value added, alternative or add-on minimum, harmonized, stock transfer, real property transfer, stamp, registration, documentary, recording, disability, employment, payroll, severance, withholding tax, social security, welfare, ad valorem, license or other taxes of any kind whatsoever, including any interest, penalties or additions attributable thereto, whether disputed or not.

"Tax Authority" shall mean any United States, non-United States, federal, national, state, provincial, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising any taxing authority or any other authority exercising Tax regulatory authority.

"Tax Indemnitor" shall have the meaning set forth in Section 7.7(e)(i).

"Tax Return" shall mean any return, report, declaration, claim for refund, information return or other document (including any related or supporting information, and any amendments thereof) supplied to any Tax Authority with respect to Taxes.

"Tendril" shall mean Tendril Networks, Inc.

"Tendril Agreement" shall mean the Energy Management System Agreement, dated May 12, 2008, between Tendril and RERS.

"Termination Date" shall have the meaning set forth in Section 9.1(c).

"Texas Retail Licenses" shall have the meaning set forth in Section 4.4.

"Third Party Claim" shall have the meaning set forth in Section 10.5(b).

"Trademark Assignment" shall have the meaning set forth in Section 3.2(c).

"Trademark Trust" shall means the Reliant Energy Trademark Trust, a Delaware statutory trust.

"Trademarks" shall mean the trademarks, service marks, trade names, logos, corporate names and domain names set forth or described on Section 1.1(b) of the Seller Disclosure Letter, and all variations, derivations and translations thereof, including any registrations and applications therefor, any renewals and extensions of the registrations, and all other corresponding rights that are or may be secured under the Laws of the United States or any foreign country, together with the goodwill associated with any of the foregoing, and the right to all income, royalties or payments due or payable with respect thereto and the right to sue and

recover for, and the right to profits or damages, due or accrued, arising out of, or in connection with, any and all past, present or future infringements or dilution of or damage to any of the foregoing or the associated goodwill.

"Transfer Taxes" shall have the meaning set forth in Section 7.7(a).

"Transferred Account Balances" shall have the meaning set forth in Section 7.6(c).

"Transition Services Agreement" shall have the meaning set forth in Section 3.2(f).

"Unresolved Allocation Changes" shall have the meaning set forth in Section 2.3(b).

"Violation" shall have the meaning set forth in Section 4.3(b).

"WARN Act" shall have the meaning set forth in Section 4.10(f).

"Welfare Benefits" shall have the meaning set forth in Section 7.6(i).

Section 1.2 Interpretation. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement, respectively, unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Any item or other matter referenced or disclosed in one section of the Seller Disclosure Letter or the Purchaser Disclosure Letter, as the case may be, shall be deemed to have been referenced or disclosed in all sections of such disclosure letter where such reference or disclosure is required to the extent it is reasonably ascertainable that such disclosure pertains to such other section. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provisions of this Agreement. As used in this Agreement, "the date hereof" means February 28, 2009. Whenever the words "past practice" are used in this Agreement, they shall be deemed to mean the past practices of the Seller and/or the Subject Companies, as the context may require, as such practices may have been changed, modified, supplemented or eliminated based on the restructuring of the hedging and supply approach for the retail business and the wind down of the commercial and industrial retail business conducted by the Subject Companies; *provided that* such practice is consistent with the Seller's Risk Management Policy, the Seller's other internal compliance procedures, and prudent industry practice. For purposes of the preceding sentence, the phrase "prudent industry practice" is not intended to be limited to the optimum practice or method to the exclusion of others, but rather are intended to include practices, methods or acts generally accepted in the retail electric industry in ERCOT during the relevant period in light of the circumstances. All reference to the "data room" shall mean the data room maintained by the Seller in connection with the transactions contemplated herein, as it existed two (2) days prior to the date hereof. The Seller, at its own cost and expense, shall maintain and provide electronic access for the Purchaser

(including download capability) to a copy of the data room as it existed two days prior to the date hereof for one year after the Closing Date.

ARTICLE II
PURCHASE AND SALE OF SUBJECT MEMBERSHIP INTERESTS

Section 2.1 Sale and Transfer of Company Interests. Subject to the terms and conditions of this Agreement, at the Closing, the Seller agrees to sell, convey, assign, transfer and deliver to the Purchaser, and the Purchaser agrees to purchase and accept from the Seller, the Company Interests and all outstanding membership interests in REST and RETR (the " REST and RETR Interests"). Subject to the terms and conditions of this Agreement, in exchange for the Company Interests and the REST and RETR Interest, the Purchaser agrees to deliver to the Seller, and the Seller agrees to accept, the Purchase Price, in cash, without deduction or setoff of any kind, which delivery will be made by wire transfer in immediately available funds at the Closing to the bank account or accounts designated by the Seller no later than three Business Days prior to the Closing.

Section 2.2 The Purchase Price. Subject to the terms and conditions of this Agreement, in consideration of the aforesaid sale, conveyance, assignment, transfer and delivery to the Purchaser of the Company Interests, the Purchaser shall pay to the Seller an amount in cash equal to $287,500,000 (the " Purchase Price").

Section 2.3 Allocation of the Purchase Price.

(a) The Purchase Price, plus any liabilities deemed assumed for United States federal income tax purposes, shall be allocated among the assets of the Company, the Retail Subsidiaries, REST and RETR in accordance with a schedule to be prepared by the Purchaser using the allocation method provided by Section 1060 of the Code and the regulations thereunder and consistent with any fair market value appraisals obtained by the Purchaser in connection with the transactions contemplated herein, and the Parties shall cooperate to comply with all substantive and procedural requirements of Section 1060 of the Code. In that regard, the Purchaser shall provide the Seller with the Purchaser's proposed allocation as soon as practicable after, and in no event later than 90 days after, the Closing (the "Proposed Allocation Schedule"). The Seller will have sixty (60) days following delivery of the Proposed Allocation Schedule during which to notify the Purchaser in writing (an "Allocation Notice of Objection") of any objections to the Proposed Allocation Schedule, setting forth in reasonable detail the basis of its objections. If the Seller fails to deliver an Allocation Notice of Objection in accordance with this Section 2.3(a), the Proposed Allocation Schedule shall be conclusive and binding on all Parties and shall become the " Final Allocation Schedule". If the Seller submits an Allocation Notice of Objection, then (i) for sixty (60) days after the date the Purchaser receives the Allocation Notice of Objection, the Seller and the Purchaser will use their commercially reasonable efforts to agree on the allocations and (ii) failing such agreement within sixty (60) days of such notice, the matter will be resolved in accordance with Section 2.3(b).

(b) Any amounts remaining in dispute at the conclusion of such 60 day period that were properly included in the Allocation Notice of Objection (the "Unresolved Allocation Changes") shall be submitted to KPMG LLP or such other international accounting or

financial services firm as the Parties shall otherwise agree (the " Expert"). The Expert shall be instructed to determine its best estimate of the allocation schedule based on its determination of the Unresolved Allocation Changes and provide a written description of the basis for its determination of the allocations therein within 45 days after the matter has been submitted to the Expert, which written determination shall be final, binding and conclusive on the Parties and shall be included in the Final Allocation Schedule. Each of the Parties shall furnish, at its own expense, the Expert and the other Party with such documents and other written information as the Expert may request. The fees and expenses of the Expert shall be borne 50 percent by the Seller and 50 percent by the Purchaser. Each Party will bear the costs of its own counsel, witnesses (if any) and employees.

(c) The Parties agree (i) to be bound by the Final Allocation Schedule for purposes of determining any Taxes, (ii) to prepare and file their Tax Returns on a basis consistent with the Final Allocation Schedule, and (iii) not to take any position inconsistent with the Final Allocation Schedule on any applicable Tax Return or in any proceeding before any Tax Authority. The Parties will revise the Final Allocation Schedule to the extent necessary to reflect any payment made pursuant to Section 7.7 or Section 10.2. In the case of any such payment, the Purchaser shall prepare and deliver to the Seller a revised Final Allocation Schedule, and the Parties hereto shall follow the procedures outlined above with respect to review, dispute and resolution in respect of such revision.

ARTICLE III
THE CLOSING

Section 3.1 Closing. The consummation of the sale and transfer of the Company Interests by the Seller to the Purchaser (the " Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 1000 Louisiana, 68th Floor, Houston, Texas 77002 on the last day of the calendar month during which the last of the conditions set forth in ARTICLE VIII hereof (except for those conditions which by their nature can only be fulfilled at the Closing, but subject to the satisfaction or waiver of those conditions) is fulfilled (or waived by the Party entitled to waive such condition), or at such other time, date and place as the Seller and the Purchaser shall mutually agree (the " Closing Date"), and shall be deemed effective as of 11:59 P.M. Central prevailing time on such date.

Section 3.2 Deliveries by the Seller. At the Closing, the Seller shall deliver to the Purchaser:

(a) An assignment agreement transferring all of the Company Interests and the REST and RETR Interests, substantially in the form attached hereto as Exhibit A, duly and validly executed by the Seller and otherwise sufficient to vest in the Purchaser good title to the Company Interests and the REST and RETR Interests;

(b) To the extent they are not Continuing Employees, the resignations of the managers and officers of the Company, the Retail Subsidiaries, REST and RETR, other than the Independent Manager(s) (as defined in the respective Limited Liability Company Agreement of the Company and each Retail Subsidiary, each dated as of December 1, 2006);

(c) An assignment agreement transferring all of the Trademarks to RERH, substantially in the form attached hereto as Exhibit C, duly and validly executed by the Seller, the Trademark Trust and other Affiliates of the Seller (other than any Subject Company) (the "Trademark Assignment");

(d) An assignment agreement transferring to RERH all Intellectual Property (other than the Trademarks) owned by the Seller, the IT Trust or any other Affiliates of Seller (other than any Subject Companies) and used exclusively or primarily in the Retail Business as being conducted as of the date hereof, substantially in the form attached hereto as Exhibit D, duly and validly executed by the Seller, the IT Trust and such Affiliates;

(e) An intellectual property license agreement between the Seller, the IT Trust, and other Affiliates of the Seller (other than the Subject Companies), and RERH, substantially in the form attached hereto as Exhibit E, duly and validly executed by the Seller and the IT Trust (the "IP License Agreement");

(f) A transition services agreement substantially in the form attached hereto as Exhibit F (the "Transition Services Agreement"), duly and validly executed by the Seller and the IT Trust, *provided*, *however*, that for the avoidance of doubt in the event that MLCI determines in good faith prior to the Closing that an amendment to the services provided by the Seller or any of its Affiliates to RERH or its Affiliates under the Transition Services Agreement is required in order to add additional Information Technology Systems-related services which are provided by the Seller, the IT Trust or any other Affiliates of the Seller to RERH or its Affiliates as of the date hereof or immediately prior to the Closing, (i) the Seller, the IT Trust and RERH shall amend the Transition Services Agreement to include such services, and (ii) such services shall be priced using the same methodologies used for comparable services set forth in the Transition Services Agreement;

(g) A certificate under Section 1445(b)(2) of the Code providing that the Seller is not a foreign person;

(h) A certificate dated as of the Closing Date and duly executed by an officer of the Seller regarding the satisfaction of the conditions set forth in Section 8.2(a), Section 8.2(b), Section 8.2(d), and Section 8.2(g), substantially in the form attached hereto as Exhibit G;

(i) Assignment and assumption agreements assigning to RERH all rights and obligations of the Seller, the IT Trust or another Subsidiary of the Seller (other than any Subject Company), as applicable, under the contracts and other agreements set forth in Section 3.2(i) of the Seller Disclosure Letter, substantially in the form attached hereto as Exhibit H, duly and validly executed by the Seller, the IT Trust or such Subsidiary, as applicable and counterparties, as applicable;

(j) A release of the liens described in Section 4.2 of the Seller Disclosure Schedule and any other liens for borrowed money on the Company Interests, the REST and RETR Interests, the assets of the Subject Companies, REST and RETR or the assets

transferred to the Company pursuant to Section 3.2(c), Section 3.2(d), Section 3.2(i) or Section 7.20;

(k) A duly executed Sublease Agreement, between Reliant Energy Corporate Services, LLC and RERR, substantially in the form attached hereto as Exhibit I;

(l) Assignment and Assumption agreements su
its Affiliate(s) other than the Company, the Retail Subsidiaries, REST or RETR;

(m) Copies of Intellectual Property other than Source Code required to be transferred to any of the Subject Companies under this Agreement (to the extent not in the possession of the Subject Companies prior to the Closing and not contained on hardware being transferred to RERH at Closing in accordance with Section 7.15(a)(vi)), as well as any records of applications and registrations of such Intellectual Property, and any other documentation related thereto;

(n) An assignment agreement transferring to RERH all telephone numbers used by the Seller or any Affiliates of the Seller (other than any Subject Companies) that are (i) used by customers of the Retail Business for service-related or information-related issues or (ii) used by employees of any Subject Company and that are accessed by means of the phone switch being transferred to any Subject Company pursuant to the transactions contemplated by this Agreement, substantially in the form attached hereto as Exhibit D, duly and validly executed by the Seller and such Affiliates;

(o) An assignment agreement transferring to RERH all internet protocol address blocks registered in the name of the Seller or any Affiliates of the Seller (other than any Subject Companies) that are set forth on Section 3.2(o) of the Seller Disclosure Letter, substantially in the form attached hereto as Exhibit D, duly and validly executed by the Seller and such Affiliates;

(p) Copies of, or upon request access to, source code (to the extent not in the possession of the Subject Companies prior to the Closing and not contained on hardware being transferred to RERH at Closing in accordance with Section 7.15(a)(vi)) for software included in the Retail Business Intellectual Property that is (i) owned by Seller or any of its Affiliates, or (ii) licensed from a third party under an agreement that (a) provides the licensee with source code access and (b) is being assigned to any of the Subject Companies at the Closing (collectively, the " Source Code");

(q) A bill of sale and assignment transferring to RERH the assets referred to in Section 7.15(a)(vi) of the Seller Disclosure Schedule, substantially in the form attached hereto as Exhibit Q, duly and validly executed by the Seller, the IT Trust and other Affiliates of the Seller, as applicable; and

(r) Such other documents, instruments and writings as may be reasonably required to be delivered by the Seller to the Purchaser at Closing to effect the transactions contemplated by this Agreement.

Section 3.3 Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver to the Seller:

(a) The Purchase Price, in cash, which will be made by wire transfer in immediately available funds to the bank account or accounts designated by the Seller prior to the Closing;

(b) The Transition Services Agreement, duly and validly executed by RERH;

(c) A certificate dated as of the Closing Date and duly executed by an officer of the Purchaser regarding the satisfaction of the conditions set forth in Section 8.3(a) and Section 8.3(b), substantially in the form attached hereto as Exhibit M;

(d) The IP License Agreement, duly executed by RERH; and

(e) Any other documents, instruments and writings required to be delivered by the Purchaser to the Seller at Closing pursuant to this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE SELLER

The Seller represents and warrants to the Purchaser that, except as set forth in the disclosure letter delivered by the Seller on the date hereof (the " Seller Disclosure Letter") (each section of which qualifies the correspondingly numbered representation, warranty or covenant to the extent specified therein and such other representations, warranties or covenants to the extent a matter in such section is disclosed in such a way as to make its relevance to such other representation, warranty or covenant reasonably ascertainable):

Section 4.1 Organization and Qualification. The Seller is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Each of the Subject Companies (other than the IT Trust and the Trademark Trust) is a limited liability company, and each of the IT Trust and, subject to Section 7.11, the Trademark Trust is a Delaware trust, in each case, duly organized, validly existing and in good standing under the Laws of the State of Delaware, has all requisite power and authority to own, lease and operate its assets and properties to the extent owned, leased and operated and to carry on its business as it is now being conducted and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its assets and properties makes such qualification necessary other than in such jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Retail Material Adverse Effect. The Seller has delivered or made available to the Purchaser accurate and complete copies of the limited liability company agreements (or similar organizational documents) of the Subject Companies.

Section 4.2 Capitalization; Subsidiaries. The Seller has good and valid title to, holds of record and owns beneficially all of the Company Interests free and clear of any Encumbrances, other than (i) restrictions on transfer that may be imposed by federal or state securities Laws, (ii) encumbrances that arise out of any actions taken by or on behalf of the

Purchaser or its Affiliates, or (iii) Permitted Encumbrances. All of the Company Interests have been duly authorized, validly issued and are fully paid and nonassessable and are not subject to any voting trusts or similar pledge agreements. The Company Interests and the one unit of Class B membership units held by Merrill Lynch Commodities, Inc. constitute all of the issued and outstanding membership interests of the Company and no membership interests of the Company are held in treasury. Section 4.2 of the Seller Disclosure Letter sets forth the equity interests held in the Company.

(a) One or more Subject Companies has good and valid title to, holds of record and owns beneficially all of the outstanding membership interests in each Retail Subsidiary (other than the IT Trust and the Trademark Trust) free and clear of any Encumbrances, other than (i) restrictions on transfer that may be imposed by federal or state securities Laws, (ii) encumbrances that arise out of any actions taken by or on behalf of the Purchaser or its Affiliates, or (iii) Permitted Encumbrances. All of the membership interests of each Retail Subsidiary are validly issued, fully paid and nonassessable. No membership interests of any Retail Subsidiary are held in treasury. Section 4.2(a) of the Seller Disclosure Letter sets forth the equity interests held in each Retail Subsidiary, REST and RETR. The Seller and a Subject Company each owns 50% of the beneficial trust interest in each of the IT Trust and, subject to Section 7.11, the Trademark Trust, free and clear of any Encumbrances, other than (i) restrictions on transfer that may be imposed by federal or state securities Laws, (ii) encumbrances that arise out of any actions taken by or on behalf of the Purchaser or its Affiliates, (iii) with respect to the Seller's 50% beneficial trust interest, the Encumbrances referred to in Section 4.2 of the Seller Disclosure Schedule or (iv) Permitted Encumbrances.

(b) There are no options, warrants, calls, rights, purchase options, rights of first refusal, rights of first offer, commitments or agreements of any character to which the Seller or any of the Subject Companies, REST, or RETR is a party or by which it is bound obligating the Seller or any Subject Company to issue, deliver or sell, or cause to be issued, delivered or sold, any new or existing membership, partnership or equity interests of any Subject Company or obligating the Seller or any Subject Company to grant, extend or enter into any such option, warrant, call, right, commitment, purchase option, right of first refusal, right of first offer, or agreement.

(c) Except for the Retail Subsidiaries, the IT Trust and the Trademark Trust, there are no other corporations, partnerships, joint ventures, associations or other entities in which any Subject Company, REST, or RETR owns, of record or beneficially, any direct or indirect equity interest or any right (contingent or otherwise) to acquire the same.

Section 4.3 Authority; Non-Contravention; Statutory Approvals; Compliance.

(a) Authority. The Seller has all requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation by the Seller of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the Seller. No vote of, or consent by, the holders of any class or series of stock issued by the Seller is necessary to authorize the execution and delivery by the Seller of this Agreement or the consummation by it of the transactions contemplated hereby. This Agreement has been

duly executed and delivered by the Seller and, assuming the due authorization, execution and delivery hereof by the Purchaser, constitutes the valid and binding obligation of the Seller enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) Non-Contravention. The execution and delivery of this Agreement by the Seller does not, and the consummation of the transactions contemplated hereby will not, violate or result in a breach of any provision of, constitute a default (with or without notice or lapse of time or both) under, result in the termination or modification of, result in a right of termination, cancellation or acceleration of any obligation or the loss of a benefit under, or result in the creation of any Encumbrance upon any of the properties or assets of any Subject Company, REST, or RETR (any such violation, breach, default, right of termination, modification, cancellation or acceleration or creation, is referred to herein as a " Violation" with respect to the Seller and the Subject Companies and such term when used in ARTICLE V has a correlative meaning with respect to the Purchaser and its Subsidiaries) pursuant to any provisions of (i) the articles of incorporation, by-laws, limited liability company agreement, trust agreement or similar governing documents of the Seller, any Subject Company, REST, or RETR, (ii) subject to obtaining the Seller Required Statutory Approvals, any Law, judgment, decree, order, injunction, writ, permit or license of any Governmental Authority applicable to the Seller, any Subject Company or any of their respective properties or assets, or (iii) subject to obtaining the third-party consents set forth in Section 4.3(b)(iii) of the Seller Disclosure Letter (the "Seller Required Consents"), any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which the Seller or any Subject Company is a party or by which they or any of their respective properties or assets may be bound, except in the case of clause (ii) or (iii) for any such Violation which, individually or in the aggregate, would not reasonably be expected to have a Retail Material Adverse Effect.

(c) Statutory Approvals. Except for (i) the filings by the Seller, the Subject Companies and/or the Purchaser, as applicable, required under the HSR Act, (ii) the applicable requirements of the Exchange Act, and (iii) any filings with or approvals from the Governmental Authorities set forth in Section 4.3(c) of the Seller Disclosure Letter, if any, and (iv) acceptance by FERC, without material condition, of the cancellation of the market-based rate tariff of RE Supply (the filings and approvals referred to in clauses (i) thro
Required Statutory Approvals, no material declaration, filing or registration with, or notice to or authorization, consent or approval of, any Governmental Authority is necessary for the execution and delivery of this Agreement by the Seller or the consummation by the Seller of the transactions contemplated hereby (it being understood that references in this Agreement to "obtaining" such Seller Required Statutory Approvals shall mean making such declarations, filings or registrations, giving such notices, obtaining such authorizations, consents or approvals; and having such waiting periods expire as are appropriate to comply with Law). The only FERC-jurisdictional assets of RE Supply are (x) the PJM confirmations for the physical sale of electricity by RE Supply outside of ERCOT under the agreements referred to in Section 7.19(ii) of the Seller Disclosure Letter, its membership and settlement account with PJM (to the extent applicable) and items 7 and 8 of "Trading Related Agreements" in Section 4.14 of the Seller

Disclosure Letter and (y) the RE Supply market-based rate tariff as accepted for filing by FERC. None of the agreements that will be assigned and assumed as of the Closing pursuant to Section 7.19(ii) or set forth as items 7 and 8 "Trading Related Agreements" in Section 4.14 of the Seller Disclosure Letter relate to the Retail Business, and none of the transactions for the sale, purchase or hedging of energy, fuel, renewable energy credits, or other energy-related products that will be retained by the Seller and its Affiliates (other than the Subject Companies) as of the Closing relate to the ERCOT region.

(d) Compliance. None of the Subject Companies is, or has been for the past twenty-four (24) months, in violation of, or to the Knowledge of the Seller is, or has been for the past twenty-four (24) months, under investigation with respect to any violation of, or has been given notice of or been charged with any violation of, any Law, except for any violation that would not reasonably be expected to result in a penalty or loss that is material to the Subject Companies, taken as a whole. None of the Subject Companies is in breach or violation of or in default in the performance or observance of any term or provision of, and no event has occurred which, with lapse of time or action by a third party, could result in a default by the Company or any Retail Subsidiary under their respective articles of incorporation, by-laws, limited liability company agreements or similar governing documents. Section 4.3(d) of the Seller Disclosure Letter contains a list of all pending and, to the Seller's Knowledge, threatened material investigations of any of the Subject Companies with respect to violation of Law. This Section 4.3(d) does not relate to matters with respect to (i) litigation matters (which are the subject of Section 4.7), (ii) Laws relating to Taxes and other Tax matters (which are the subject of Section 4.8), (iii) Plans, ERISA and other employee benefit matters (which are the subject of Section 4.9), (iv) labor and employment matters (which are the subject of Section 4.9(g)), or (v) Environmental Laws and other environmental matters (which are the subject of Section 4.18).

Section 4.4 Permits. The Subject Companies have all material permits, licenses, franchises, variances, exemptions, orders and other governmental and operational authorizations, consents and approvals necessary to conduct their businesses as presently conducted (collectively, the " Subject Company Permits"). The Subject Companies are not in violation of the terms of any Subject Company Permit, except for violations which, individually or in the aggregate, would not reasonably be expected to result in Subject Company liability that is material to the Subject Companies, taken as a whole. Each of the Subject Companies, as appropriate or necessary, is (i) registered as a power marketer with the PUCT, (ii) certified as a Retail Electric Provider by the PUCT, or (iii) designated as a Provider of Last Resort (all such registrations, certifications, and designations of the Subject Companies collectively, the " Texas Retail Licenses"). Section 4.4 of the Seller Disclosure Letter contains a list of all Texas Retail Licenses held by each Subject Company. Seller or the relevant Subject Company has made all material filings and notifications with the PUCT with respect to the Texas Retail Licenses. The Texas Retail Licenses are in good standing and in full force and effect, and each Subject Company is in compliance in all material respects with all requirements of the PUCT for it to sell or market electric energy in the ERCOT region.

Section 4.5 Seller SEC Reports; Financial Statements. The filings required to be made by the Seller under the Securities Act and the Exchange Act since January 1, 2007 have been filed with the SEC and complied, as of their respective dates, in all material respects with all applicable requirements of the appropriate statutes and the rules and regulations thereunder.

As of their respective dates, solely with respect to the Retail Business, the Seller SEC Reports did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The most recent audited consolidated financial statements and any subsequent unaudited interim financial statements of the Company and its Subsidiaries (collectively, the "Retail Financial Statements") have been prepared in accordance with GAAP applied on a consistent basis during the period involved (except as may be stated in the notes thereto) and fairly present, in all material respects, the consolidated financial position and the consolidated results of operations and cash flows (and changes in financial position, if any) of the Company and its Subsidiaries as of the time and for the period referred to therein, subject, in the case of unaudited financial statements, to normal, recurring audit adjustments. The audited Retail Financial Statements are included in the Seller SEC Report or Form 10-K for the year ended December 31, 2007. The September 30, 2008 unaudited Retail Financial Statements are attached hereto.

Section 4.6 Absence of Certain Changes or Events; Absence of Undisclosed Liabilities.

(a) Since September 30, 2008 through the date hereof, except as disclosed in the Seller SEC Reports (to the extent a matter is disclosed in such Seller SEC Reports in a way as to make its relevance reasonably ascertainable), there has not been any development or combination of developments affecting the Subject Companies that would have, individually or in the aggregate, a Retail Material Adverse Effect.

(b) Except as disclosed in the Seller SEC Reports (to the extent a matter is disclosed in such Seller SEC Reports in a way as to make its relevance reasonably ascertainable), none of the Subject Companies had, at September 30, 2008, any liabilities or obligations (whether absolute, accrued, contingent or otherwise) of any nature, except those which (i) are accrued or reserved against in the financial statements or reflected in the notes thereto, (ii) were incurred in the ordinary course of business, (iii) have been discharged or paid in full prior to the date hereof, or (iv) are of a nature not required to be reflected in the consolidated financial statements of the Subject Companies prepared in accordance with GAAP consistently applied.

Section 4.7 Litigation. There are no claims, suits, actions, charges, complaints, disputes, grievances or proceedings, whether civil or criminal (each an "Action"), before or by any court, governmental department, commission, agency, instrumentality or other Governmental Authority or any arbitrator or other third-party for resolution that are pending or, to the Knowledge of the Seller, threatened in writing against, relating to or affecting the Subject Companies (other than Actions of general applicability to entities engaged in the retail electric business in ERCOT), except for any such Action which is not reasonably likely to result in a Subject Company liability that is greater than $500,000 or that imposes other continuing obligations on any Subject Company. There are no judgments, decrees, injunctions, rules or orders of any court, governmental department, commission, agency, instrumentality or authority or any arbitrator or mediator applicable to the Subject Companies (other than judgments, decrees, injunctions, rules or orders of general applicability to entities engaged in the retail electric business in ERCOT) which are reasonably likely to result in a Subject Company liability

that is greater than $500,000 or, with respect to any judgment, injunction, order or decree of any court, arbitrator or mediator, that imposes other continuing obligations on any Subject Company. As of the date hereof, the Seller and Merrill Lynch have entered into an agreement, a true and correct copy of which has been furnished to the Purchaser, related to the Merrill Lynch Litigation.

Section 4.8 Tax Matters.

(a) Each of the Subject Companies has filed all material Tax Returns required to be filed by it for taxable periods ending on or prior to the Closing Date, and all material Taxes shown as due on such Tax Returns have been paid. Such Tax Returns are true, correct and complete in all material respects. None of the Subject Companies currently is the beneficiary of any extension of time within which to file any material Tax Return.

(b) There is no audit, suit, proceeding, investigation, claim, or other examination of any material Tax Return of a Subject Company presently in progress by any Tax Authority. No Subject Company has been notified of any request for such an audit, suit, proceeding, investigation, claim or other examination.

(c) There are no liens for material Taxes upon the assets of any of the Subject Companies other than liens relating to Taxes not yet due and payable or being contested in good faith.

(d) Neither the Seller nor any of the Subject Companies has granted any consent to extend any statute of limitation (or waived any statute of limitation) with respect to, or any extension of a period of the assessment of, any material Taxes with respect to such Subject Company, in any case, that is still outstanding.

(e) Each of the Subject Companies, REST and RETR is treated as a partnership or an entity that is disregarded as separate from its owner for United States federal income tax purposes. None of the Subject Companies, REST or RETR have ever been treated as a corporation since its date of formation, and none of the Subject Companies, REST or RETR is a successor to any corporation that was part of the Seller's consolidated tax filings, in each case for United States federal income tax purposes. Section 4.8(e) of the Seller Disclosure Letter contains a true and accurate list of all "check-the-box" elections made under Code Section 7701 with respect to the Subject Companies, REST and RETR.

(f) None of the Subject Companies, REST or RETR is a party to or bound by any Tax allocation or Tax sharing agreement, has a current or potential contractual obligation to indemnify any other Person with respect to Taxes other than any such agreements entered into in the ordinary course of business;

(g) No written claim is currently pending by a Taxing Authority in a jurisdiction where any of the Subject Companies, REST or RETR do not file Tax Returns that any of the Subject Company, REST or RETR is or may be subject to taxation by such jurisdiction.

(h) Each of the Subject Companies, REST or RETR has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(i) None of the Subject Companies, REST or RETR will be required to include any material income in, or exclude any material item of deduction from, the computation of the Tax base for purposes of any Taxes imposed under Texas Tax Code Section 171, for any taxable period (or portion thereof) ending after the Closing Date as a result of any: (A) change in method of accounting for a taxable period ending on or prior to the Closing Date; (B) agreement entered into with the Texas tax authorities similar to a "closing agreement" as described in Code Section 7121 executed on or prior to the Closing Date; (C) installment sale or open transaction disposition made on or prior to the Closing Date; or (D) prepaid amounts received on or prior to the Closing Date.

Section 4.9 Employee Benefits; ERISA.

(a) Section 4.9(a) of the Seller Disclosure Letter sets forth a true, correct and complete list, as of the date hereof, of all Seller Affiliate Plans (as defined below). No Business Employee is entitled to, or may become eligible to receive, any benefit from a Plan (as defined below) other than a Seller Affiliate Plan. Seller has made available to the Purchaser copies (including amendments) in the Seller data room of (i) each of the Seller Affiliate Plans, including any plan documents, trust agreements, annuity contracts, insurance contracts or other funding documents related to a Seller Affiliate Plan, (ii) the latest determination letter obtained from the Internal Revenue Services (" IRS") with respect to any Seller Affiliate Plan intended to be qualified or exempt under Section 401 or 501 of the Code, (iii) the most recent annual report (Form 5500, with all applicable attachments), (iv) the most recent actuarial report, and (v) census data for the Business Employees for each Seller Affiliate Plan. As used in this Agreement, " Seller Affiliate Plan" shall mean any Plan (as defined below) sponsored by the Seller or any other trade or business (an " ERISA Affiliate") that, together with the Seller would be treated as a single employer under Section 4001(b) of the Employee Retirement Income Security Act of 1974, as amended (" ERISA"), in any case that are currently in effect for the benefit of any Business Employee or any other Plan to which the Subject Companies have any liability. In addition, Section 4.9(a) of the Seller Disclosure Letter identifies each Seller Affiliate Plan that is sponsored or maintained solely for the benefit of the Business Employees or in respect of which Purchaser or the Subject Companies shall maintain or assume any liability on or after the Closing Date (collectively, the " Assumed Benefit Plans"). "Plans" shall mean all material "employee benefit plans" as defined by Section 3(3) of ERISA, all material specified fringe benefit plans as defined in Section 6039D of the Code, and all other material bonus, incentive compensation, deferred compensation, profit sharing, stock option, stock appreciation right, stock bonus, stock purchase, employee stock ownership, savings, severance, change in control, supplemental unemployment, layoff, salary continuation, retirement, pension, health, life insurance, disability, accident, group insurance, vacation, holiday, sick leave, fringe benefit, or welfare plan, and any other material employee compensation or benefit plan, agreement or policy.

(b) Neither the Seller nor its ERISA Affiliates contribute to, have an obligation to contribute to, or have ever contributed to, or ever had an obligation to contribute to, any multiemployer plan (within the meaning of Section 3(37) of ERISA). No Assumed Benefit

Plan is a “defined benefit plan” as defined in Section 3(35) of ERISA or any other plan subject to the funding requirements of Section 412 of the Code or Section 302 of Title IV of ERISA.

(c) All Seller Affiliate Plans and related trust agreements are and have been maintained in compliance both as to form and operation with all Laws, including the Code and ERISA, except where such non-compliance would not reasonably be expected to result in a Subject Company liability that is material to the Subject Companies, taken as a whole. A favorable determination letter as to qualification under Section 401 of the Code has been issued with respect to any Seller Affiliate Plan intended to be qualified under Section 401 of the Code, and the related trust has been determined to be exempt from taxation under Section 501 of the Code. To the Seller’s Knowledge, no events or circumstances have occurred that would adversely affect the qualified status of any such plans or trusts.

(d) No assets of the Subject Companies are or reasonably could be expected to be subject to a lien arising under the Code or ERISA associated with any Plan and the Subject Companies do not have any liability and do not reasonably expect to have any potential liability to the Pension Benefit Guaranty Corporation or otherwise under Title IV of ERISA.

(e) With respect to each Assumed Benefit Plan, (i) there have been no non-exempt “prohibited transactions” (as defined in Section 406 of ERISA or Section 4975 of the Code), (ii) no “fiduciary” (as defined in Section 3(21) of ERISA) has any liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of such Assumed Benefit Plan, (iii) no action, investigation, suit, proceeding, hearing or claim with respect to the assets thereof (other than routine claims for benefits) is pending or threatened, and neither the Subject Companies nor the Seller have any knowledge of any facts that would give rise to or could reasonably be expected to give rise to any such action, suit or claim, and (iv) all contributions (including all employer contributions and employee salary reduction contributions) that are due have been made within the time periods prescribed by ERISA and the Code, and all contributions for any period ending on or before the Closing Date that are not yet due have been made or properly accrued. No Assumed Benefit Plan has any material unfunded liability not accurately reflected on the Retail Financial Statements in accordance with GAAP.

(f) No Continuing Employee has received or is entitled to receive employer-subsidized health care or any other non-pension benefits with respect to employment by any Subject Company for more than 31 days after his or her employment is terminated (other than as required by COBRA) and has never been promised such employer-subsidized post-termination benefits with respect to employment at any Subject Company.

(g) None of the Assumed Benefit Plans provides any separation, severance, termination or similar benefit or accelerates any vesting schedule or alters any benefit structure solely as a result of a change in control of ownership within the meaning of any Assumed Benefit Plans or Section 280G of the Code.

(h) Except as would not individually or in the aggregate reasonably be expected to result in a material liability to the Purchaser or the Subject Companies, taken as a

whole, no agreement, program, contract, or other similar arrangement entered into by any of the Subject Companies that is a "nonqualified deferred compensation plan" within the meaning of Code Section 409A(d)(1) and any regulations promulgated thereunder provides for any payment or benefit that is subject to the income acceleration, interest, or additional tax provisions of Code Section 409A.

Section 4.10 Labor and Employment.

(a) With respect to each Business Employee, none of the Subject Companies is a party to, nor is bound by, the terms of any collective bargaining agreement or any other contract or bargaining relationship with any labor organization or representative of employees. To the Seller's Knowledge, there are no union organization or decertification activities underway or threatened involving employees of any Subject Company and no such activities have occurred within the past three (3) years. To the Seller's Knowledge, there are presently, and for the past two (2) years there have been, no strikes, lockouts, organized work slowdowns, material unfair labor practice charges, or other material labor disputes at any of the Subject Companies.

(b) The Subject Companies are, and for the past twenty-four (24) months have remained, in compliance with all Laws relating to labor relations and employment with respect to the Business Employees, except where such non-compliance would not reasonably be expected to result in a Subject Company liability that is material to the Subject Companies, taken as a whole.

(c) To the Seller's Knowledge, no Business Employee is in material violation of any term or provision of any employment contract, confidentiality or other proprietary information disclosure agreement or other contract relating to the right of any such Person to be employed or engaged by any Subject Company.

(d) To the Seller's Knowledge, none of the employment policies or practices applicable to the Business Employees are currently being audited or investigated by any Governmental Authority which would reasonably be expected to result in a Subject Company liability that is material to the Subject Companies, taken as a whole. To the Seller's Knowledge there are no current charges, claims, or demands filed with any Governmental Authority from any current or former Business Employees regarding their employment or former employment at any of the Subject Companies which would reasonably be expected to result in a Subject Company liability that is material to the Subject Companies, taken as a whole.

(e) Neither the execution and delivery of this Agreement or the documents contemplated hereby by the Seller, the performance by the Seller of its obligations hereunder and thereunder, nor the consummation of the transactions contemplated hereby and thereby will (i) materially increase or enhance any benefits payable to a Business Employee under any Assumed Benefit Plan or (ii) materially accelerate the time of payment or vesting, or increase the amount, of any compensation due to any Business Employee under a Assumed Benefit Plan.

(f) With respect to this transaction, any notice required of the Seller or its Affiliates under any labor law or collective bargaining agreement has been or prior to Closing will be given, and all bargaining obligations with any employee representative have been or prior to Closing will be satisfied; *provided*, *however*, that the foregoing obligations apply only to employment actions taken by the Seller or its Affiliates prior to Closing and do not apply to employment actions taken by the Purchaser or its Affiliates. Within the past twenty-four (24) months, no Subject Company has implemented any plant closing or layoff of employees that required notice under the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state or local law, regulation or ordinance (collectively, the "WARN Act"), without having provided such notice.

Section 4.11 Regulation as a Utility. RE Supply is regulated as a public utility by FERC. RE Supply has on file with FERC effective rate schedules in compliance with the Federal Power Act, as amended. Such rate schedules are in full force and effect, and are not subject to suspension or refund. Except as set forth in this Section 4.11, none of the Subject Companies is subject to regulation as a public utility, public service company, electric corporation, or power generation company (or similar designation) or otherwise as a participant in the electric power sector by any state in the United States or any other Governmental Authority. None of the Subject Companies owns, manages or operates, directly or indirectly, any interest in any public utility asset (other than, to the extent applicable, market-based rate authority of RE Supply), transmission or distribution facility, generation station, or nuclear generation station.

Section 4.12 Insurance. Each of the Subject Companies is insured with financially responsible insurers in such amounts and against such types of risks as is customary and appropriate in its industry or otherwise deemed reasonable by the Seller. As of the date hereof, the Seller has not received any written notice of cancellation or termination with respect to any material insurance policy of any of the Subject Companies. Section 4.12 of the Seller Disclosure Letter identifies each of the insurance policies carried by the Seller or any of its Affiliates as of the date of this Agreement which cover risks associated with or arising out of the business, property or assets of the Subject Companies.

Section 4.13 Real Property. Except as would not have, individually or in the aggregate, a Retail Material Adverse Effect, the real property used by the Subject Companies (collectively, the "Retail Properties") (taking into account, without limitation, all Encumbrances related thereto, all zoning and other restrictions applicable thereto and the condition thereof) are suitable and adequate for the conduct of the businesses of the Subject Companies as currently conducted. Section 4.13 of the Seller Disclosure Letter sets forth the address of each Retail Property, and a true and complete list of all Leases (including all amendments, extensions, renewals, guaranties and other agreements with respect thereto) for each such Retail Property. Seller has delivered or made available to the Purchaser true, correct, complete and accurate copies of each of the Leases described in Section 4.13 of the Seller Disclosure Letter. With respect to each Lease listed in Section 4.13 of the Seller Disclosure Letter, except as would not reasonably be expected to have, individually or in the aggregate, a Retail Material Adverse Effect: (i) the Lease is legal, valid, binding, enforceable and in full force and effect; (ii) the Lease will continue to be legal, valid, binding, enforceable and in full force and effect on identical terms immediately following the Closing; (iii) to the Seller's Knowledge, no party to the Lease

has repudiated any provision thereof; (iv) there are no disputes, oral agreements, or forbearance programs in effect as to the Lease; (v) the Lease has not been modified in any respect, except to the extent that such modifications are disclosed by the documents delivered to the Purchaser, and (vi) neither the Seller nor any of its Affiliates have assigned, transferred, conveyed, mortgaged, deeded in trust or encumbered any interest in the Lease. Except as disclosed in Section 4.13 of the Seller Disclosure Letter, there is no real property leased or owned by the Subject Companies, or each of them, used in the Subject Companies' respective businesses.

Section 4.14 Affiliate Contracts. Section 4.14 of the Seller Disclosure Letter contains a true and complete list of each agreement or contract as of the date hereof between (i) a Subject Company, on one hand and (ii) the Seller and any Affiliate thereof (other than the Subject Companies) on the other (collectively, the "Affiliate Contracts").

Section 4.15 Brokers or Finders. Neither the Seller nor any Subject Company has entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., each of whose fees and expenses will be paid by the Seller in accordance with the Seller's agreements with such firms.

Section 4.16 Material Contracts.

(a) Section 4.16 of the Seller Disclosure Letter sets forth a true, correct and complete list of each of the following contracts and other agreements (including any amendments thereto), other than any Affiliate Contract, in effect on the date of this Agreement to which any Subject Company is a party or which is primarily associated with the Retail Business and to which the Seller or any of its Affiliates (other than any Subject Company) is a party:

(i) any Contracts and other agreements that contain covenants prohibiting or limiting the right to compete of any Subject Company or prohibiting or restricting the ability of any Subject Company to deal with any Person or in any geographical area and that will be binding on the Subject Companies following the Closing;

(ii) any Contracts and other agreements relating to partnerships, limited liability company agreements, joint ventures or other similar arrangements;

(iii) any Contracts and other agreements that include any obligation to make payments, contingent or otherwise, arising out of the prior acquisition or disposition of a business;

(iv) any Contracts and other agreements for the acquisition, sale, lease or disposition of any site leases or equipment capital assets that require payment of or delivery of assets valued at $1,000,000 individually (or in the aggregate, in the case of any related series of contracts and other agreements);

(v) any Contracts that are collective bargaining agreements;

(vi) any Contracts that are settlement, conciliation or similar agreements with any Governmental Authority and pursuant to which outstanding obligations must be satisfied by any of the Subject Companies after the execution date of this Agreement, or any such agreements with one or more private parties pursuant to which the Subject Companies will be required after the execution date of this Agreement to pay consideration in excess of $175,000;

(vii) any (x) Contract with the Texas General Land Office (the "GLO") for the sale of electric power, (y) any Contract for the sale of electric power to any commercial and industrial customer (other than any Contract with the GLO) which is within the top 75% (by forecasted volume March 1, 2009 forward) of Contracts with commercial and industrial customers (other than the GLO) as of three days prior to the date of this Agreement or (z) any master agreement for ERCOT supply (including natural gas, renewable energy credits and other commodity hedging); provided, however that identifying information with respect to certain commercial and industrial customers and certain counterparties subject to confidentiality restrictions has been redacted and is not provided in Section 4.16 of the Seller Disclosure Letter;

(viii) any Contracts under which a Subject Company has created, incurred, assumed or guaranteed any outstanding indebtedness for borrowed money, any capitalized lease obligation or any other indebtedness, or under which such Subject Company has imposed a security interest or Encumbrance (other than a Permitted Encumbrance) on any of its assets, tangible or intangible;

(ix) any outstanding agreements of guaranty or surety by a Subject Company, or by the Seller or any of the Seller's Affiliates (other than a Subject Company) for the benefit of a Subject Company;

(x) any Contract with the Seller or any of the Seller's Affiliates relating to the future provisions of goods or services related to the Retail Business and which requires any future payment in excess of $1,000,000 in the aggregate during any twelve (12) month period;

(xi) any employment Contract providing annual compensation in excess of $150,000;

(xii) any consulting Contract providing annual compensation in excess of $250,000;

(xiii) any Contract under which a Subject Company has advanced or loaned any amount to any of its directors, officers and employees outside the ordinary course of business; and

(xiv) any Contracts with any employee that require payment or increased obligations to such employee by or on behalf of the Subject Companies to any employees of the Subject Companies as a result of the transactions contemplated by this Agreement or which impose severance or termination payment obligations on any Subject Company, or, with respect to any Continuing Employee or, to the Knowledge of

the Seller, any former employee of the Subject Companies whose employment was primarily sales related, which contain non-competition restrictions in favor of any Subject Company.

(b) Neither the Seller nor any Subject Company has received written notice of any material default on the part of any Subject Company under any contract or other agreement referred to in Section 4.16(a). No Subject Company is in breach or default under any such contract or other agreement, except for any such breach or default which would not reasonably be expected to result in a Subject Company liability that is material to the Subject Companies, taken as a whole. To the Knowledge of the Seller, as of the date of this Agreement, no other party to any such contract or other agreement is in breach or default, in either case, in any material respect thereunder.

Section 4.17 Intellectual Property.

(a) Section 1.1(b) of the Seller Disclosure Letter sets forth a true, correct and complete list of (i) all trademark and service mark registrations and applications, trade names and domain names owned by the Trademark Trust, as of the date hereof, and (ii) all trademark and service mark registrations and applications, material unregistered trademarks and service marks, trade names and domain names owned by Seller or any of its Affiliates as of the date hereof that (a) contain the word "Reliant" or (b) are used in the operation of the Retail Business as being conducted as of the date hereof by the Subject Companies.

(b) Section 4.17(b) of the Seller Disclosure Letter sets forth a true, correct and complete list of all of the following owned by each Subject Company as of the date hereof: (i) all patents, patent applications, trademark and service mark registrations and applications, copyright registrations and applications, trade names, and domain names, and (ii) all unregistered Intellectual Property (including software and databases (as related to applicable software)) that is material to the operation of the Retail Business.

(c) Section 4.17(c) of the Seller Disclosure Letter sets forth a true, correct and complete list of all Contracts pursuant to which, as of the date hereof, (i) the Seller or any of its Affiliates (including the Subject Companies) is a party and is granted or obtains any right to use, enforce or register any Trademark, including any license agreements, coexistence agreements, and covenants not to sue; (ii) any Subject Company is a party and is granted or obtains any right to use any software that is material to the operation of the Retail Business; (iii) any Subject Company is a party and is granted or obtains any right to use, enforce or register any Intellectual Property (other than software and Trademarks) that is material to the operation of the Retail Business, including any license agreements, coexistence agreements, and covenants not to sue; (iv) any Subject Company is restricted in its right to use, enforce or register any Intellectual Property (other than Trademarks) in any material respect or is restricted in its right to use, enforce or register any Trademark; (v) any Subject Company permits any other Person to use, enforce or register any Intellectual Property (other than Trademarks) that is material to the operation of the Retail Business, including any license agreements, coexistence agreements, and covenants not to sue; (vi) the Seller or any of its Affiliates (other than the Subject Companies) is a party and is granted or obtains any right to use any software that is primarily related to and material to the operation of the Retail Business; (vii) the Seller or any of its Affiliates (other than

the Subject Companies) is a party and is granted or obtains any right to use, enforce or register any Intellectual Property (other than software and Trademarks) that is primarily related to and material to the operation of the Retail Business, including any license agreements, coexistence agreements, and covenants not to sue; (viii) the Seller or any of its Affiliates (other than the Subject Companies) permits any other Person to use, enforce or register any Intellectual Property that is primarily related to the Retail Business, including any license agreements, coexistence agreements, and covenants not to sue; (ix) the Purchaser or any of its Affiliates would be required to license or make available its or its Affiliates' own Intellectual Property to any other Person, or restrict the use, enforcement or registration by Purchaser or any of its Affiliates of such Intellectual Property as a result of the transactions contemplated hereby; (x) any Subject Company permits any other Person to use, enforce or register any Trademark, including any license agreements, coexistence agreements and covenants not to sue; (xi) the IT Trust is established or operated or provides services or grant licenses to the Seller or any of its Affiliates; and (xii) the IT Trust is a party and is granted or obtains any right to provide services or grant licenses to any of the Subject Companies (collectively, the " Material IP Contracts").

(d) Section 4.17(d) of the Seller Disclosure Letter sets forth a true, correct and complete list of (i) all software and databases (as related to applicable software) owned or licensed by the IT Trust, Seller or any of its other Affiliates and (ii) all hardware owned or leased by the IT Trust, Seller or any of its other Affiliates, in each case that are used in the Retail Business as being conducted as of the date hereof but not set forth on Section 7.15 of the Seller Disclosure Letter.

(e) As of the date hereof and immediately subsequent to the Closing, each of the Subject Companies (i) owns and will own all right, title and interest in and to, free and clear of all Encumbrances other than Permitted Encumbrances or Encumbrances arising in agreements entered into in the ordinary course of business providing for the license of Intellectual Property from one or more Subject Companies to a customer in connection with sale of products or services or a vendor in connection with such vendor's provision of goods or services to the Subject Companies, all Intellectual Property set forth in Section 4.17(b) of the Seller Disclosure Letter with which it is identified as owner in Section 4.17(b) of the Seller Disclosure Letter, and (ii) either (A) owns and will own all right, title and interest in and to, or (B) has and will have the license and right to use (including pursuant to the IP License Agreement and the Transition Services Agreement), free and clear of all Encumbrances other than Permitted Encumbrances or Encumbrances arising in agreements entered into in the ordinary course of business providing for the license of Intellectual Property from one or more Subject Companies to a customer in connection with sale of products or services or a vendor in connection with such vendor's provision of goods or services to the Subject Companies, (y) the Trademarks, and (z) all other Intellectual Property used primarily in or necessary for the continued operation of the Retail Business in all material respects as being conducted by the Subject Companies as of the date hereof. As of the date hereof and immediately prior to the Closing, Seller, the Trademark Trust, RERH or Reliant Energy Retail Services, LLC owns and will own all right, title and interest in and to, free and clear of all Encumbrances other than Permitted Encumbrances, all Trademarks.

(f) As of the date hereof, neither the IT Trust, the Seller nor any of its other Affiliates (except for the Subject Companies) owns any Intellectual Property that is material to the operation of the Retail Business.

(g) As of the date hereof, with respect to each Material IP Contract: (i) such Material IP Contract is valid, binding, and in full force and effect, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights or by general principles of equity; (ii) neither the IT Trust (to the Knowledge of Seller), the Seller nor any of its other Affiliates is in material default or material breach thereunder, and, to the Seller's Knowledge, no other party is in material breach or material default, and no event has occurred which with notice or lapse of time would constitute a material breach or default, or permit termination, material modification, or acceleration, under such Material IP Contract; (iii) neither the IT Trust (to the Knowledge of Seller), the Seller nor any of its other Affiliates has received written notice of any breach or default under such Material IP Contract; and (iv) the IT Trust, the Seller and its other Affiliates have not, and to the Seller's Knowledge, no other party has, repudiated any material provision of such Material IP Contract.

(h) To the Knowledge of the Seller, the conduct of the Retail Business does not infringe, as of the date hereof, and has not infringed, during the past two (2) years, any patents of any Person. With respect to Intellectual Property other than patents, the conduct of the Retail Business does not in any material way infringe, misappropriate or otherwise conflict with, as of the date hereof, and has not in any material way infringed, misappropriated or otherwise conflicted with, during the past two (2) years, such Intellectual Property of any Person. To the Seller's Knowledge, neither the IT Trust, the Seller nor any Seller Affiliate (including any Subject Company) has received any notice claiming that the conduct of the Retail Business infringes, misappropriates, or otherwise conflicts with, or has infringed, misappropriated or otherwise conflicted with, any Intellectual Property of any Person (including any demands, requests or unsolicited offers to license any Intellectual Property to the IT Trust, the Seller or any of its Affiliates in connection with the Retail Business or any Subject Company from any other Person) within the past two (2) years. As of the date hereof, to the Knowledge of the Seller, no Person is infringing, misappropriating or otherwise conflicting with any Retail Business Intellectual Property.

(i) As of the date hereof, to the Knowledge of the Seller, all of the Retail Business Intellectual Property owned by the Subject Companies, the Trademarks and the Intellectual Property set forth on Section 7.15(a) of the Seller Disclosure Letter are valid and enforceable. No written claims and, to the Knowledge of the Seller, no oral claims, are pending or, to the Seller's Knowledge, threatened, and neither the IT Trust, the Seller nor any Seller Affiliate (including any Subject Company) has received any written notice and, to the Knowledge of the Seller, any oral notice, from any other Person, challenging its ownership or right to use, or validity or enforceability of, any of the Retail Business Intellectual Property.

(j) Prior to the date hereof, the Seller and the Seller's Affiliates (including the Subject Companies, the Trademark Trust and the IT Trust) have taken commercially reasonable actions to maintain and protect the Retail Business Intellectual Property

owned by the Subject Companies and the Trademarks, in each case subsisting within the United States and the Intellectual Property set forth on Section 7.15(a) of the Seller Disclosure Letter.

(k) Immediately subsequent to the Closing and after the delivery contemplated under Section 3.2(n), the Subject Companies will have copies of or a right of access upon request to all of the Source Code.

(l) As of the date hereof and, taking into account the Transition Services Agreement and the IP License Agreement, immediately after the Closing, (i) each of the Subject Companies either (A) owns and will own, or (B) has the right to use and will have the right to use, all Information Technology Systems used in or necessary for the continued operation of the Retail Business in all material respects as being conducted by the Subject Companies as of the date hereof (with respect to immediately after the Closing, assuming that the Purchaser owns or has the right to use the Information Technology Systems to replace those identified in Section 4.17(l) of the Seller Disclosure Letter, or substitutes thereof), (ii) each of such Information Technology Systems is and will be adequate for its intended function, operation and purposes in all material respects (with respect to immediately after the Closing, assuming that (x) the Purchaser has taken all actions reasonably necessary to integrate the Information Technology Systems of the Subject Companies into the Purchaser's Information Technology Systems immediately after the Closing and (y) the Information Technology Systems of the Subject Companies are compatible with the Purchaser's Information Technology Systems immediately after the Closing), and (iii) there has been no material malfunction of any of such Information Technology Systems that has not been resolved and corrected.

(m) As of the date hereof, each Subject Company has taken all reasonable steps to safeguard the information technology systems utilized in the conduct of the Retail Business. Each Subject Company has appropriate disaster recovery and business continuity plans, procedures and facilities in place and has regularly tested such plans, procedures and facilities, except where such lack of plans, procedures or facilities or lack of testing, individually or in the aggregate, would not reasonably be expected to have a Retail Material Adverse Effect.

(n) Except as individually or in the aggregate would not reasonably be expected to have a Retail Material Adverse Effect, the collection, use, storage, processing, import, export and disclosure of personally identifiable information or other protected information relating to individuals by the Seller and each Seller Affiliate (including each Subject Company) in connection with the Retail Business, have complied with, and are currently in compliance with, all applicable Laws relating to data collection, use, privacy or protection and all additional or higher leading industry standards or requirements. To the Knowledge of the Seller, neither the Seller nor any Seller Affiliate (including any Subject Company) has experienced any incident prior to the date hereof in which personally identifiable information or other protected information relating to individuals was or may have been stolen or improperly accessed and, to the Seller's Knowledge, there are no facts suggesting the likelihood of the foregoing, including any breach of security or any notices or complaints from any Person regarding any such information that, individually or in the aggregate, would reasonably be expected to have a Retail Material Adverse Effect.

(o) As of the date hereof and immediately prior to Closing, (i) all of the Allegedly Infringing Products and Services have been provided or licensed under the Tendril Agreement or the Comverge Agreement; (ii) neither the Seller nor any of its Affiliates has modified, combined, incorporated or used any of the Allegedly Infringing Products and Services in a manner that causes such Allegedly Infringing Products and Services to fall within any of the exceptions to the obligations of Tendril or Comverge to indemnify or defend RERS or any of its Affiliates under the Tendril Agreement or the Comverge Agreement; (iii) except for RERS, neither the Seller nor any of its Affiliates has, directly or indirectly (except through RERS), engaged in any sale, offer for sale, marketing, distribution, manufacturing, use and import of any of the Allegedly Infringing Products and Services; (iv) neither the Seller nor any of its Affiliates has received written notice that it is in default or breach under the Tendril Agreement or the Comverge Agreement; and (v) the Seller has requested Tendril and Comverge to indemnify and defend the Seller and its Affiliates in connection with the pending Intus Litigation in accordance with the terms and conditions of the Tendril Agreement and the Comverge Agreement, as applicable.

Section 4.18 Environmental.

(a) Each of the Subject Companies, for the past twenty-four (24) months has complied with, and is in compliance with, all applicable Environmental Laws (which compliance includes the possession by the Subject Companies of all permits and other governmental authorizations required under applicable Environmental Laws, and compliance with the terms and conditions thereof), except where any such failures to be in compliance, individually or in the aggregate, would not reasonably be expected to have a Retail Material Adverse Effect.

(b) There are no material Environmental Claims pending or threatened against the Subject Companies which would reasonably be expected to have, individually or in the aggregate, a Retail Material Adverse Effect.

(c) Neither the Subject Companies nor, to the best Knowledge of the Seller, any other person has placed, stored, deposited, discharged, buried, dumped, disposed of or released any Hazardous Substances produced by, or resulting from, any of the Subject Companies operations, at any property or location, including any Retail Property, in violation of any Environmental Laws or as would give rise to liability under Environmental Laws, except as would not reasonably be expected to have, individually or in the aggregate, a Retail Material Adverse Effect.

(d) None of the Subject Companies has assumed, undertaken, or provided an indemnity with respect to, become contractually responsible for, or to the knowledge of the Seller, otherwise become subject to, any liability of any other Person arising under Environmental Law, except as would not reasonably be expected to have, individually or in the aggregate, a Retail Material Adverse Effect.

Section 4.19 Sufficiency of Assets. At Closing, the assets of the Subject Companies, in conjunction with the rights and services to be provided under the Transition Services Agreement will include all of the assets (whether tangible or intangible) used primarily

in or that are necessary for the continued operation of the Subject Companies immediately after Closing to conduct in all material respects the Retail Business as conducted as of the date hereof. The Subject Companies have good title to, or valid license or right to use, free and clear of all Encumbrances except for Permitted Encumbrances and Encumbrances arising in agreements entered into in the ordinary course of business, the assets reflected in the Retail Financial Statements that are used primarily in or are necessary for, in all material respects, the continued operation of the Retail Business, as conducted as of the date hereof, immediately after Closing. RESE does not own or control any assets that are used primarily in or are otherwise necessary for the Subject Companies to conduct immediately after Closing in all material respects the Retail Business as conducted as of the date hereof. Notwithstanding anything to the contrary in this Section 4.19, the Seller makes no representation or warranty in this Section 4.19 regarding Intellectual Property (which is the subject of Section 4.17) or the value, quality or condition of any of, assets used in or necessary for the operation of the Subject Companies as of the date hereof.

Section 4.20 Load and Supply Positions. The following reports accurately reflect in all material respects the forecasted load, supply and hedging positions of the Retail Business as of February 24, 2009: (a) ERCOT Daily Position Report as of 2/24/2009 (Item 45.3 in the data room), (b) ERCOT Ancillary Services Volume Position Split as of 2/24/09 (Item 47.11.17 in the data room), and (c) Upton Wind NG Position as of 2/24/09 (Item 47.11.16 in the data room).

Section 4.21 MSA Claims. As of the date of this Agreement, there are no Actions pending or threatened in writing against the Seller or any of its Subsidiaries that relate to the Retail Business by any REI Indemnitee under the Master Separation Agreement before any court, governmental department, commission, agency, instrumentality or other Governmental Authority or any arbitrator or other third-party for resolution.

Section 4.22 REST and RETR.

(a) Each of REST and RETR is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware.

(b) The Seller or one or more of its Subsidiaries (other than any Subject Company) has good and valid title to, holds of record and owns beneficially all of the outstanding membership interests in each of REST and RETR free and clear of any Encumbrances, other than (i) restrictions on transfer that may be imposed by federal or state securities Laws, (ii) encumbrances that arise out of any actions taken by or on behalf of the Purchaser or its Affiliates, or (iii) Permitted Encumbrances. All of the membership interests of each of REST and RETR are validly issued, fully paid and nonassessable.

(c) Neither REST nor RETR has engaged in any commercial activities, other than activities incidental to formation and licensing. Notwithstanding anything in this Agreement to the contrary, except as set forth in this Section 4.22, neither the Seller nor any other Person or entity acting on behalf of the Seller makes any representation or warranty, express or implied, concerning REST or RETR.

(d) Except for liabilities associated with formation and licensing, neither REST nor RETR has any liabilities, contingent or otherwise. Section 4.22(d) of the Seller Disclosure Letter sets forth a list of all licenses held by REST or RETR.

Section 4.23 Compliance with Trust Documents. (a) The Seller, RERH and the IT Trust are in compliance in all material respects with the trust agreement for the IT Trust, (b) the Seller, RERH and the Trademark Trust are in compliance in all material respects with the trust agreement for the Trademark Trust and (c) the Seller, Reliant Energy Corporate Services, LLC and the IT Trust are in compliance in all material respects with the IT Administrative Servicing Agreement among the Seller, Reliant Energy Corporate Services, LLC and the IT Trust.

Section 4.24 Limitation on Representations and Warranties Except for the representations and warranties contained in this ARTICLE IV, neither the Seller nor any other Person or entity acting on behalf of the Seller makes any representation or warranty, express or implied, concerning the Company Interests or otherwise in connection with the transactions contemplated by this Agreement. Neither the Seller nor any of its Affiliates or representatives has made or makes any representation or warranty, express or implied, with respect to any projections, estimates or budgets made available to the public, the Purchaser or any of its Affiliates of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Subject Companies or the future business and operations of the Subject Companies.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Seller that except as set forth in the disclosure letter delivered by the Purchaser (the " Purchaser Disclosure Letter"):

Section 5.1 Organization and Qualification. The Purchaser is a limited liability company duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, has all requisite power and authority to own, lease and operate its assets and properties to the extent owned, leased and operated and to carry on its business as it is now being conducted and is duly qualified and in good standing to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its assets and properties makes such qualification necessary other than in such jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Purchaser Material Adverse Effect.

Section 5.2 Authority; Non-Contravention; Statutory Approvals; Compliance.

(a) Authority. The Purchaser has all requisite limited liability company power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby have been duly authorized by all necessary limited liability company action on the part of the Purchaser. No vote of, or consent by, any member of, or the holders of any class or series of membership or other equity interest

issued by, the Purchaser is necessary to authorize the execution and delivery by the Purchaser of this Agreement or the consummation by it of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery hereof by the Seller, constitutes the valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) Non-Contravention. The execution and delivery of this Agreement by the Purchaser does not, and the consummation of the transactions contemplated hereby will not, result in a Violation pursuant to any provisions of (i) the limited liability company agreement, certificate of incorporation, by-laws or similar governing documents of the Purchaser or any of its Affiliates, (ii) subject to obtaining the Purchaser Required Statutory Approvals, any Law, judgment, decree, order, injunction, writ, permit or license of any Governmental Authority applicable to the Purchaser or any of the Purchaser's Affiliates or any of their respective properties or assets, or (iii) subject to obtaining the third-party consents set forth in Section 5.2(b)(iii) of the Purchaser Disclosure Letter (the "Purchaser Required Consents"), any note, bond, mortgage, indenture, deed of trust, license, franchise, permit, concession, contract, lease or other instrument, obligation or agreement of any kind to which the Purchaser or any of the Purchaser's Affiliates is a party or by which they or any of their respective properties or assets may be bound, except in the case of clause (ii) or (iii) for any such Violation which, individually or in the aggregate, would not reasonably be expected to have a Purchaser Material Adverse Effect.

(c) Statutory Approvals. Except for (i) the filings by the Seller, the Subject Companies and/or the Purchaser, as applicable, required under the HSR Act and (ii) the applicable requirements of the Exchange Act, and (iii) any filings with or approvals from the Governmental Authorities set forth in Section 5.2(c) of the Purchaser Disclosure Letter (the filings and approvals referred to in clauses (i) through (iii) collectively referred to as the " Purchaser Required Statutory Approvals"), and the Seller's Required Statutory Approvals, no declaration, filing or registration with, or notice to or authorization, consent or approval of, any Governmental Authority is necessary for the execution and delivery of this Agreement by the Purchaser or the consummation by the Purchaser of the transactions contemplated hereby, except those which the failure to obtain would not have a Purchaser Material Adverse Effect (it being understood that references in this Agreement to "obtaining" such Purchaser Required Statutory Approvals shall mean making such declarations, filings or registrations, giving such notices, obtaining such authorizations, consents or approvals; and having such waiting periods expire as are appropriate to comply with Law).

(d) Compliance. Neither the Purchaser nor any of its Affiliates is in violation of, or to the Knowledge of the Purchaser is under investigation with respect to any violation of, or has been given notice of or been charged with any violation of, any Law, except for any violations which would not have a Purchaser Material Adverse Effect. The Purchaser and its Affiliates will have at Closing all permits, licenses, franchises and other governmental authorizations, consents and approvals necessary to conduct their businesses as presently conducted except those that the absence of which would not have a Purchaser Material Adverse Effect. Neither the Purchaser nor any of its Affiliates is in breach or violation of or in default in

the performance or observance of any term or provision of, and no event has occurred which, with lapse of time or action by a third party, could result in a default by the Purchaser or any of its Affiliates under (i) their respective limited liability company agreements, certificates of incorporation or by-laws or similar governing documents or (ii) any contract, commitment, agreement, indenture, mortgage, loan agreement, note, lease, bond, license, approval or other instrument to which any of them is a party or by which the Purchaser or any of its Affiliates is bound or to which any of their property is subject, except for possible violations, breaches or defaults which would not have a Purchaser Material Adverse Effect.

Section 5.3 Litigation. As of the date hereof, there are no Actions before or by any court, governmental department, commission, agency, instrumentality or Government Authority or any arbitrator or other third-party for resolution that are pending or, to the Knowledge of the Purchaser, threatened in writing against, relating to or affecting the Purchaser or any of its Affiliates, except for such Action which, individually or in the aggregate, is not reasonably likely to have a Purchaser Material Adverse Effect. As of the date hereof, there are no judgments, decrees, injunctions, rules or orders of any court, governmental department, commission, agency, instrumentality or authority or any arbitrator applicable to the Purchaser or any of its Affiliates, except for such that would not have a Purchaser Material Adverse Effect.

Section 5.4 Investigation by the Purchaser; the Seller's Liability. The Purchaser has conducted its own independent investigation, review and analysis of the business, operations, assets, liabilities, results of operations, financial condition, software, technology and prospects of the Subject Companies, which investigation, review and analysis was done by the Purchaser and its Affiliates and, to the extent the Purchaser deemed appropriate, by the Purchaser's representatives. The Purchaser acknowledges that it and its representatives have been provided adequate access to the personnel, properties, premises and records of the Subject Companies for such purpose. In entering into this Agreement, the Purchaser acknowledges that it has relied solely upon the aforementioned investigation, review and analysis and not on any factual representations of the Seller or its representatives (except the specific representations and warranties of the Seller set forth in ARTICLE IV of this Agreement), and the Purchaser:

(a) acknowledges and agrees that neither the Seller nor any of its directors, officers, shareholders, employees, Affiliates, controlling Persons, agents, advisors or representatives makes or has made any representation or warranty, either express or implied, as to the accuracy or completeness of any of the information (including materials furnished in the Seller's data room, presentations by the Subject Companies' or the Seller's management, financial projections or otherwise) provided or made available to the Purchaser or its directors, officers, employees, Affiliates, controlling Persons, agents or representatives (except the specific representations and warranties of the Seller set forth in ARTICLE IV of this Agreement), and

(b) agrees, to the fullest extent permitted by Law, that none of the Seller, the Subject Companies or any of their respective directors, officers, employees, shareholders, Affiliates, controlling Persons, agents, advisors or representatives shall have any liability or responsibility whatsoever to the Purchaser or its directors, officers, employees, Affiliates, controlling Persons, agents or representatives on any basis (including in contract or tort, under federal or state securities Laws or otherwise) based upon any information provided or made available, or statements made (including materials furnished in the Seller's data room,

presentations by the Subject Companies' or the Seller's management, financial projections or otherwise) to the Purchaser or its directors, officers, employees, Affiliates, controlling Persons, advisors, agents or representatives (or any omissions therefrom), except that the foregoing limitations shall not apply to the Seller (i) insofar as the Seller makes the specific representations and warranties set forth in ARTICLE IV of this Agreement but always subject to the limitations and restrictions contained in ARTICLE X or (ii) in the case of fraud or willful misconduct.

Section 5.5 Acquisition of Company Interests for Investment; Ability to Evaluate and Bear Risk.

(a) The Purchaser is an "accredited investor" as such term is defined in Regulation D promulgated under the Securities Act. The Purchaser is acquiring the Company Interests for investment and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the Company Interests. The Purchaser agrees that the Company Interests may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any applicable state securities Laws, except pursuant to an exemption from such registration under the Securities Act and such Laws.

(b) The Purchaser is able to bear the economic risk of holding the Company Interests for an indefinite period, and has knowledge and experience in financial and business matters such that it is capable of evaluating the risks of the investment in the Company Interests.

Section 5.6 Financing. The Purchaser will have on the Closing Date sufficient cash in immediately available funds to pay the Purchase Price pursuant to ARTICLE II.

Section 5.7 Brokers or Finders. The Purchaser has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement that will become the obligation of the Seller.

Section 5.8 Guarantee. Concurrently with the execution of this Agreement, the Purchaser has caused the Guarantor to deliver to the Seller the Guarantee, duly executed and delivered by the Guarantor. The Guarantee is valid and in full force and effect, and no event has occurred which, with or without notice, lapse of time or both, would constitute a default on the part of the Guarantor under the Guarantee.

Section 5.9 New Merrill Lynch Agreement Commitment Letter.

(a) The Purchaser has entered into a commitment letter dated the date of this Agreement with Merrill Lynch Commodities, Inc. (the " Commitment Letter") providing for, among other things, the execution and delivery of the Merrill Lynch New Agreement and the consummation of the transaction described in the Merrill Lynch New Agreement, subject to the terms and conditions set forth therein. The Purchaser has provided the Seller with a true, complete and correct redacted copy of each ML Arrangement Document (to the extent in existence as of the date hereof); provided, that none of the redacted terms includes or modifies

any closing condition or termination provision. "ML Arrangement Documents" shall mean the Commitment Letter and each of the exhibits referred to therein and other documents referred to in the Commitment Letter, other than any such exhibits or documents to which the Seller or any of its Subsidiaries is a party or any guaranty provided by Merrill Lynch.

(b) The ML Arrangement Documents embody the full agreement and understanding between Merrill Lynch and its Affiliates and the Guarantor and its Affiliates with respect to the matters referred to therein, including the purchase and sale of the Company Interests and the other transactions contemplated hereby, and there are no agreements or understandings between Merrill Lynch and its Affiliates and the Guarantor and its Affiliates with respect to the matters referred to in the ML Arrangement Documents, including the purchase and sale of the Company Interests and the other transactions contemplated hereby, other than the ML Arrangement Documents.

(c) The Commitment Letter and each ML Arrangement document that has been executed on or prior to the date hereof is in full force and effect and is the valid and binding obligation of the parties thereto, enforceable against such parties in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equity principles. The obligations of Merrill Lynch to execute and deliver the Merrill Lynch New Agreement and the other documents and agreements contemplated by the ML Arrangement Documents and to consummate the transaction described therein are not subject to any conditions other than as set forth in the ML Arrangement Documents, and Merrill Lynch Commodities, Inc. does not have any right to terminate the Commitment Letter (other than as set forth therein). As of the date of this Agreement, to the Knowledge of the Purchaser, no event has occurred that (with or without notice, lapse of time, or both) would constitute a breach or default under the Commitment Letter or any other ML Arrangement Document by Guarantor or the Purchaser or any of their Affiliates. The Purchaser has no Knowledge of any facts or circumstances (other than facts and circumstances relating to any default by the Seller or its Subsidiaries under agreements with Merrill Lynch)that are reasonably likely to result in (i) any of the conditions set forth in the Commitment Letter or any other ML Arrangement Document not being satisfied or (ii) the transaction contemplated in the Merrill Lynch New Agreement not being consummated on a timely basis.

ARTICLE VI
CONDUCT OF BUSINESS PENDING THE CLOSING

Section 6.1 Covenants of the Seller. After the date hereof and prior to the Closing or earlier termination of this Agreement, the Seller agrees that, except as set forth in Section 6.1 of the Seller Disclosure Letter and except (i) as required or permitted by this Agreement, (ii) as provided for in the 2009 Projections, (iii) in connection with necessary repairs due to breakdown or casualty, or other actions taken in response to a business emergency or other unforeseen operational matters, (iv) as required by Law, or (v) to the extent the Purchaser shall otherwise consent, which decision regarding consent shall not be unreasonably withheld, conditioned or delayed:

(a) the business of the Subject Companies shall be conducted in the ordinary and usual course in accordance with past practices, and the Subject Companies shall use commercially reasonable efforts to preserve substantially intact the business organization of the Subject Companies and to maintain existing relations and goodwill with customers, suppliers, creditors, lessors and business associates to the end that their goodwill and ongoing businesses shall not be impaired in any material respect at the Closing;

(b) the Seller shall not permit any of the Subject Companies, REST and RETR to (i) amend their organizational documents other than amendments which are ministerial in nature or otherwise immaterial; (ii) alter through merger, liquidation, reorganization, restructuring or in any other fashion the corporate structure or ownership of the Company or the Retail Subsidiaries; (iii) purchase, redeem or otherwise acquire any of their membership interests, or any rights, warrants or options to acquire any membership interests; or (iv) solely with respect to the Company, make any distributions on the outstanding Company Interests (other than (x) non-cash distributions of intercompany balances and (y) distributions of cash or cash equivalents, which the Company shall be entitled to make from time to time);

(c) the Seller shall not permit any of the Subject Companies, REST and RETR to issue, sell, or dispose of any membership interests of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any membership interests;

(d) the Seller shall not permit any of the Subject Companies, REST and RETR to incur any additional indebtedness for borrowed money;

(e) the Seller shall not permit any of the Subject Companies, REST and RETR to, other than in the ordinary and usual course of business, make any commitments for or make capital expenditures in the aggregate in any calendar year in excess of the dollar amount equal to 110% of the amount budgeted for capital expenditures in the 2009 Projections;

(f) the Seller shall not permit any of the Subject Companies, REST and RETR to, other than in the ordinary and usual course of business, make any acquisition of, or investment in, assets or stock of any other Person;

(g) the Seller shall not permit any of the Subject Companies to sell, lease, license, encumber or otherwise dispose of any site leases or equipment (other than the disposition of obsolete equipment in the ordinary course) or its assets singularly or in the aggregate of an amount in excess of $250,000 in any calendar year;

(h) the Seller shall not and shall not permit any of its Affiliates (including the Subject Companies and the Trademark Trust) to sell, assign, transfer, license, subject to any Encumbrances (except for Permitted Encumbrances) or otherwise dispose of, or abandon or permit to lapse, the Trademarks or any other material Retail Business Intellectual Property, fail to maintain or protect the Trademarks or any other material Retail Business Intellectual Property, or disclose any material confidential information related to the Retail Business to any Person (other than pursuant to appropriate confidentiality agreements in the ordinary and usual course of business or to Merrill Lynch pursuant to appropriate confidentiality

agreements); *provided*, *however*, that neither the Seller nor any of its Affiliates (including the Subject Companies or the Trademark Trust) shall be required to maintain or protect any foreign Trademark registrations or applications;

(i) as it relates to the Subject Companies or the Retail Business, Seller shall promptly notify Purchaser of any material incident in which personally identifiable information or other protected information relating to individuals has been stolen or improperly accessed;

(j) except as required by existing written agreements or Seller Affiliate Plans, or as otherwise required by Law, the Seller shall not permit any of the Subject Companies to (A) except in the ordinary course of business (including as a result of promotions), increase the compensation or other benefits payable or provided to the Subject Companies' directors or executive officers, (B) except in the ordinary course of business or as would not result in a material increase in cost to any of the Subject Companies, enter into or materially amend any employment, change of control, severance, termination, consulting or retention agreement with any Business Employee (exclusive of (1) agreements entered into with any newly-hired employees or replacements or as a result of promotions, (2) for employment agreements terminable on less than 30 days' notice without payment or penalty, (3) employment agreements terminable without penalty on the Closing Date, or (4) retention arrangements set forth in Section 6.1(j) of the Seller Disclosure Letter), (C) establish, adopt, enter into or materially amend any plan, policy, program or arrangement for the benefit of any current or former directors, officers or employees or any of their beneficiaries, or enter into or materially amend or terminate any collective bargaining agreement, in any case except in the ordinary course of business or as would not result in a material increase in cost to the Subject Companies, (D) enter into any offshoring agreement or other agreement for the relocation of operational or business processes used in the Retail Business to any foreign jurisdiction, without prior consultation with the Purchaser (which shall include a reasonable time to review any material contracts), (E) except as set forth in Section 7.6(a) of this Agreement, hire or terminate the employment, without cause, of any individual by a Subject Company (or transfer the employment of any individual employed by a Subject Company so as to cause such individual to no longer be employed by a Subject Company) who is at the employment level of "director" or above, or transfer the employment of or otherwise cause any individual not currently employed by a Subject Company to become employed by a Subject Company at a level of "director" or above, or (F) make any loan or compensation advance to any employee of the Subject Companies or any employees set forth on Section 7.6(a) of the Seller Disclosure Letter;

(k) the Seller shall cause the Subject Companies to maintain insurance in such amounts and against such risks and losses as are consistent with the insurance maintained by the Subject Companies in the ordinary and usual course of business, including filing claims as they arise;

(l) the Seller shall not permit any of the Subject Companies to make or change any material financial or Tax accounting method, policy or practice, except as required by GAAP or SEC accounting regulations or guidelines or applicable Law;

(m) the Seller shall not permit any of the Subject Companies to, other than in the ordinary course of business consistent with past practice, enter into or amend, restate, supplement, waive any rights under, or terminate any Material Contract, Material IP Contract or Subject Company Permit;

(n) the Seller shall not permit any of the Subject Companies to implement any employee layoffs that require notice under the WARN Act;

(o) the Seller shall promptly provide the Purchaser with copies of all filings made by the Seller or any Subject Company with, and inform the Purchaser of any communications received from, any state or federal court, administrative agency, commission or other Governmental Authority, in each case, in connection with this Agreement and the transactions contemplated hereby;

(p) the Seller shall, and shall cause the Subject Companies to, use all commercially reasonable efforts to promptly obtain all of the Seller Required Consents and the Seller Required Statutory Approvals. The Seller shall promptly notify the Purchaser of any failure or prospective failure to obtain any such consents or approvals and, if requested by the Purchaser, shall provide copies of all of the Seller Required Consents and the Seller Required Statutory Approvals obtained by the Seller or any Subject Company to the Purchaser;

(q) the Seller shall not permit any of the Subject Companies to enter into any settlement, conciliation or similar agreement, the performance of which will involve payment after the Closing of consideration in excess of $250,000;

(r) the Seller shall not permit any of the Subject Companies to enter into, modify or renew any material Contracts with respect to the sale of energy, other than in the ordinary course and at pricing levels consistent with the 2009 Projections; provided, that in response to changes in commodity prices or competitive dynamics the Subject Companies may deviate from pricing levels contemplated by the 2009 Projections; provided, further that prior to any material deviation, the Seller shall consult with the Purchaser;

(s) the Seller shall not permit any of the Subject Companies to enter into an energy, capacity, ancillary services, fuel, renewable energy credit, emissions allowance or other energy-related product purchase, sale, exchange, option, swap, or other arrangement, or transmission or transportation arrangement other than in the ordinary course consistent with past practice; provided, however, that prior to taking any such action that would deviate materially from the 2009 Projections, the Seller shall consult with the Purchaser;

(t) the Seller shall not permit any of the Subject Companies to enter into any Affiliate Contracts, except those that would not require payment by or liability of one or more Subject Companies after the Closing of more than individually or in the aggregate, $100,000 or those that will expire without liability at or prior to the Closing;

(u) Prior to the earlier of June 1, 2009 or the date on which this Agreement is terminated, neither the Seller nor its Affiliates or any of their respective agents or representatives shall (and the Seller will not cause or permit the Subject Companies or its other Affiliates to), directly or indirectly, initiate, solicit or knowingly encourage the making or

submission of any proposal from any Person or group concerning the possible direct or indirect acquisition by such third party of all or substantially all of the equity or assets of the Subject Companies taken as a whole, whether by purchase of assets, equity, merger or otherwise, other than as contemplated or permitted by this Agreement. For the avoidance of doubt, the foregoing shall not be deemed to restrict at any time the Seller or its Affiliates or any of their respective agents or representatives from engaging in any discussions or negotiations with, or providing any information to, any such Person or group making any such proposal; *provided that* if Seller or its Affiliates enter into any definitive agreements for any such proposal, such fact shall not by itself be deemed to give rise to any right of termination by the Seller of this Agreement;

(v) The Seller and the Subject Companies shall provide reasonable assistance with respect to the Purchaser or its Affiliate(s) entry into the Merrill Lynch New Agreement;

(w) the Seller shall, or shall cause the Subject Companies to, provide to the Purchaser copies of any financial statements, whether audited or unaudited, required to be provided to Merrill Lynch under the Merrill Lynch Agreement;

(x) the Seller shall, at least monthly following the date hereof and no later than two (2) weeks prior to the Closing Date, provide the Purchaser with a list or report that details (i) the names of all employees of the Subject Companies hired since the date of the last such report, and (ii) the termination of employment of any employee of the Subject Companies since the date of the last such report; and

(y) Seller shall cause REST and RETR to not engage in any commercial activities or assume or incur any obligations other than (i) with respect to maintaining the licenses described on Section 4.22(d) of the Seller Disclosure Letter or (ii) in connection with the actions contemplated by Section 7.22; and.

(z) the Seller and the Subject Companies shall enter into an agreement with the Purchaser and its Affiliates so that the Seller and its Affiliates may disclose certain commercial, operational and other business information that the Purchaser requests to prepare to operate the Retail Business after the Closing Date, with certain confidentially protections, in the form attached hereto as Exhibit R (" Advance Integration Agreement ").

Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall be deemed to restrict the ability of the Seller or any of its Subsidiaries (other than the Subject Companies) to solicit any offer, bid or indication of interest with respect to, or to initiate or engage in negotiations or enter into any agreement with any Person with respect to, or to take any action to facilitate or effectuate, any merger, consolidation or sale or disposition of all or any portion of the assets of the Seller or any of its Subsidiaries (other than the equity or assets of the Subject Companies), or any recapitalization, liquidation, dissolution or similar transaction involving the Seller or any of its Subsidiaries (other than the Subject Companies); *provided that* the Seller shall assign and transfer its obligations under this Agreement to any direct or indirect purchaser or successor of all or substantially all of its or its Affiliates' wholesale energy assets taken as a whole (it being understood and agreed that no action shall be required hereunder in connection with any merger or consolidation of the Seller with or into any other entity to the

extent such obligations are assumed by the other constituent party to such merger or consolidation by operation of Law).

Section 6.2 Covenants of the Purchaser. After the date hereof and prior to the Closing or earlier termination of this Agreement, the Purchaser agrees as follows, except as expressly contemplated or permitted in this Agreement or to the extent the Seller shall otherwise consent in writing, which decision regarding consent shall be made as soon as reasonably practical, and which consent shall not be unreasonably withheld, conditioned or delayed:

(a) the Purchaser shall promptly provide the Seller with copies of all filings made by the Purchaser or any of its Affiliates with, and inform the Seller of any communications received from, any state or federal court, administrative agency, commission or other Governmental Authority in connection with this Agreement and the transactions contemplated hereby;

(b) the Purchaser shall, and shall cause its Affiliates to, use all commercially reasonable efforts to promptly obtain all of the Purchaser Required Consents and the Purchaser Required Statutory Approvals. The Purchaser shall promptly notify the Seller of any failure or prospective failure to obtain any such consents or approvals and, if requested by the Seller, shall provide copies of all of the Purchaser Required Consents and the Purchaser Required Statutory Approvals obtained by the Purchaser to the Seller; and

(c) the Purchaser shall not, and shall not permit any of its Affiliates to (i) acquire or agree to acquire any wholesale or retail electric assets or business in ERCOT or (ii) acquire or agree to acquire, whether by merger, consolidation, by purchasing any portion of the assets of or equity in, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof owning, operating or otherwise controlling wholesale or retail electric assets or business in ERCOT, if the entering into of a definitive agreement relating thereto or the consummation of such acquisition, merger or consolidation could reasonably be expected to (A) delay beyond the Termination Date the expiration of any applicable waiting period or delay beyond the Termination Date the obtaining, or materially increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Authority necessary to consummate the transaction contemplated by this Agreement, (B) materially increase the risk of any Governmental Authority entering an order prohibiting such transaction, or (C) delay beyond the Termination Date or materially impede the consummation of the transaction contemplated by this Agreement. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement shall be deemed to restrict the ability of the Purchaser or its Affiliates to solicit any offer or bid, seek any indication of interest related to, engage in any discussions or negotiations related to or enter into any agreement with any Person or group with respect to, or take any action to facilitate or effectuate, any Takeover Proposal, and the Purchaser’s engagement in any of the activities described in this sentence will not be deemed to result in a breach of this Agreement, including Section 6.2(c).

ARTICLE VII
ADDITIONAL AGREEMENTS

Section 7.1 Access to Subject Companies Information. Upon reasonable notice, the Seller shall, and shall cause the Subject Companies to, afford to the officers, directors, employees, accountants, counsel, investment bankers, financial advisors and other representatives (collectively, "Representatives") of the Purchaser reasonable access, during normal business hours throughout the period prior to and including the Closing Date, to all of the Subject Companies', REST's and RETR's properties, books, contracts, commitments and records and, during such period, the Seller shall, and shall cause the Subject Companies to furnish to the Purchaser and its Representatives, access to all information concerning the Subject Companies and their respective directors and officers and such other matters as may be reasonably requested by the Purchaser or its Representatives in connection with any filings, applications or approvals required or contemplated by this Agreement and attend and cause the Subject Companies to attend periodic meetings with the Purchaser as reasonably requested by the Purchaser. Notwithstanding the foregoing, neither the Seller nor any of the Subject Companies shall be required to afford such access if it would unreasonably disrupt the operations of such party or any of its Subsidiaries, would cause a violation of any agreement to which such party or any of its Subsidiaries is a party (provided that the Seller has used its reasonable best efforts to find an alternative way to provide the access or information contemplated by this Section 7.1), cause a risk of a loss of privilege to such party or any of its Subsidiaries or would constitute a violation of any applicable Law. The Purchaser agrees to indemnify and hold the Seller and the Subject Companies harmless from any and all claims and liabilities, including costs and expenses for loss, injury to or death of any Representative of the Purchaser, and any loss, damage to or destruction of any property owned by the Seller, any Subject Company or others (including claims or liabilities for loss of use of any property) resulting directly or indirectly from the action or inaction of any of the Representatives of the Purchaser during any visit to the business or property sites of the Seller or any Subject Company prior to or including the Closing Date, whether pursuant to this Section 7.1 or otherwise, INCLUDING ON ACCOUNT OF THE SOLE OR CONCURRENT NEGLIGENCE OF THE SELLER, ITS AFFILIATES, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS.

Section 7.2 Confidentiality. Each Party shall, and shall cause its Affiliates and Representatives to, hold in strict confidence all documents and information concerning the other furnished to it in connection with the transactions contemplated by this Agreement in accordance with the Confidentiality Agreement, dated November 3, 2008, entered into by and between the Seller and NRG Energy, Inc. (the "Confidentiality Agreement"); *provided*, *however*, that either Party shall be entitled to disclose the terms of this Agreement to any prospective purchaser of such Party (or, in the case of the Seller, all or substantially all of the Seller's wholesale business) that has agreed to maintain the confidentiality of such information. From and after the Closing, for purposes of the Confidentiality Agreement the Seller shall treat information regarding the Retail Business that it considered to be confidential prior to the Closing as if it were confidential information disclosed to the Seller by NRG Energy, Inc.

Section 7.3 Regulatory Matters.

(a) HSR Filings. The Parties shall, as soon as practicable, and, in any case, no later than 10 Business Days after the date hereof, file or cause to be filed with the Federal Trade Commission and the Department of Justice any notifications required to be filed under the HSR Act and the rules and regulations promulgated thereunder with respect to the transactions contemplated hereby. Neither Party shall make a filing without the consent of the other Party, not to be unreasonably withheld. Each Party will use all reasonable best efforts to respond on a timely basis to any requests for additional information made by either of such agencies.

(b) FERC Filing. The Seller shall cause RE Supply to file with FERC an application to withdraw its market-based rate authority within ten (10) days after the date hereof.

(c) Other Regulatory Approvals. Each Party shall cooperate and use its reasonable best efforts to prepare and file as soon as practicable all necessary documentation, to effect all necessary applications, notices, petitions, filings and other documents, and to use reasonable best efforts to obtain all necessary permits, consents, approvals and authorizations of all Governmental Authorities necessary or advisable to obtain the Seller Required Statutory Approvals and the Purchaser Required Statutory Approvals. The Parties further agree to use reasonable best efforts to take any act, make any undertaking or receive any clearance or approval required by any Governmental Authority or Law. Each of the Parties shall (i) respond as promptly as practicable to any inquiries or requests received from any Governmental Authority for additional information or documentation and (ii) not enter into any agreement with any Governmental Authority not to consummate the transactions contemplated by this Agreement, except with the prior consent of the other Party (which shall not be unreasonably withheld or delayed). Each of the Parties shall use reasonable best efforts to avoid or eliminate each and every impediment under any antitrust, competition, or trade or energy regulation Law that may be asserted by any Governmental Authority with respect to the transactions contemplated hereby so as to enable the Closing Date to occur as soon as reasonably possible. The steps involved in the preceding sentence (i) shall not include proposing, negotiating or committing to affect, by consent decree, agreeing to a hold separate order or otherwise, the sale, divestiture or disposition of any material assets or businesses of the Purchaser and its Affiliates (including their respective Subsidiaries), taken as a whole, but (ii) may include agreeing to limitations on its or their conduct or actions, other than as described in clause (i) of this sentence or that would have a material impact on the business of the Purchaser and its Affiliates, taken as a whole, as may be required in order to obtain the Seller Required Statutory Approvals and the Purchaser Required Statutory Approvals as soon as reasonably possible, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding required in order to obtain the Seller Required Statutory Approvals or the Purchaser Required Statutory Approvals, which would otherwise have the effect of preventing or delaying the Closing Date beyond the Termination Date, and defending through litigation on the merits, including appeals, any claim asserted in any court by any party as required in order to obtain the Seller Required Statutory Approvals or the Purchaser Required Statutory Approvals.

(d) Notice of Actions. Each of the Parties shall (i) give the other Party prompt notice of the commencement or threat of commencement of any Action by or before any Governmental Authority with respect to this Agreement or any of the transactions contemplated

by this Agreement, (ii) keep the other Party informed as to the status of any such Action or threat thereof, and (iii) promptly inform the other Party of any communication to or from any Governmental Authority regarding this Agreement or any of the transactions contemplated by this Agreement.

Section 7.4 Consents. The Seller and the Purchaser agree to use reasonable best efforts to obtain the Seller Required Consents and the Purchaser Required Consents, respectively, and any other third party consents necessary to transfer the Company Interests or to transfer any contracts from the Seller or its Affiliates to the Purchaser or the Subject Companies as contemplated hereby, and to cooperate with each other in connection with the foregoing (it being understood and agreed that, except as set forth in Section 7.15(b), neither the Seller nor the Purchaser shall be required to expend any amounts or incur any liabilities in connection with obtaining any third-party waivers, consents or approvals).

Section 7.5 Public Announcements. The initial press release relating to this Agreement shall be a joint press release and thereafter the Purchaser and the Seller shall consult with each other and shall agree upon the text of any press release or public statement before issuing any press release or otherwise making any public statements with respect to the transactions contemplated hereunder and shall not issue any such press release or make any such public statement prior to such consultation and agreement, except as may be required by Law or any listing agreement with, or the rules of the NYSE, in which case commercially reasonable efforts to consult with the other Party shall be made prior to such release or public statement. The Purchaser shall cause each of its Affiliates to not issue any press release or make any public statement with respect to the transactions contemplated hereunder unless the Purchaser has first consulted with the Seller and obtained the Seller's agreement with the text thereof, except as may be required by Law or any listing agreement with, or the rules of the NYSE, in which case the Purchaser shall use commercially reasonable efforts to consult with the Seller prior to such release or public statement.

Section 7.6 Employee Matters.

(a) Effective on or prior to the last payroll period prior to the Closing Date, the Seller shall cause the employment of each individual listed on Section 7.6(a) of the Seller Disclosure Letter (to the extent still then employed by the Seller or any of its Subsidiaries other than the Subject Companies) to be transferred to a Subject Company, provided, however, that the Parties may mutually agree, upon prior written consent, to transfer any other employee to the Subject Companies from the Seller or from the Subject Companies to the Seller during the period beginning on the date hereof and ending on the Closing Date (each such individual and each Business Employee who as of the Closing Date are employed by a Subject Company, collectively, the "Continuing Employees"). For a period beginning immediately after the Closing Date and ending on March 31, 2010, and subject to the remaining paragraphs of this Section 7.6 and the individual's continued

employment with Purchaser or its Affiliates, Purchaser shall cause each Continuing Employee to be provided with base salary or base wages and target annual cash bonus opportunity no less than the base salary or base wages and target annual cash bonus opportunity applicable to the Continuing Employee as of the Closing Date. In addition, for a period beginning immediately after the Closing Date and ending on December 31, 2009, and subject to the remaining paragraphs of this Section 7.6 and the individual's continued employment with the Purchaser or its Affiliates, Purchaser shall cause each Continuing Employee to be provided with other employee benefits (but specifically excluding defined benefit plan benefits, retiree medical benefits, equity based compensation, or benefits under the Power of One Incentive Plan (or " Power Bucks" benefits) substantially similar in the aggregate to those employee benefits currently provided to a Continuing Employee immediately prior to the Closing.

(b) Except as specifically set forth in the Transition Services Agreement, on or before the Closing, the Seller shall take, or shall cause to be taken, all actions necessary to cause the Continuing Employees to cease to accrue any additional benefits after the Closing Date under all Seller Affiliate Plans that are not Assumed Benefit Plans.

(c) As of the Closing Date, (i) Seller's flexible spending account plan (" Seller's Flex Plan") shall transfer and a plan under Section 125 of the Code established or maintained by Purchaser or one or more of its Affiliates ("Purchaser's Flex Plan") shall accept the transfer of all of the account balances (whether positive or negative) (the "Transferred Account Balances") under Seller's Flex Plan of the Continuing Employees, (ii) the elections, contribution levels and coverage levels of the Continuing Employees shall apply under Purchaser's Flex Plan in the same manner as under Seller's Flex Plan; and (iii) the Continuing Employees shall be reimbursed from Purchasers' Flex Plan for claims incurred at any time during the plan year of Seller's Flex Plan in which the Closing Date occurs and submitted to Purchaser's Flex Plan from and after the Closing Date on the same basis and the same terms and conditions as under Seller's Flex Plan. As soon as practicable after the Closing Date, and in any event within 10 Business Days after the amount of the Transferred Account Balances is determined, Seller shall pay Purchaser or one or more of its Designated Affiliates the net aggregate amount of the Transferred Account Balances, if such amount is positive, and Purchaser shall, or shall cause one or more of its Designated Affiliates to, pay Seller the net aggregate amount of the Transferred Account Balances, if such amount is negative.

(d) Effective as of the Closing, the Seller shall assign (to the extent they can be assigned) to the Purchaser, and the Purchaser shall assume, all rights and obligations of the Seller or its Affiliates under the agreements or arrangements listed on Section 7.6(d) of the Seller Disclosure Letter.

(e) The Purchaser shall cause each Continuing Employee and his or her eligible dependents (including all such Continuing Employee's dependents covered on the Closing Date by a Seller Affiliate Plan (other than any Assumed Benefit Plan) that is a group health plan) to be covered under a group health plan maintained by the Purchaser or an Affiliate of the Purchaser or the Subject Companies that (i) provides medical and dental benefits to the Continuing Employee and such eligible dependents effective immediately after the Closing Date and (ii) credits such Continuing Employee, for the year during which such coverage under such group health plan begins, with any deductibles and co-payments already incurred during such year under a Seller Affiliate Plan (other than any Assumed Benefit Plan) that is a group health plan.

(f) The Purchaser shall cause the employee benefit plans and programs maintained after the Closing by the Purchaser and the Affiliates of the Purchaser or to

which a Continuing Employee may be eligible to participate in after the Closing Date, to recognize each Continuing Employee's years of service and level of seniority as of the Closing Date with the Seller and its Affiliates (including service and seniority with any other employer that was recognized by the Seller or its Affiliates) for purposes of terms of employment and eligibility, vesting and, with respect to sick pay, paid time off, vacation and severance only, benefit determination, under such plans and programs to the same extent such service was recognized under a similar Seller Affiliate Plan as of the Closing Date. The Purchaser shall cause each employee welfare benefit plan or program sponsored by the Purchaser or one of its Affiliates that a Continuing Employee may be eligible to participate in after the Closing Date to waive any preexisting condition exclusion with respect to participation and coverage requirements applicable to such Continuing Employee to the same extent such pre-existing conditions exclusions were not in effect under any Seller Affiliate Plan as of the Closing Date.

(g) Provided that on or before the Closing Date the Seller has supplied the Purchaser with a list of employee layoffs, by date and location, implemented by each of the Subject Companies during the 90-day period preceding and including the Closing Date, the Purchaser expressly agrees that it assumes all obligations to provide any required notice under the WARN Act, and to pay all severance payments, damages for wrongful dismissal and related costs, with respect to the termination of any Continuing Employee that occurs after the Closing Date. The Seller expressly agrees that it will retain all obligations to provide any required notice under the WARN Act and to pay all severance payments, damages for wrongful dismissal and related costs, arising solely as a result of employment actions of the Subject Companies that occur prior to the Closing Date.

(h) The Purchaser shall cause each Continuing Employee to be permitted to elect after the Closing Date (or as soon thereafter as reasonably practicable) a direct rollover of his/her account balance under a Seller Affiliate Savings Plan (as defined below) to a defined contribution plan designated by the Purchaser (the "Purchaser Savings Plan"), and the Seller shall cause the applicable Seller Affiliate Savings Plan to deliver to the Purchaser Savings Plan as soon as reasonably practicable after such date the promissory notes and other loan documentation, if any, of each Continuing Employee who has elected such a direct rollover in accordance with the procedures as determined by the Seller and the Purchaser. The Purchaser and the Seller shall cooperate and take such reasonable actions, if any, as are necessary to permit the continuation of loan repayments by Continuing Employees; *provided*, *however*, that if a Continuing Employee makes a direct rollover election as described in this Section 7.6 within such 90 day period, then the applicable Seller Affiliate Savings Plan shall continue to accept loan repayments from such Continuing Employee until the date of such direct rollover. The Purchaser shall cause the Purchaser Savings Plan to accept the direct rollover of electing Continuing Employees' benefits in cash and, if applicable, promissory notes that are not accelerated from the Seller Affiliate Savings Plans. The Seller represents, warrants and agrees with respect to the Seller Affiliate Savings Plans, and the Purchaser represents, warrants and agrees with respect to the Purchaser Savings Plan, that, as of each date of a rollover described in this Section 7.6(h), such plan (i) is intended to satisfy the requirements of Sections 401(a), (k) and (m) of the Code and (ii) will have received, or the Purchaser shall cause to be filed within the time period prescribed by the Code an application for a favorable determination letter from the IRS regarding such qualified status and covering amendments required to have been adopted prior to the expiration of the applicable remedial amendment period. Except as required by Law,

Reliant Energy, Inc. Savings Plan.

(i) Claims of Continuing Employees and their eligible beneficiaries and dependents for medical, dental, prescription drug, life insurance, and/or other welfare benefits ("Welfare Benefits") (other than long-term disability benefits) that are incurred on or before the Closing Date shall be the sole responsibility of the Seller Affiliate Plans. Claims of Continuing Employees and their eligible beneficiaries and dependents for Welfare Benefits (other than long-term disability benefits) that are incurred after the Closing Date shall be the sole responsibility of the Purchaser or its designee. Claims for workers compensation and unemployment compensation incurred on or prior to Closing shall be the sole responsibility of the Seller and its Affiliates. For purposes of the preceding provisions of this paragraph, a medical/dental claim shall be considered incurred on the date when the medical/dental services are rendered or medical/dental supplies are provided, and not when the condition arose or when the course of treatment began. Claims for long-term disability benefits that are made under a Seller Affiliate Plan on or prior to the Closing Date, or claims that are made following the Closing Date that are associated with a disabling event incurred by a Continuing Employee prior to the Closing Date, shall be the sole responsibility of the Seller Affiliate Plan. Except as provided in the preceding sentence, claims of Continuing Employees and their eligible beneficiaries and dependents for long-term disability and workers' compensation benefits that are incurred after the Closing Date shall be the sole responsibility of the Purchaser or its designee. For purposes of the preceding provisions of this paragraph, claims for long-term disability benefits based on an injury or illness occurring on or prior to the Closing Date will be deemed to have been incurred prior to the Closing Date. In the case of any claim for benefits other than a medical/dental claim or a long-term disability claim, a claim will be deemed to have been incurred upon the occurrence of the event giving rise to such claim. For avoidance of doubt, Seller and its Affiliates shall retain all liabilities for providing continuation coverage as required pursuant to COBRA with respect to any individual and their dependents who were employees of the Subject Companies and whose qualifying event occurred prior to or on the Closing Date (except to the extent coverage was provided under an Assumed Benefit Plan, in which case such liability will be borne by Purchaser).

(j) Except to the extent required by Law, the Seller shall not pay Continuing Employees their accrued and unused vacation time (as reflected on Subject Company balance sheets or employment records), and the Purchaser or an Affiliate of the Purchaser, as applicable, shall be required to provide, without duplication of benefits, all such Continuing Employees all accrued and unused vacation (to the extent reflected in Subject Company balance sheets or employment records) through the Closing Date to the extent reflected on the Retail Financial Statements and settled pursuant to Section 7.13.

(k) If, within the period of twelve (12) months following the Closing Date, the employment of a Continuing Employee is terminated by the Purchaser or an Affiliate of the Purchaser or the Subject Companies for a reason other than cause (as that term is defined in the Severance Plan (as defined below) as of the date hereof), then, in any such case, the Purchaser shall provide such Continuing Employee with severance benefits at least equal to the severance benefits which such Continuing Employee would have received under the Severance

Plan in which the Continuing Employee participates as of the date hereof had the employment of such Continuing Employee been terminated under circumstances entitling him or her to benefits under such plan. Such severance benefits shall be determined based on the terms of the Severance Plan in effect on the date hereof, but the Purchaser shall take into account such Continuing Employee's aggregate service with the Purchaser and its Affiliates and his or her pre-Closing Date service recognized pursuant to Section 7.6(f). As used in this Agreement, "Severance Plan" shall mean any of the Plans identified on Section 7.6(k) of the Seller Disclosure Letter.

(l) Nothing in this Section 7.6 shall represent a guarantee of employment to any of the Continuing Employees, nor prohibit or restrict in any way the right of the Purchaser or its Affiliates, as appropriate, to terminate the employment of any Continuing Employee consistent with applicable Law.

(m) Prior to or on the Closing Date, Seller shall take all actions necessary to fully vest each Continuing Employee in their accrued benefit or account balance as of the Closing Date, in any retirement plan (regardless of whether such retirement plan is intended to qualify under Section 401(a) of the Code) that is a Seller Affiliate Plan other than an Assumed Benefit Plan.

(n) To the extent reflected on the Retail Financial Statements and settled pursuant to Section 7.13, the Purchaser shall assume and pay all annual incentive amounts earned or accrued under the Seller's incentive and bonus plans set forth on Section 7.6(n) of the Seller Disclosure Letter (the "Annual Incentive Plans"), and agrees to pay any such amounts at a time and in a manner that are consistent with the terms of such Annual Incentive Plans and historical past practices.

(o) Except as specifically set forth herein, after Closing, the Seller and its Affiliates (other than the Subject Companies) shall retain and indemnify, defend and hold harmless the Purchaser, the Subject Companies and its and their Affiliates from and against any liabilities arising under any Seller Affiliate Plan or any other employee benefit plan program or arrangements to which the Seller or any ERISA Affiliate of the Seller has any liability, other than an Assumed Benefit Plan. In addition, the Seller or its Affiliates (other than the Subject Companies) shall indemnify, defend and hold harmless the Purchaser, the Subject Companies and its and their Affiliates against any liabilities or obligations of any kind arising prior to the Closing to provide any post employment health or life insurance benefits to any current or former employees of the Subject Companies other than as specifically required pursuant to COBRA.

(p) Prior to the Closing Date, the Seller shall take all actions necessary, if any, to transfer the sponsorship and liability associated with the Power of One Incentive Plan to the Seller or one of its Affiliates (other than the Subject Companies) and shall pay any amounts accrued by any Continuing Employees in accordance with the terms of the Power of One Incentive Plan as in effect as of the Closing Date. For the avoidance of doubt, neither the Purchaser nor the Subject Companies shall assume any responsibility or liability with respect to any benefit under the Power of One Incentive Plan.

(q) Nothing contained herein, express or implied: (i) shall be construed to establish, amend, or modify any benefit plan, program, agreement or arrangement, (ii) shall alter or limit the Purchaser's ability to amend, modify or terminate, consistent with this Agreement, any benefit plan, program, agreement or arrangement at any time assumed, established, sponsored or maintained by the Purchaser, (iii) is intended to confer upon any current or former employee any right to employment or continued employment for any period of time by reason of this Agreement, or any right to a particular term or condition of employment, or (iv) is intended to confer upon any individual (including employees, retirees, or dependents or beneficiaries of employees or retirees) any right as a third-party beneficiary of this Agreement.

Section 7.7 Tax Matters.

(a) Transfer Taxes. Notwithstanding any other provision of this Agreement to the contrary, the Purchaser shall pay all Transfer Taxes, if any, arising out of or in connection with the transactions contemplated by this Agreement. The Purchaser shall prepare and file all necessary documentation and Tax Returns with respect to such Transfer Taxes; *provided*, *however*, that the Seller shall cooperate with the Purchaser and take any action reasonably requested by the Purchaser which does not cause the Seller to incur any cost in order to minimize such Transfer Taxes. " Transfer Taxes" shall mean any and all transfer Taxes (excluding Taxes measured in whole or in part by net income or Taxes imposed under Texas Tax Code Section 171), including sales, use, excise, stock, stamp, documentary, filing, recording, permit, license, authorization and similar Taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges of the same or of a similar nature to any of the foregoing.

(b) Tax Returns. Except as otherwise provided in Section 7.7(a) above, the Seller shall prepare and file or cause to be prepared and filed when due (i) all Tax Returns that are required to be filed by or with respect to any of the Subject Companies for taxable years or periods ending on or before the Closing Date and (ii) all Texas franchise Tax Returns in which the Subject Companies would be included for pre-Closing activities, and the Seller shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. The Seller shall permit the Purchaser to review and comment upon such Tax Returns described in clause (ii) of this Section 7.7(b) prior to the filing thereof, such comments to be considered in good faith by the Seller. The Purchaser shall prepare and file or cause to be prepared and filed when due all Tax Returns that are required to be filed by or with respect to any of the Subject Companies for taxable years or periods ending after the Closing Date (excluding any Texas franchise Tax Returns in which the Subject Companies would be included for pre-Closing activities), and the Purchaser shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. All such Tax Returns shall be prepared in a manner consistent with past practice. The Purchaser shall provide a written request to the Seller setting forth in detail the computation of the amount owed by the Seller for taxable periods that end on or before the Closing Date, and, with respect to any Straddle Period, the portion of such Straddle Period deemed to end on and include the Closing Date, at least 30 days prior to the due date for the applicable Tax Return. The Seller shall pay to the Purchaser, no later than two days prior to the due date for the applicable Tax Return, the Seller's allocable share pursuant to this Section 7.7 of the Taxes which are payable with any Tax Return to be filed by the Purchaser with respect to any Straddle Period. The term " Straddle Period" means a taxable year or period beginning on or before, and ending after, the Closing Date.

(c) Computation of Tax Liabilities. To the extent permitted or required by applicable Law or administrative practice, the taxable year of each of the Subject Companies which includes the Closing Date shall be treated as closing on (and including) the Closing Date. For purposes of apportioning between the Seller and the Purchaser the Taxes of any of the Subject Companies or with respect to the assets of any of the Subject Companies for a Straddle Period (which is not treated under the immediately preceding sentence as closing on the Closing Date), such liability shall be apportioned between the period deemed to end at the close of the Closing Date, and the period deemed to begin at the beginning of the day following the Closing Date on the basis of an interim closing of the books, except that Taxes (such as real or personal property Taxes) imposed on a periodic basis shall be allocated on a daily basis.

(d) Assistance and Cooperation. Each of the Purchaser and the Seller shall provide the other with such assistance as may reasonably be requested (including access to the assets, properties, personnel and records of any of the Subject Companies) by the other Party in connection with the preparation of any Tax Return, any audit or other examination by any Tax Authority, or any judicial or administrative proceedings relating to liability for Taxes with respect to any of the Subject Companies and each shall retain and provide the requesting Party with any records or information which may be relevant to such return, audit or examination, proceedings or determination. Any information obtained pursuant to this Section 7.7 or pursuant to any other Section hereof providing for the sharing of information or review of any Tax Return or other schedule relating to Taxes with respect to any of the Subject Companies shall be kept confidential by the Parties hereto except to the extent that a Party is legally compelled to disclose such information.

(e) Contests.

(i) Notice. After the Closing Date, the Purchaser and the Seller shall each notify the other in writing within ten days of the commencement of any audit or administrative or judicial proceeding affecting the Taxes or Tax attributes of any of the Subject Companies, which, if determined adversely to the taxpayer or after the lapse of time would be grounds for indemnification under this Section 7.7 by the other Party ("Tax Indemnitor"). Such notice shall contain factual information describing any asserted Tax liability in reasonable detail and shall include copies of any notice or other document received from any Tax Authority in respect of any such asserted Tax liability. If either the Purchaser or the Seller fails to give the other Party prompt notice of an asserted Tax liability as required under this Agreement, then (A) if the Tax Indemnitor is precluded by the failure to give prompt notice from contesting the asserted Tax liability in any administrative or judicial forum, then such Party shall not have any obligation to indemnify the other Party for any Losses arising out of such asserted Tax liability and (B) if the Tax Indemnitor is not so precluded from contesting, if such failure to give prompt notice results in a detriment to the Tax Indemnitor, then any amount which the Tax Indemnitor is otherwise required to pay pursuant to this Section 7.7 with respect to such liability shall be reduced by the amount of such detriment.

(ii) Control of Contests Involving Pre-Closing Periods or Straddle Periods. In the case of an audit or administrative or judicial proceeding involving any Taxes or Tax attributes relating to any taxable years or periods ending on

or before the Closing Date or any Straddle Period of any of the Subject Companies, the Seller shall have the right, at its expense, to control the conduct of such audit or proceeding; *provided*, *however*, that if such audit or proceeding would be reasonably expected to result in a material increase in Tax liability of any of the Subject Companies for which the Purchaser would be liable under this Section 7.7, the Purchaser may participate in the conduct of such audit or proceeding at its own expense and the Seller shall not settle any such audit or proceeding without the consent of the Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed.

(iii) Control of Contests Involving Post-Closing Periods. In the case of an audit or administrative or judicial proceeding involving any Taxes or Tax attributes relating to any taxable years or periods beginning on or after the Closing Date of any of the Subject Companies, the Purchaser shall have the right, at its expense, to control the conduct of such audit or proceeding; *provided*, *however*, that if such audit or proceeding would be reasonably expected to result in a material increase in Tax liability of any of the Subject Companies for which the Seller would be liable under this Section 7.7, the Seller may participate in the conduct of such audit or proceeding at its own expense and the Purchaser shall not settle any such audit or proceeding without the consent of the Seller, which consent shall not be unreasonably withheld, conditioned or delayed.

(f) Indemnification by the Seller. Notwithstanding any other provision of this Agreement, the Seller shall indemnify the Purchaser and the Subject Companies, as applicable, from and against and in respect of (i) any and all Losses incurred by the Purchaser or the Subject Companies, as applicable, which may be imposed on, sustained, incurred, or suffered by or assessed against the Purchaser or the Subject Companies, as applicable, directly or indirectly, to the extent relating to or arising out of any liability for Taxes of any of the Subject Companies, for any taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period deemed to end on and include the Closing Date, (ii) any and all Losses of any person (other than one of the Subject Companies) imposed on one of the Subject Companies as a transferee or successor, by contract or pursuant to any law, rule or regulations, which Taxes relate to an event or transaction occurring before the Closing, and (iii) all Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Subject Companies is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation Section 1.1502-6, Texas Tax Code section 171, or any analogous or similar state, local, or non-U.S. law or regulation.

(g) Indemnification by the Purchaser. Notwithstanding any other provision of this Agreement, the Purchaser shall indemnify the Seller from and against and in respect of any and all Losses incurred by the Seller, which may be imposed on, sustained, incurred, or suffered by or assessed against the Seller, directly or indirectly, to the extent relating to or arising out of (i) any liability for Taxes of any of the Subject Companies for any taxable year or period that begins after the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period beginning the day after the Closing Date or (ii) any liability for Transfer Taxes arising out of or in connection with the transactions contemplated by this Agreement.

(h) Refunds. Any Tax refund (including any interest in respect thereof) received by the Purchaser or any of the Subject Companies, and any amounts credited against Tax to which the Purchaser or any of the Subject Companies becomes entitled (including by way of any amended Tax Returns) that relate to any taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period deemed to end on and include the Closing Date, shall be for the account of the Seller, and the Purchaser shall pay to the Seller any such refund or the amount of any such credit (net of any Taxes imposed on, and fees or expenses incurred by, the Purchaser and its Affiliates with respect to such refund or credit) within fifteen (15) days after receipt or entitlement thereto.

(i) Tax Sharing Agreements. All Tax allocation, Tax sharing, Tax indemnity or similar agreements between the Seller or any of its Affiliates (other than any of the Subject Companies), on the one hand, and any of the Subject Companies, on the other hand, shall be terminated with respect to any of the Subject Companies on or prior to the Closing Date, and, after the Closing Date, neither the Seller nor any of its Affiliates (other than any of the Subject Companies), on the one hand, nor any of the Subject Companies, on the other hand, shall be bound thereby or have any further liability or obligation thereunder to the other Party.

(j) Tax Characterization. The Parties agree that, for U.S. federal income Tax purposes (and, where applicable, state, local, and foreign Tax purposes) the purchase and sale of the Company Interests constitutes a direct acquisition by the Purchaser from the Seller of all of the assets of the Company and any entities owned by the Company that are disregarded for U.S. Federal income tax purposes.

Section 7.8 Financial Information.

(a) After the Closing, upon reasonable written notice, the Purchaser and the Seller shall furnish or cause to be furnished to each other and their respective accountants, counsel and other representatives, during normal business hours, such information (including records pertinent to the Subject Companies) as is reasonably necessary for financial reporting and accounting matters.

(b) The Purchaser shall retain all of the books and records of the Subject Companies for a period of six (6) years after the Closing Date or such longer time as may be required by Law. After the end of such period, before disposing of such books or records, the Purchaser shall give notice to such effect to the Seller and give the Seller an opportunity to remove and retain all or any part of such books or records as the Seller may select.

Section 7.9 Termination of Affiliate Contracts. Except as set forth in Section 7.9 of the Seller Disclosure Letter and except as agreed to in writing by the Seller and the Purchaser, all Affiliate Contracts, including any agreements or understandings (written or oral) with respect thereto, shall terminate simultaneously with the Closing without any further action or liability on the part of the parties thereto. Notwithstanding the foregoing, in the absence of a written agreement, the provision of any services (similar to those contemplated by the preceding sentence) by the Seller to the Subject Companies from and after the Closing, which services may be provided by the Seller in its sole discretion, shall be for the convenience, and at the expense, of the Purchaser.

Section 7.10 Intentionally Omitted.

Section 7.11 Seller's Name. At or prior to the Closing, the Seller shall cause the following agreements to be terminated: (i) the Amended and Restated Trademark Trust Agreement, dated as of December 1, 2006 among the Seller, RERH, and Wilmington Trust Company, (ii) the Trademark Administrative Servicing Agreement between Seller and Trademark Trust, dated December 1, 2006, (iii) the Trademark License Agreement between Trademark Trust and Seller, dated December 1, 2006, and (iv) the Trademark License Agreement between Trademark Trust and RERH, dated December 1, 2006. At the Closing, the Seller shall (and shall cause the Trademark Trust and its trustee and Affiliates of the Seller to) transfer and deliver to the Purchaser or its designee all of the right, title and interest in and to the Trademarks pursuant to the Trademark Assignment. Except as set forth in this Section 7.11, after the Closing, Seller shall, and shall cause each of its Affiliates (except for the Subject Companies) to, immediately cease the use of, and not use, apply for, register or maintain, any names, trademarks, service marks or domain names consisting of or incorporating any of the Trademarks or any names, trademarks, service marks or domain names confusingly similar thereto, in any fashion. As soon as reasonably practicable after the Closing but not later than 60 days after the Closing Date, the Seller shall, and shall cause each of its Affiliates (except for the Subject Companies) to, (i) remove the name "Reliant" (or any variation, derivation and translations thereof) and all other names incorporating any Trademarks (the " Reliant Names") from its email addresses, websites, price lists, invoices, literature, brochures, manuals, stationery and business cards, and (ii) change its corporate name so that it does not include any of the Trademarks. As soon as reasonably practicable after the Closing but not later than 120 days after the Closing Date, the Seller shall, and shall cause each of its Affiliates (except for the Subject Companies) to, remove the Reliant Names from all other properties and assets (including facilities, real property signage, signs, flags, supplies and other materials not set forth in the immediately foregoing sentence). Notwithstanding the foregoing, immediately after the Closing, the Seller shall not, and shall cause each of its Affiliates (except for the Subject Companies) not to, use any Reliant Names in any official correspondence or advertising; *provided, however,* that, during the period of 120 days after the Closing Date, the Seller and its Affiliates (except for the Subject Companies) may refer to their respective corporate names used prior to the Closing immediately following or preceding (as applicable) the phrase "formerly known as", "previously doing business as", "doing business as" or other equivalent phrases, solely in connection with notifying third parties of the new corporate names of the Seller or its Affiliates (other than the Subject Companies) or as required by applicable Law. The Seller shall include in the proxy statement for its 2009 annual meeting of shareholders a proposal to amend the Seller's Third Restated Certificate of Incorporation to change the name of the Seller in accordance with this

Section 7.11 (it being understood and agreed that such proposal may be conditioned upon the Closing occurring).

Section 7.12 Further Assurances. Each Party will, and will cause its Subsidiaries (or, in the case of the Purchaser, its Affiliates) to, execute such further documents or instruments and take such further actions as may reasonably be requested by the other Party in order to consummate the transactions in accordance with the terms hereof. Each Party to this Agreement shall execute and deliver such instruments and take such other actions as the other Party may reasonably request in order to carry out the intent of this Agreement, including, without limitation, (i) the execution of back-to-back agreements to effect the transfer from the Seller to the Purchaser of the benefits and burdens to the Seller under any agreement identified in Section 7.12 of the Seller Disclosure Letter, to the extent that the Seller is unable to transfer or assign such agreement to the Purchaser or the Purchaser is unable to renegotiate such agreement prior to the Closing Date and (ii) the delivery of copies of the Source Code to which the Purchaser is provided access, but not a copy, at Closing. The Parties acknowledge that in connection with the separation of the Subject Companies from the Seller the Parties may desire to transfer certain assets or contracts not otherwise provided by this Agreement to the Purchaser or the Subject Companies, or from the Purchaser or the Subject Companies to the Seller. The Parties agree to reasonably cooperate to determine what, if any, such assets or contracts (or rights or benefits with respect to such assets or contracts) should be transferred (or returned to the Seller) to effectuate the general principles used to divide assets pursuant to this Agreement.

Section 7.13 Payments in Respect of Closing Working Capital; Accounts Settlement; Excluded Liabilities Waiver.

(a) For purposes of this Agreement, (i) "Designated Current Assets" shall mean all of the current assets of the Subject Companies reflected in the accounts set forth on Exhibit O as of the effective time of the Closing as determined in accordance with GAAP consistent with the accounting principles, practices and methodologies used in the preparation of the December 31, 2008 consolidated balance sheet of the Company, including, but not limited to, the procedures described in Exhibit O (collectively, the "Settlement Procedures"), (ii) "Designated Current Liabilities" shall mean (x) all of the current liabilities of the Subject Companies as of the effective time of the Closing and (y) all escheat deposits of the Subject Companies as of the effective time of the Closing, in each case reflected in the accounts set forth on Exhibit O as determined in accordance with the Settlement Procedures and (iii) "Segregated Cash" shall mean any cash held by any Subject Company as of the effective time of the Closing that (x) was received by any Subject Company from a customer and (y) under rules promulgated by the PUCT after the date of this Agreement, is required to be maintained as of the effective time of the Closing in a segregated account pending application.

(b) At least three days before the Closing Date, the Seller shall provide the Purchaser with a good faith estimate of the aggregate amount, if any, by which (x) the amount of accounts payable included in the Designated Current Liabilities as of the effective time of the Closing and accounts payable arising from any other accrued Designated Current Liability as of the effective time of the Closing (collectively, the "Designated Payables") (other than Designated Payables that are payable to the Purchaser or any of its Affiliates) which are due during the 20 days immediately following the Closing Date exceeds (y) the aggregate amount of

“Retail Receipts” which are expected to be received during the 20 days immediately following the Closing Date, based on the daily cash forecast prepared by the Seller’s treasury department in the ordinary course of business consistent with past practice on the date of such estimate (the “ Estimated Day 20 Deficit”). Within 10 days following the Closing Date the Purchaser shall provide the Seller with a good faith estimate of the aggregate amount of the Designated Current Assets minus the aggregate amount of the Designated Current Liabilities of the Subject Companies as of the effective time of the Closing (the “ Adjusted Closing Working Capital”) determined in accordance with the attached Exhibit N (the “NWC Estimate”) and the Settlement Procedures using information from the month-end accounting closing. For the avoidance of doubt, the Adjusted Closing Working Capital shall not include any cash paid to the Seller pursuant to Section 7.13(c)(i), and the Adjusted Closing Working Capital shall include any cash of the Subject Companies as of the effective time of the Closing, including any cash contributed by the Seller to the Subject Companies pursuant to Section 7.13(c)(ii) and including any Segregated Cash.

(c) On the Closing Date,

(i) The Seller shall be entitled to cause the Subject Companies to distribute and pay to the Seller by wire transfer of immediately available funds an amount not to exceed (A)(1) the cash and cash equivalents held by the Subject Companies less (2) an amount equal to the Estimated Day 20 Deficit, plus (B) the amount of Segregated Cash, if any, and

(ii) if the aggregate amount of any cash and cash equivalents held by the Subject Companies is less than the Estimated Day 20 Deficit, the Seller shall contribute to the Company an amount equal to the amount by which the Estimated Day 20 Deficit exceeds such cash and cash equivalents. The aggregate amount of cash (other than Segregated Cash) remaining in the Subject Companies as of the effective time of the Closing (after any distribution pursuant to clause (i) and any contribution contemplated by this clause (ii), if applicable, is referred to herein as the “ Closing Date Cash Funding Amount”.

(d) After the Closing Date, the Purchaser shall, and shall cause the Subject Companies to, send invoices in respect of, and use commercially reasonable efforts consistent with the Subject Companies’ past practices to collect, the accounts receivable included in the Designated Current Assets as of the effective time of the Closing and the accounts receivable generated in respect of any unbilled amounts included in the Designated Current Assets as of the effective time of the Closing (collectively, the “ Designated Accounts Receivable ”).

(e) From and after the Closing, on or before the due date the Purchaser shall review and pay or dispute, or shall cause the Subject Companies to review and pay or dispute, consistent with the Subject Companies’ past practices, all Designated Payables and other Designated Current Liabilities.

(f) The Purchaser shall not, and shall cause each Subject Company not to, (i) release, waive or compromise any right in respect of any Designated Account Receivable

or any other Designated Current Asset, including any receivable that was written off prior to the effective time of the Closing, or Designated Current Liability, or (ii) encourage or facilitate any failure or refusal to pay any Designated Account Receivable or other such current asset.

(g) The Purchaser shall make, or shall cause the Subject Companies to make, the payments to the Seller required under Schedule 7.13. All payments pursuant to this Section 7.13(g) shall be made by wire transfer of immediately available funds to an account designated by the Seller.

(h) For purposes of determining the amounts payable under this Section 7.13 the Purchaser shall, and shall cause the Subject Companies to, apply the Settlement Procedures.

(i) Each Party shall provide the other Party and its representatives with copies of all applicable records (including supporting documentation generated in connection with any determination hereunder) necessary for any determination of net working capital or any amounts due hereunder, as well as access to the employees and representatives of such Party to assist the other Party in its review of such supporting records and information.

(j) If the Seller has any objections to any calculation or determination made by the Purchaser or any Subject Company pursuant to this Section 7.13 (including, for the avoidance of doubt, Schedule 7.13), the Seller shall notify the Purchaser in writing (the "Notice of Disagreement") of such disagreement. The Notice of Disagreement shall set forth in reasonable detail of the basis for the disagreement. Thereafter, the Seller and the Purchaser shall attempt in good faith to resolve any such objection. If the Seller and the Purchaser are unable to resolve in good faith the disagreement within 30 days after the delivery of the Notice of Disagreement, such disagreement shall be referred to an independent accounting and auditing firm of nationally recognized standing (who shall not be the regular outside accounting and auditing firm of either Party) (the "Independent Expert") mutually selected by the Seller and the Purchaser for a resolution of such disagreement, in accordance with the requirements of this Section 7.13. If the Parties do not promptly agree on the selection of an Independent Expert, each of them shall appoint an independent public accounting firm (the fees, costs and expenses of such independent public accounting firm shall be borne by the Party appointing such firm) and such two independent public accounting firms shall jointly select the Independent Expert. Each Party shall submit its calculation of the disputed components of the relevant item or amount to the Independent Expert, along with such supporting information as it deems appropriate, on or before the end of the fifth Business Day following the referral of the matter to the Independent Expert. In making its determination, the Parties shall jointly instruct the Independent Expert to consider only those items or amounts as to which the Seller has disagreed, to select which of the two items or amounts is closer to the appropriate item or amount consistent with the requirements of this Section 7.13, and to notify the Parties as promptly as practicable as to which is so selected. The Independent Expert's selection shall be final and binding on the Parties, the Parties shall use the item or amount selected, and the non-prevailing Party shall bear the fees and expenses of the Independent Expert. The Parties may agree to any calculation at any time.

(k) Seller and its Affiliates, in addition to their indemnity obligations in Section 10.2(a)(iii), hereby waive enforcement, release, and fully discharge the Subject

Companies of any obligations with respect to the Excluded Liabilities at and as of the effective time of the Closing.

Section 7.14 Transition Services Agreement. At or prior to the Closing, the Seller, the IT Trust and RERH shall enter into the Transition Services Agreement.

Section 7.15 Computer Systems.

(a) At the Closing, the Seller shall and shall cause its Affiliates (excluding the Subject Companies but including the IT Trust) to:

(i) transfer to RERH all right, title and interest in and to the computer software (and accompanying Intellectual Property rights) listed as “Internal” in Section 7.15(a)(i) of the Seller Disclosure Letter;

(ii) transfer to RERH all right, title and interest in and to any modifications owned by Seller or any of its Affiliates to the computer software (and accompanying Intellectual Property rights) listed as “Vendor SW” and in and to any modifications owned by Seller or any of its Affiliates to any service (and accompanying Intellectual Property rights) listed as a “service” in Section 7.15(a)(i) of the Seller Disclosure Letter;

(iii) transfer to RERH the Seller’s entire contractual right to use the computer software and services listed in Section 7.15(a)(iii) of the Seller Disclosure Letter, provided that the transfer of applicable Contracts (other than those set forth on Section 3.2(i) of the Seller Disclosure Letter) shall be subject to obtaining any applicable Seller Required Consents;

(iv) transfer to RERH that portion of the Seller’s contractual right to use the computer software and services listed in Section 7.15(a)(iv) of the Seller Disclosure Letter as are used in the Retail Business as of the date of this Agreement, provided that the transfer of applicable Contracts (other than those set forth on Section 3.2(i) of the Seller Disclosure Letter) shall be subject to obtaining any applicable Seller Required Consents;

(v) grant to the Subject Companies a license to computer software listed in Section 7.15(a)(v) of the Seller Disclosure Letter under the terms and conditions of the IP License Agreement; and

(vi) transfer to RERH all right, title and interest in and to the network hardware, telecom hardware, Unix server hardware, Unix storage hardware, Wintel server hardware, Wintel storage hardware and other hardware set forth on Section 7.15(a)(vi) of the Seller Disclosure Letter.

(b) The Parties acknowledge and agree that any third-party consents required in connection with the assignment or partitioning of any Contracts under Section 7.15(a)(iii) or Section 7.15(a)(iv) shall constitute Seller Required Consents. If obtaining any such Seller Required Consent or any consent in connection with the satisfaction of the condition

set forth in Section 8.2(i) will require the payment of consideration to a third party, each of the Seller and the Purchaser shall pay fifty percent (50%) of all such consideration. Except as set forth in the immediately preceding sentence, each of the Seller and the Purchase will be responsible for on-going costs associated with the assigned or partitioned Contracts of such Party.

Section 7.16 Insurance. Except as otherwise provided in this Section 7.16, the Purchaser acknowledges that the Retained Policies will not continue to insure the assets or business of the Subject Companies after the Closing Date. Except as otherwise provided in this Section 7.16, the Purchaser hereby further acknowledges that after the Closing Date, if a Subject Company suffers any casualty or loss, including a product liability or workers' compensation claim, such loss shall be payable solely by the Purchaser, and shall not be payable by the Seller or under the Retained Policies. The Seller shall keep in force the Retained Policies for at least six (6) years after the Closing Date with respect to occurrences on or prior to the Closing Date related to the Subject Companies or the Retail Business, and shall name the Purchaser and the Subject Companies as additional named insureds upon the Closing (with the exception of worker's compensation insurance, on which Purchaser shall be named as an alternative Employer); *provided that* the Seller may, in good faith and consistent with prudent industry practice, discontinue the Retained Policies after the Closing Date, if the Seller obtains and maintains tail coverage liability insurance with respect to the Subject Companies and the Retail Business, which shall remain in effect for at least six (6) years after the Closing Date. The Seller shall provide notice to its insurer of the Closing of the transactions described in this Agreement. The Purchaser shall be responsible for any deductibles for claims made after the Closing Date under the Retained Policies with respect to the Subject Companies and the Retail Business. To the extent the Purchaser or any of its Affiliates has or obtains substitute policies to the Retained Policies, such substitute policies shall include a waiver of any rights of subrogation that the insurance carriers underwriting such policies may have against Seller or Seller's Affiliates, or under the Retained Policies.

Section 7.17 Non-Solicitation. Subject to Section 7.18(g), the Seller agrees that from the execution of this Agreement to two years after the Closing Date, none of the Seller or any of its Affiliates will offer (*provided that* it shall not be deemed an "offer" to conduct a general solicitation through the use of media advertisements, the internet or professional search firms not targeted specifically at the Subject Companies (a " General Solicitation")) to hire, or otherwise employ any Continuing Employee, other than (i) any individual who initiated contact with the Seller or any of its Affiliates in response to a General Solicitation, (ii) with the prior consent of the Purchaser, or (iii) individuals who were terminated by the Purchaser prior to any discussions of potential employment or terms of employment between any such individual and the Seller or its Affiliates.

Section 7.18 Non-Compete.

(a) The Seller, for itself and on behalf of its wholly owned Subsidiaries (other than the Subject Companies), agrees that for a period of forty-eight (48) calendar months beginning at the Closing, neither the Seller nor its wholly owned Subsidiaries (other than the Subject Companies) shall (i) offer, or participate through ownership, in the sale or marketing of electric energy to retail customers as a power marketer, Retail Electric Provider, or

Provider of Last Resort in each case within the ERCOT region (the " Restricted Business"), or (ii) license any Intellectual Property owned by the Seller or such Subsidiaries (or use any such Intellectual Property to provide any services) to any Person that engages in any Restricted Business; *provided*, *however*, that notwithstanding the foregoing, nothing contained herein shall restrict Seller or any of its Subsidiaries from owning all or any part of, or managing or otherwise participating in any manner in, any cogeneration project all or a portion of the electric output of which is sold to the steam host or hosts, or taking any action incidental thereto or holding any license in connection therewith.

(b) Effective upon the Closing, Seller shall, or shall cause its wholly owned Subsidiaries (other than the Subject Companies, REST, or RETR) to, apply for the withdrawal or termination of any authorizations by any Governmental Authority to supply competitive energy supply services to retail customers in the ERCOT region; *provided*, *however*, that notwithstanding the foregoing, nothing contained herein shall restrict Seller or any of its Subsidiaries from owning all or any part of, or managing or otherwise participating in any manner in, any cogeneration project all or a portion of the electric output of which is sold to the steam host or hosts, or taking any action incidental thereto or holding any license in connection therewith.

(c) Nothing contained in this Agreement shall prohibit the Seller or any Subsidiary or Affiliate of the Seller from entering into an agreement providing for, or from consummating, (i) any business combination transaction (including any merger, consolidation, stock or asset purchase or sale or other similar transaction) with, or (ii) any acquisition (whether by merger, consolidation, stock or asset purchase or other similar transaction) of all or substantially all of the shares of capital stock of, or all or substantially all of the partnership or other equity interest in, or all or substantially all of the assets or business of, any Person that engages in any Restricted Business; *provided however*, that if (x) such Restricted Business constitutes a Significant Restricted Business and (y) such transaction does not constitute a Change of Control, then the Seller shall use commercially reasonable efforts to sell to an unaffiliated third party as soon as reasonably practicable after such acquisition such Restricted Business, and the conduct of such Significant Restricted Business pending such sale shall not be prohibited by this Agreement. In the event that any such Restricted Business does not constitute a Significant Restricted Business, the conduct of such Restricted Business shall not be prohibited by this Agreement; *further provided that* none of the Intellectual Property owned by the Seller after the Closing, personnel employed by the Seller or any Subsidiary as of the Closing, or information retained by the Seller concerning the assets, financial condition, results of operations, customer lists and prospects of the Company and the Retail Business may be utilized in the conduct of any such Restricted Business (or with respect to such Intellectual Property, licensed or used to provide any services to any Person (other than the Purchaser or any Subject Company) that engages in any Restricted Business) for a period of twenty-four (24) months after the Closing Date (except from and after the occurrence of a Change in Control, in which case the restrictions of this proviso on the conduct of such Restricted Business shall not apply). For the avoidance of doubt, nothing contained in this Section 7.18(c) shall be deemed to permit the Seller or any Subsidiary of the Seller to conduct any Restricted Business using any Reliant Name.

(d) Nothing contained in this Agreement shall prohibit the Seller or any Subsidiary or Affiliate of the Seller from acquiring or holding shares of capital stock or a partnership or other equity interest in any Person that engages in any Restricted Business if such Restricted Business constitutes a Significant Restricted Business, where such shares or interest represent no more than (x) 15% of the outstanding voting power in such Person, if such Person does not have any class of equity securities registered under the Exchange Act, or (y) 25% of the outstanding voting power in such Person, if such Person has any class of equity securities registered under the Exchange Act; *provided*, however, that in each such case, such shares or interests are purchased and/or held solely for investment purposes and the Seller and its Affiliates abide by the proviso relating to the use of Intellectual Property, personnel and information in Section 7.18(c).

(e) The Seller, for itself and on behalf of its wholly owned Subsidiaries (other than the Subject Companies), acknowledges and agrees that the restrictions set forth in this Section 7.18 are reasonably designed to protect the Purchaser's substantial investment and are reasonable with respect to duration, geographical area and scope and do not impose undue hardship on the Seller or any of its Subsidiaries. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 7.18 is invalid or unenforceable, the Parties agree that the court making the determination of invalidity or enforceability shall have the power to reduce the duration, geographical area or scope of such term or provision such that the term or provision is valid and enforceable and comes closest to expressing the intention of the invalid or unenforceable term or provision.

(f) Certain Definitions. For purposes of this Section 7.18, the following terms have the following meanings:

(i) "Change of Control" means any merger, consolidation, restructuring, transfer of assets or other business combination, sale of shares of capital stock, tender offer, exchange offer, recapitalization, stock repurchase program or other similar transaction (x) that results in any Person or Persons beneficially owning 50% or more of any class of equity securities of the Seller or (y) following which the voting securities of the Seller outstanding immediately prior to such transaction do not represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 60% of the combined voting power of the securities of the Seller or such surviving entity or any parent thereof outstanding immediately after such transaction.

(ii) "Significant Restricted Business" shall mean, with respect to a particular Person, the Restricted Business of such Person if more than 20% of such Person's consolidated total revenues during the most recently completed fiscal year were derived from such Person's Restricted Business.

(g) Notwithstanding anything in this Agreement to the contrary, none of the restrictions set forth in Section 7.17 or this Section 7.18 shall apply to (i) for the avoidance of doubt, any Person that is not directly or indirectly wholly owned by the Seller (other than the Seller or Persons controlled by the Seller or any of its Subsidiaries), (ii) any Person that, or any Person who is a Subsidiary or Affiliate of any Person that, (x) acquires all or any portion of the

assets of, or equity interests in, the Seller or any of its Subsidiaries (whether by merger, consolidation, stock or asset purchase or other similar transaction), and (y) prior to such acquisition was not a wholly owned Subsidiary of the Seller, (iii) any Person that has been a Subsidiary of the Seller if it ceases to be an Affiliate of the Seller or (iv) the Seller or any of its Subsidiaries or Affiliates (or any successor or assign of any of the foregoing) from and after the occurrence of a Change of Control.

Section 7.19 Transfer of the Seller's Interest in RESE and Certain Assets Held by RE Supply . The Seller and the Purchaser agree that on or prior to the Closing Date, the Seller shall (i) transfer or distribute all of the membership interests in RESE to an Affiliate (other than a Subject Company) of the Seller (the "RESE Transfer"); (ii) cause RE Supply to assign to Reliant Energy Services, Inc. or to another Subsidiary of the Seller with market based rates and which is not a Subject Company, and cause such assignee to assume all of the obligations of RE Supply under, the contracts set forth in Section 7.19(ii) of the Seller Disclosure Letter (the "RE Supply Transfer"); (iii) cause the contracts set forth on Section 7.19(iii) of the Seller Disclosure Letter to be assigned to RESE; and (iv) cause RE Supply to either (x) terminate and shutdown its membership and settlement account with PJM or (y) transfer to an Affiliate (other than a Subject Company) of the Seller its membership and settlement account with PJM. Neither the Seller nor any Subsidiary of the Seller shall have any obligation to pay or otherwise compensate the Company, RE Supply or the Purchaser for the RESE Transfer or the RE Supply Transfer.

Section 7.20 Transfer of Certain Assets to the Subject Companies . At or prior to the Closing, the Seller shall or shall cause the IT Trust and its other Subsidiaries, where applicable, to assign to the Subject Companies, and shall cause the Subject Companies to assume and agree to perform and discharge, all contracts listed on Section 3.2(i) of the Seller Disclosure Letter and other assets listed in Section 7.20 of the Seller Disclosure Letter. On the Closing Date, the Seller and the Purchaser agree that the Seller shall cause Reliant Energy Services, Inc. to transfer to the Purchaser, and the Purchaser shall accept and assume and agree to perform, the ICE cleared swap contracts relating to the Upton Wind Contract held by Reliant Energy Services, Inc. as of the Business Day prior to the Closing Date (ICE Deal IDs 6495331, 6495387, 6495558/ Reliant Deal IDs 42286382, 42286383, 42286384). All such ICE position transfers shall be at the original prices and provisions thereof, for the remaining term thereof, and each Party shall pay its own broker's fees and futures clearing member (FCM) fees.

Section 7.21 Performance of Obligations under Master Separation Agreement .

(a) At or prior to the Closing, the Seller shall be entitled to cause each Subject Company to execute and deliver to the Seller (i) a release by such Subject Company for itself and its Affiliates (other than Seller and its Subsidiaries (other than the Subject Companies)), successors and assigns, and all Persons who at any time prior to the "IPO Closing Date" (as defined in the Master Separation Agreement) have been shareholders, directors, officers, agents or employees of such Subject Company (in each case, in their respective capacities as such) to effectuate the provisions of Section 3.1(a) of the Master Separation Agreement, (ii) an agreement not to make any claim or demand or commence any "Action" (as defined in the Master Separation Agreement, hereinafter referred to as an "MSA Action") asserting any claim or demand prohibited by Section 3.1(d) of the Master Separation Agreement, (iii) an agreement to comply with Section 3.1(e) of the Master Separation Agreement, (iv) an

agreement to comply with Article IX of the Master Separation Agreement (to the extent applicable), (v) an agreement to comply with the provisions of Section 10.5 of the Master Separation Agreement applicable to a member of the "Resources Group" (as defined in the Master Separation Agreement), (vi) an agreement to comply with the provisions of Section 10.9 of the Master Separation Agreement applicable to a member of the "Resources Group" (as defined in the Master Separation Agreement), (vii) an agreement to comply with the provisions of Section 10.15 of the Master Separation Agreement and (viii) an agreement that it is bound by the limitations of liability set forth in Section 11.1 of the Master Separation Agreement to the extent applicable. The Purchaser shall have the right to review and approve each such document contemplated herein, such approval not to be unreasonably withheld or delayed. From and after the Closing, the Purchaser shall cause each Subject Company to comply with and perform its obligations under the agreements referred to in clauses (ii), (iii), (iv), (v), (vi), and (vii) of this Section 7.21(a).

(b) Following the Closing Date, if the Seller receives written notice from any "REI Indemnitee" (as defined in the Master Separation Agreement) seeking indemnification from any Subject Company or alleging circumstances that the Seller believes would reasonably be expected to lead to a claim for indemnification pursuant to Section 3.2 of the Master Separation Agreement, the Seller shall deliver such written notice to the Purchaser as soon as reasonably practicable. At no cost to the Purchaser, the Seller shall also provide to the Purchaser, in a timely manner, copies of all agreements, exhibits, filings or other documentation in Seller's possession which are applicable to any such indemnification claim against a Subject Company (except where doing so would violate any applicable confidentiality restrictions).

(c) From and after the Closing, when requested by the Purchaser on behalf of any Subject Company, the Seller shall use commercially reasonable efforts to enforce (i) the releases contemplated by the Master Separation Agreement and (ii) the covenants and agreements of the "REI Group" (as defined in the Master Separation Agreement) applicable to such Subject Company. Enforcement at the request of the Purchaser shall be at cost of the Purchaser, and unless specified elsewhere in this Agreement, the cost of any joint enforcement activity shall be shared equally among the Seller and the Purchaser.

(d) Without limiting the generality of Section 7.21(c), in prosecuting or defending any claim on behalf of a Subject Company under the Master Separation Agreement, including any claim for indemnification by or from a Subject Company (each a " Subject Company MSA Claim"), the Seller shall, at the cost and expense of the Purchaser, (i) diligently, in good faith and on a commercially reasonable basis, prosecute or defend, as applicable, using counsel selected by the Purchaser, the Subject Company MSA Claim, and consult in good faith with the Company regarding such prosecution or defense, (ii) provide the Company with copies of all notices, pleadings, subpoenas, filings, correspondence or other documents received in connection with the Subject Company MSA Claim, and (iii) give the Company adequate prior notice of, and the full opportunity to review and comment on, all filings, motions or other pleadings with respect to the Subject Company MSA Claim. In addition, the Seller shall not take any action to settle, terminate or cease litigation of any Subject Company MSA Claim, or to appeal or to decline to appeal any finding, ruling, order or judgment in connection with such prosecution or defense of such Subject Company MSA Claim, in any case without the prior

written consent of the Company. The Seller shall not assert any Subject Company MSA Claim unless requested to do so by the Purchaser.

(e) If the Seller learns of any act or omission by any member of the REI Group that the Seller believes is reasonably likely to constitute a breach of the Master Separation Agreement related to the Retail Business, the Seller shall provide the Purchaser with notice thereof. If the Seller receives any written notice from CenterPoint under the Master Services Agreement that the Seller understands relates to the Retail Business, the Seller shall provide a copy of such notice to the Purchaser as soon as reasonably practicable.

(f) In connection with any matter covered by this Section 7.21, each Party shall provide the other Party at the providing Party's offices and, except as otherwise provided herein, at no cost with reasonable access to any of its employees with relevant knowledge and to any documents in its possession (except where doing so would violate any applicable confidentiality restrictions).

(g) The Seller shall indemnify, defend and hold harmless the Subject Companies from and against any indemnification claim against any Subject Company by any "REI Indemnitee" (as defined in the Master Separation Agreement) under Section 3.2 of the Master Separation Agreement, other than any claim with respect to which any Subject Company is an "Appropriate Member of the Resources Group" (as defined in the Master Separation Agreement). The procedures set forth in Section 10.5 shall apply to any claim for indemnification under this Section 7.21(g). For the avoidance of doubt, the indemnity contemplated in this Section 7.21(g) shall include corporate related claims against the Seller (as opposed to retail-related or wholesale-related claims), even if Seller's past practice was to allocate as an accounting matter the cost of such claims to its Subsidiaries.

(h) In addition, from and after the effective time of the Closing, the Purchaser shall indemnify, defend and hold harmless each of the "REI Indemnitees" (as defined in the Master Separation Agreement) from and against any and all "Losses" (as defined in the Master Separation Agreement) of the REI Indemnitees relating to, arising out of or resulting from (without duplication) any of the matters set forth in Section 3.2 of the Master Separation Agreement to the extent that any Subject Company is an "Appropriate Member of the Resources Group" (as defined in the Master Separation Agreement) with respect to such Loss; provided, however, that the obligations of the Purchaser under this Section 7.21(h) shall be applicable only to "Losses" (as defined in the Master Separation Agreement) to the extent arising out of the Retail Business. The Purchasers obligations under this Section 7.21(h) shall be subject to, and performed in compliance with, the other applicable provisions of Article III of the Master Separation Agreement (determined as if the Purchaser were the "Appropriate Member of the Resources Group" for such purposes).

(i) Between the date of this Agreement and the Closing, the Seller and the Purchaser shall jointly use commercially reasonable efforts to negotiate in good faith an agreement with CenterPoint to novate the provisions of the Master Separation Agreement described in Section 7.21(a) and Section 7.21(h) from the Seller to the Subject Companies (but only the obligations and agreements under such provisions contemplated by and to the extent of Section 7.21(a)) or, with respect to Section 7.21(h), to the Guarantor, in any such case, with the

Seller released from such provisions insofar as such provisions relate to the Subject Companies and CenterPoint having direct rights against the Subject Companies or, with respect to Section 7.21(h), the Guarantor, in respect of such provisions, and to provide the Subject Companies with contractual rights directly against CenterPoint with respect to the releases, covenants and agreements of the "REI Group" contemplated by Section 7.21(c) (a "CNP Novation Agreement"). In the event that the Seller, the Guarantor, CenterPoint and the Subject Companies enter into a CNP Novation Agreement, the provisions of Section 7.21(c), Section 7.21(d) and Section 7.21(e) shall become null and void; provided, however, that the Seller shall not permit the Subject Companies to enter into a CNP Novation Agreement without the prior written consent of the Purchaser, such consent not to be unreasonably withheld.

(j) Notwithstanding anything in this Section 7.21 to the contrary, this Section 7.21 shall not apply to any [*****].

Section 7.22 REST and RETR.

(a) Not less than 10 days prior to the Closing Date, the Seller will execute any notices necessary to designate REST and RETR to a "QSE" identified by the Purchaser that is one of the Subject Companies or an Affiliate of the Purchaser, such designation to be effective as of the Closing.

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

(b) The Purchaser shall be responsible for obtaining, at its sole cost and expense, any consents, authorizations, permits or approvals necessary for the transactions contemplated by this Section 7.22 and for any other regulatory compliance matters associated therewith, and the Seller's obligations under this Section 7.22 are conditioned upon receipt of any such consents, authorizations, permits or approvals. The Seller shall cooperate with the Purchaser in the Purchaser's filing of any required applications for consents, authorizations, permits or approvals.

(c) For the avoidance of doubt, REST and RETR are not Subject Companies, and shall not be deemed to have conducted any Retail Business, for any purposes under this Agreement.

(d) Prior to the transfer contemplated by Section 7.22(a), the Seller shall be entitled to remove and retain any cash balance in any bank accounts owned by REST and RETR. The Seller shall cooperate reasonably with the Purchaser regarding the timing of the removal of such cash.

(e) On the Closing Date (or, if acceptable to the PUCT, prior to the Closing Date), the Purchaser and the Seller shall cause RERS to file with the PUCT for each of REST and RETR an Amendment Application for Retail Electric Providers, in the form promulgated by the PUCT. Each such amendment shall be effective on the Closing Date and shall be accompanied by (i) credit support from the Guarantor or an Affiliate thereof effective the day after the Closing Date which is in a form acceptable to the PUCT and which is sufficient to terminate the Applicable Guarantee related to the Amendment, and (ii) a request to terminate the Applicable Guarantee related to the amendment.

(f) Notwithstanding anything in this Agreement to the contrary, from and after the Closing, the Purchaser shall indemnify, defend and hold harmless the Seller Indemnified Parties from and against any and all Losses actually incurred by any of the Seller Indemnified Parties under any Applicable Guarantee after the Closing.

Section 7.23 Merrill Lynch New Agreement.

(a) The Purchaser (i) shall not, and shall cause its Affiliates not to, permit any modifications or amendments to the terms and conditions of the ML Arrangement Documents that would (x) be reasonably likely to materially increase the risk of failure of any condition to closing set forth therein or would be reasonably likely to materially delay such closing or (y) add any condition to closing the Commitment Letter, the Merrill Lynch New Agreement or any other ML Arrangement Document that would be reasonably likely to materially increase the risk of failure of the Merrill Lynch New Agreement to close or would be reasonably likely to materially delay such closing, (ii) shall not, and shall cause its Affiliates not to, waive compliance by Merrill Lynch or any of its Affiliates with any term or provision of the Commitment Letter, the Merrill Lynch New Agreement or any other ML Arrangement Document which would be reasonably likely to (x) result in the failure of the Merrill Lynch New Agreement to close or (y) adversely affect the rights of the Seller, or the obligations of the Purchaser, under this Agreement, and (iii) shall use reasonable best efforts to cause its conditions

to closing set forth in the Merrill Lynch New Agreement and the other ML Arrangement Documents to be satisfied as soon as reasonably practicable.

(b) The Purchaser shall, and shall cause its Affiliates to, use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and consummate the transactions described in the Commitment Letter and the Merrill Lynch New Agreement, including (x) satisfy on a timely basis all terms, covenants and conditions set forth in the Commitment Letter and, to the extent necessary for the closing of the Merrill Lynch New Agreement, in the ML Arrangement Documents; (y) enter into the Merrill Lynch New Agreement and other applicable definitive agreements with respect thereto on the terms and conditions contemplated by the ML Arrangement Documents; and (z) consummate the transaction contemplated by the Merrill Lynch New Agreement at or prior to Closing.

(c) The Purchaser shall, and shall cause its Affiliates to, keep the Seller informed with respect to any material adverse change with respect to the transaction contemplated by the Commitment Letter. Without limiting the foregoing, the Purchaser agrees to notify the Seller promptly, and in any event within two Business Days, if at any time (i) the Commitment Letter shall expire or be terminated for any reason, (ii) Merrill Lynch notifies the Purchaser or any of its Affiliates that Merrill Lynch no longer intends to consummate the transaction contemplated by the Commitment Letter on the terms set forth therein, or (iii) for any reason the Purchaser no longer believes in good faith that it will be able to consummate the transaction contemplated by the Commitment Letter.

ARTICLE VIII
CONDITIONS

Section 8.1 Conditions to Each Party's Obligation to Effect the Closing. The respective obligations of each Party to effect the Closing shall be subject to the satisfaction on or prior to the Closing Date of the following conditions, except, to the extent permitted by Law, that such conditions may be waived in writing pursuant to Section 11.2 by the joint action of the Parties hereto:

(a) No Injunction. No temporary restraining order or preliminary or permanent injunction or other order by any federal or state court preventing consummation of the transactions contemplated hereby shall have been issued and be continuing in effect, and the transactions contemplated hereby shall not have been prohibited under any applicable federal or state Law (collectively, "Restraints"); *provided*, *however*, that each of the Parties shall have used all reasonable efforts to prevent the entry of any such Restraints and to appeal as promptly as possible any such Restraints that may be entered.

(b) Statutory Approvals. The Seller Required Statutory Approvals and the Purchaser Required Statutory Approvals shall have been obtained at or prior to the Closing Date.

(c) HSR Act. All applicable waiting periods under the HSR Act shall have expired or been terminated.

(d) Withdrawal of Market-Based Rate Authority. FERC shall have issued approval without condition (other than the completion of the transactions contemplated by Section 7.19, and the provision of any required notices related thereto) of the cancellation of the market-based rate authority of RE Supply.

(e) RESE and RE Supply Transactions. The transactions contemplated by Section 7.19, and the provision of any required notices related thereto, shall have been completed.

Section 8.2 Conditions to Obligation of the Purchaser to Effect the Closing. The obligation of the Purchaser to effect the Closing shall be further subject to the satisfaction, on or prior to the Closing Date, of the following conditions, except as may be waived by the Purchaser in writing pursuant to Section 11.2:

(a) Performance of Obligations of the Seller. The Seller will have performed in all material respects its agreements and covenants contained in or contemplated by this Agreement which are required to be performed by it at or prior to the Closing; provided that for purposes of this Section 8.2(a), if the word “material” is used in any covenant or agreement, it shall be applied only once to the word which it qualifies.

(b) Representations and Warranties. (i) The representations and warranties of the Seller set forth in Section 4.1, Section 4.2 or Section 4.3(a) of this Agreement shall be true and correct in all material respects, both at and as of the date of this Agreement and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date); and (ii) the representations and warranties of the Seller set forth in this Agreement (other than the representations and warranties of the Seller set forth in Section 4.1, Section 4.2 or Section 4.3(a)) shall be true and correct (without giving effect to any limitation as to “materiality” or “Material Adverse Effect” set forth therein) both at and as of the date of this Agreement and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except, in the case of clause (ii), where the failure of such representations and warranties to be so true and correct individually or in the aggregate would not have a Retail Material Adverse Effect.

(c) Seller Required Consents. The Seller Required Consents set forth in Section 8.2(c) of the Seller Disclosure Letter shall have been obtained.

(d) Material Adverse Change. Since the date of this Agreement, there has been no event, change, development or occurrence reasonably likely to cause a Retail Material Adverse Effect; provided, that no event, change, development or occurrence that is disclosed in Section 4.6(a) of the Seller Disclosure Letter shall result in a failure of the condition set forth in this Section 8.2(d).

(e) Merrill Lynch New Agreement Closing. The transaction described in the Merrill Lynch New Agreement shall have closed on or before Closing regardless of whether there is a Retail Material Adverse Effect.

(f) ML Litigation. Merrill Lynch shall have withdrawn the Merrill Lynch Litigation with prejudice and fully released and discharged the Subject Companies from any and all liabilities and obligations thereunder.

(g) Financial Condition of the Subject Companies. The Subject Companies shall maintain a cumulative monthly average Contribution Margin of at least $20,000,000 on a consolidated basis during the period beginning January 1, 2009 and ending on the month preceding the month in which the Closing Date occurs.

(h) The Seller's Deliveries. The Seller shall have delivered, and the Purchaser shall have received, all of the items set forth in Section 3.2 of this Agreement.

(i) [*****].

Section 8.3 Conditions to Obligation of the Seller to Effect the Closing. The obligation of the Seller to effect the Closing shall be further subject to the satisfaction, on or prior to the Closing Date, of the following conditions, except as may be waived by the Seller in writing pursuant to Section 11.2:

(a) Performance of Obligations of the Purchaser. The Purchaser (and/or its appropriate Subsidiaries) will have performed in all material respects its agreements and covenants contained in or contemplated by this Agreement which are required to be performed by it at or prior to the Closing Date; provided that for purposes of this Section 8.3(a), if the word "material" is used in any covenant or agreement, it shall be applied only once to the word which it qualifies.

(b) Representations and Warranties. The representations and warranties of the Purchaser set forth in this Agreement shall be true and correct both at and as of the date of this Agreement and at and as of the Closing Date, as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such date), except where the failure of such representations and warranties to be so true and correct individually or in the aggregate would not have a Purchaser Material Adverse Effect.

(c) Purchaser Required Consents. The Purchaser Required Consents shall have been obtained in all material respects.

(d) The Purchaser's Deliveries. The Purchaser shall have delivered, and the Seller shall have received, all of the items set forth in Section 3.3 of this Agreement.

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

ARTICLE IX
TERMINATION

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by mutual written consent of the Seller and the Purchaser;

(b) by the Purchaser or the Seller, if any state or federal Law is adopted or issued, which has the effect, as supported by the written opinion of outside counsel for such Party, of prohibiting the Closing, or by any Party if any court of competent jurisdiction in the United States or any state shall have issued an order, judgment or decree permanently restraining, enjoining or otherwise prohibiting the Closing, and such order, judgment or decree shall have become final and nonappealable;

(c) by the Purchaser or the Seller, by written notice to the other Party, if the Closing Date shall not have occurred on or before July 31, 2009 (the "Termination Date"); *provided*, *however*, that the right to terminate the Agreement under this Section 9.1(c) shall not be available to any Party whose failure to fulfill any obligation under this Agreement shall have proximately contributed to the failure of the Closing Date to occur on or before such date; and provided, further, that if on the Termination Date the conditions to the Closing set forth in Section 8.1(b), Section 8.1(c), Section 8.2(c) and/or Section 8.3(c) shall not have been fulfilled but all other conditions to the Closing shall be fulfilled or shall be capable of being fulfilled, then the Termination Date shall be extended for a 60-day period;

(d) by the Purchaser, by written notice to the Seller, if there shall have been a material breach by the Seller of any representation, warranty or covenant contained in this Agreement which has prevented the satisfaction of any condition to the obligations of the Purchaser at the Closing and, such breach shall not have been remedied within 30 days after receipt by the Seller of notice in writing from the Purchaser, specifying the nature of such breach and requesting that it be remedied or the Purchaser shall not have received adequate assurance of a cure of such breach within such 30-day period;

(e) by the Seller, by written notice to the Purchaser, if there shall have been a material breach by the Purchaser of any representation, warranty or covenant contained in this Agreement which has prevented the satisfaction of any condition to the obligations of the Seller at the Closing and such breach shall not have been remedied within 30 days after receipt by the Purchaser of notice in writing from the Seller, specifying the nature of such breach and requesting that it be remedied or the Seller shall not have received adequate assurance of a cure of such breach within such 30 day period; or

(f) by the Purchaser, by written notice to the Seller, if (i) at any time prior to the Closing Date, the Purchaser receives a Takeover Proposal, (ii) that Takeover Proposal is conditional on termination of this Agreement, (iii) the board of directors of the Purchaser has determined in good faith, after consultation with outside legal counsel, that the failure to effect termination of this Agreement would be reasonably likely to result in a breach of

its fiduciary duties under applicable Law, and (iv) the Purchaser enters into a definitive agreement with respect to that Takeover Proposal contemporaneously with providing such written notice to the Seller.

Section 9.2 Effect of Termination.

(a) In the event of termination of this Agreement by either the Seller or the Purchaser pursuant to Section 9.1, there shall be no liability on the part of either the Seller or the Purchaser or their respective officers or directors hereunder, except (i) that the termination of this Agreement shall not relieve any Party from liability for any intentional or willful breach of any representation, warranty, covenant or agreement of such Party contained in this Agreement; (ii) that Section 1.1 (Defined Terms), Section 1.2 (Interpretation), Section 7.2 (Confidentiality), Section 7.5 (Public Announcements), Section 9.2 (Effect of Termination), Section 11.1 (Amendment and Modification), Section 11.2 (Extension; Waiver), Section 11.3 (Expenses), Section 11.4 (Notices), Section 11.5 (Entire Agreement), Section 11.6 (Severability), Section 11.7 (Applicable Law; Jurisdiction), Section 11.8 (Waiver of Jury Trial), Section 11.9 (Specific Performance), and Section 11.10 (Assignment) shall survive the termination; and (iii) if the Purchaser terminates this Agreement under Section 9.1(f), the Purchaser shall pay $45,000,000 to the Seller prior to and as a condition to the effectiveness of such termination (the " Purchaser Termination Fee"). Payment of the Purchaser Termination Fee, if due pursuant to Section 9.2(a)(iii), shall be the sole and exclusive remedy of the Seller if the Purchaser terminates this Agreement under Section 9.1(f), and notwithstanding Section 11.9, the Parties agree that the Seller shall not be entitled to seek the remedy of specific performance or other injunctive or equitable relief related to any such termination by the Purchaser.

(b) In the event that the Purchaser shall fail to pay the Purchaser Termination Fee when due pursuant to Section 9.2(a)(iii), the Purchaser Termination Fee shall accrue interest for the period commencing on the date such amount became past due, at a rate equal to the prime rate as reported in the Wall Street Journal on the date such Purchaser Termination Fee was required to be paid. In addition, if the Purchaser shall fail to pay the Purchaser Termination Fee when due, the Purchaser shall also pay to the Seller all of the other Seller's out-of-pocket costs and expenses (including reasonable attorneys' fees) in connection with efforts to collect the Purchaser Termination Fee. The Parties agree that the agreements contained in this Section 9.2 are an integral part of this Agreement and the transactions contemplated hereby and that the Purchaser Termination Fee constitutes liquidated damages and not a penalty.

ARTICLE X
INDEMNIFICATION

Section 10.1 Survival.

(a) All of the representations and warranties of the Parties set forth in this Agreement shall survive the Closing and shall remain in full force and effect until April 30, 2010, other than (i) the representations and warranties of the Seller set forth in Section 4.1, Section 4.2, Section 4.3(a), Section 4.15 and Section 4.21, which shall survive the Closing indefinitely, and the representations and warranties of the Purchaser set forth in Section 5.7,

which shall survive the Closing indefinitely, and (ii) any representations and warranties of the Seller with respect to Taxes or as otherwise set forth in Section 4.8, which shall survive for the applicable statute of limitations period. No claim may be made against any Party, and no Party shall have any liability to any Person, hereunder after the applicable survival period for a representation or warranty specified herein shall have expired, except that, if written notice of any claim for indemnification under Section 10.2(a)(i) or Section 10.2(b)(i) shall have been given in accordance with Section 11.4 within the applicable survival period, then such survival period shall be extended as it relates to the matters and Losses specifically identified until such claim has been satisfied or otherwise resolved as provided in this ARTICLE X.

(b) All of the covenants of the Parties contained in this Agreement shall survive until fully performed or fulfilled, unless and to the extent only that non-compliance with such covenants is waived in writing by the Party entitled to such performance. No claim for a breach of a covenant set forth in this Agreement that (i) by its nature is required to be performed by or prior to Closing (the " Pre-Closing Covenants") may be made or brought by any Party hereto after April 30, 2010 and (ii) by its nature is required to be performed after Closing (the " Post-Closing Covenants") may be made or brought by any Person after twelve (12) months past the last date on which each such Post-Closing Covenant was required to be performed (in each case, a " Covenant Survival Period"); *provided*, *however*, that any obligation to indemnify and hold harmless shall not terminate with respect to any Losses to which the Person to be indemnified shall have given written notice in accordance with Section 11.4 setting forth the specific claim and the basis therefor to the Indemnifying Party before the termination of the applicable Covenant Survival Period.

(c) The indemnification obligations of the Seller set forth in Section 10.2(a)(iii) and Section 10.2(a)(iv) and the indemnification obligations of the Purchaser set forth in Section 10.2(b)(iii) or Section 10.2(b)(iv) shall survive the Closing indefinitely.

Section 10.2 Indemnification.

(a) Indemnification by the Seller. From and after the Closing and subject to the provisions of this ARTICLE X (including the limitations set forth in Section 10.3 and Section 10.4), the Seller agrees to indemnify, defend and hold harmless the Purchaser Indemnified Parties from and against:

(i) any and all Losses actually incurred by any of the Purchaser Indemnified Parties that arise out of any inaccuracy or breach as of the date hereof or the Closing Date, unless an earlier date is specified therein (in which case such representation or warranty need only be true as of such date), of any representation or warranty of the Seller contained (A) in this Agreement, or (B) in any certificate delivered by the Seller pursuant to Section 3.2(h) of this Agreement; *provided that* nothing in such certificate will be deemed to cure any inaccuracy or breach of any representation or warranty of the Seller contained in this Agreement;

(ii) any and all Losses actually incurred by any of the Purchaser Indemnified Parties that arise out of any breach of any covenant or agreement of the Seller contained in this Agreement;

(iii) any and all Losses actually incurred by any of the Purchaser Indemnified Parties that arise out of any Excluded Liability; or

(iv) any [*****].

(b) Indemnification by the Purchaser. From and after the Closing and subject to the provisions of this ARTICLE X (including the limitations set forth in Section 10.3 and Section 10.4), the Purchaser agrees to indemnify, defend and hold harmless the Seller Indemnified Parties from and against:

(i) any and all Losses actually incurred by any of the Seller Indemnified Parties that arise out of any inaccuracy or breach as of the date hereof or the Closing Date, unless an earlier date is specified therein (in which case such representation or warranty need only be true as of such date), of any representation or warranty of the Purchaser contained in (A) this Agreement, or (B) in any certificate delivered by the Purchaser pursuant to Section 3.3(c) of this Agreement; *provided that* nothing in such certificate will be deemed to cure any inaccuracy or breach of any representation or warranty of the Purchaser contained in this Agreement;

(ii) any and all Losses actually incurred by any of the Seller Indemnified Parties that arise out of any breach of any covenant or agreement of the Purchaser contained in this Agreement;

(iii) any and all Losses actually incurred by any of the Seller Indemnified Parties that arise out of the Actions set forth on Section 4.7 of the Seller Disclosure Letter; or

(iv) any [*****].

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

Section 10.3 Limitations.

(a) Except in the case of any claim arising from a breach of Section 4.1, Section 4.2, Section 4.3(a), Section 4.15 or Section 4.21 and except for claims arising under Section 7.6 or Section 7.7, none of the Purchaser Indemnified Parties shall be entitled to indemnification under Section 10.2(a)(i) or Section 10.2(a)(ii) until the aggregate amount of all the Losses actually suffered by the Purchaser Indemnified Parties exceeds the Deductible Amount, and then only to the extent such Losses exceed, in the aggregate, the Deductible Amount. Losses subject to indemnification by the Seller pursuant to Section 10.2(a)(i) or Section 10.2(a)(ii) (other than in respect of any claim with respect to Section 4.1, Section 4.2, Section 4.3(a), Section 4.15, Section 4.21, Section 7.6 or Section 7.7) relating to any single breach or series of related breaches by the Seller shall not constitute Losses, and therefore shall not be applied toward the Deductible Amount or be indemnifiable hereunder, unless such Losses relating to any single breach or series of related breaches exceed $100,000.

(b) The maximum aggregate amount of Losses against which the Purchaser Indemnified Parties shall be entitled to be indemnified under Section 10.2(a)(i) with respect to all claims thereunder (other than by reason of or resulting from breaches of any of the representations and warranties contained in Section 4.1, Section 4.2, Section 4.3(a), Section 4.15 or Section 4.21) shall be an amount equal to $75,000,000.

(c) The maximum aggregate amount of Losses against which the Purchaser Indemnified Parties shall be entitled to be indemnified under Section 10.2(a)(i) with respect to all claims thereunder including by reason of or resulting from breaches of any of the representations and warranties contained in Section 4.1, Section 4.2, Section 4.3(a), Section 4.15 or Section 4.21 shall be an amount equal to the Purchase Price.

(d) NO PARTY SHALL BE LIABLE UNDER THIS AGREEMENT FOR SPECIAL, PUNITIVE, EXEMPLARY, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES OR LOST PROFITS WHETHER BASED ON CONTRACT, TORT, STRICT LIABILITY, OTHER LAW OR OTHERWISE AND WHETHER OR NOT FROM ANY OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT, EXCEPT SUCH DAMAGES THAT ARE PAYABLE TO A THIRD PARTY WITH RESPECT TO A THIRD PARTY CLAIM FOR WHICH ANY PERSON IS SEEKING INDEMNIFICATION HEREUNDER, AND EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO RECEIVE SUCH DAMAGES UNDER THIS AGREEMENT.

Section 10.4 Mitigation; Subrogation.

(a) Each Indemnified Party shall use commercially reasonable efforts to mitigate any Loss suffered, incurred or sustained by it arising out of any matter for which it is entitled to indemnification herein, upon its having obtained actual knowledge of such matter giving rise to such Loss. In the event that an Indemnified Party shall fail to make such

commercially reasonable efforts to mitigate such Loss, then notwithstanding anything else to the contrary contained herein, the Indemnifying Party shall not be required to indemnify the Indemnified Party for any Loss that could reasonably be expected to have been avoided had the Indemnified Party made such efforts.

(b) Upon making any payment to an Indemnified Party for any indemnification claim pursuant to this ARTICLE X, the Indemnifying Party shall be subrogated, to the extent of such payment, to any rights which the Indemnifying Party may have against any other parties with respect to the subject matter underlying such indemnification claim, and such Indemnified Party shall, to the extent reasonably requested by the Indemnifying Party, cooperate in the enforcement of such rights against such third party.

(c) In calculating the amount of any Loss for which any Indemnifying Party is liable under this ARTICLE X, there shall be deducted the amount of any insurance recoveries, excluding any amounts which are in effect self-insured whether through retention amounts or otherwise, the Indemnified Party in fact receives as a direct consequence of the circumstances to which the Loss related or from which the Loss resulted or arose. The Indemnified Party agrees to make a claim against any applicable insurance coverage, including, if applicable, the insurance coverage for the Company to seek recovery for any Loss, and the Indemnifying Party shall have the right to pursue such recovery against any such insurance coverage in the name of the insured; *provided*, *however*, that the foregoing shall not materially delay the Indemnified Party's right to receive indemnification hereunder.

(d) Notwithstanding anything in this Agreement to the contrary, in the event that the existence of an obligation for the payment of money to a third party causes any representation or warranty of the Seller contained in ARTICLE IV to be untrue or incorrect, then, upon the Seller's payment in full and discharge of such obligation, the Seller's indemnification obligations in respect of any Losses resulting from, arising out of, based on or relating to any such untrue or incorrect representation or warranty shall be deemed to have been terminated.

Section 10.5 Indemnification Process. The Party or other Person making a claim for indemnification under this ARTICLE X shall be, for the purposes of this Agreement, referred to as the "Indemnified Party" and the Party against whom such claims are asserted under this ARTICLE X shall be, for the purposes of this Agreement, referred to as the "Indemnifying Party". All claims by any Indemnified Party under this ARTICLE X shall be asserted and resolved as follows:

(a) An Indemnified Party shall give the Indemnifying Party notice of any matter that an Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement, within 20 days of such determination, stating the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; *provided*, *however*, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this ARTICLE X except to the extent that the Indemnifying Party is materially prejudiced by such failure or as contemplated in Section 10.1.

(b) If an Indemnified Party shall receive notice of any Action, audit, demand or assessment (each, a "Third Party Claim") against it or which may give rise to a claim for Loss under this ARTICLE X, within 20 days of the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim; *provided*, *however*, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this ARTICLE X except to the extent that the Indemnifying Party is materially prejudiced by such failure. Thereafter, the Indemnified Party shall promptly deliver to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information, including all copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. The Indemnifying Party will have the right to participate in the defense of such Third Party Claim or, by giving notice to the Indemnified Party, to elect to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within 30 days of the receipt of notice from the Indemnified Party of such Third Party Claim, and the Indemnifying Party shall not be liable for any legal expenses of other counsel or any other expenses subsequently incurred by any Indemnified Party in connection with the defense thereof; *provided*, *however*, that if counsel for the Indemnified Parties advises that there are issues which raise conflicts of interest between the Indemnifying Party and the Indemnified Party that would make it inappropriate in the judgment of such counsel for the same counsel to represent both the Indemnified Party and the Indemnifying Party, the Indemnified Parties may retain counsel reasonably satisfactory to them after consultation with the Indemnifying Party, and the Indemnifying Party shall pay the reasonable fees and expenses of such counsel for the Indemnified Parties. Until the Indemnified Party has received notice of the Indemnifying Party's election whether to defend any Third Party Claim, the Indemnified Party shall take reasonable steps to defend (but may not settle) such Third Party Claim.

(c) If the Indemnifying Party exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Indemnifying Party in such defense and make available to the Indemnifying Party, at the Indemnifying Party's expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Indemnifying Party shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Indemnifying Party's expense, all such witnesses, records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party. The Indemnifying Party shall be liable for the reasonable legal fees and expenses of counsel employed by the Indemnified Party for any period after notice of such claim to the indemnifying Party pursuant to Section 10.5(b) during which the Indemnifying Party has not assumed the defense thereof.

(d) Without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld), the Indemnifying Party shall not enter into any settlement of any Third Party Claim that would lead to liability or create any financial or other

obligation on the part of the Indemnified Party. Notwithstanding the foregoing, if a firm offer is made to settle a Third Party Claim and fully release and discharge the Indemnified Party from any liability without leading to any liability for which the Indemnified Party is not entitled to indemnification hereunder or the creation of a financial obligation on the part of the Indemnified Party or which does not create or impose any non-financial obligation on the Indemnified Party, and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to the Indemnified Party to that effect. If the Indemnified Party fails to consent to such firm offer within ten days after its receipt of such notice, the Indemnifying Party shall be relieved of its obligations to defend such Third Party Claim and the Indemnified Party may contest or defend such Third Party Claim. In such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will be the amount of such settlement offer plus reasonable costs and expenses paid or incurred by the Indemnified Party up to the date of said notice, at all time subject to the additional limitations on the Indemnifying Party's liability contained in this Agreement.

Section 10.6 Exclusive Remedy. The indemnification provisions of this ARTICLE X shall be the sole and exclusive remedy of each Party (including the Purchaser Indemnified Parties, and the Seller Indemnified Parties) after the Closing for any breach of the other Party's representations, warranties, covenants or agreements contained in this Agreement or otherwise with respect to this Agreement and the transactions contemplated hereby; *provided* that the foregoing shall not be deemed to limit the rights of the Parties (a) to seek equitable remedies (including specific performance or injunctive relief) or other damages in the case of fraud or willful misconduct, (b) under the Transition Services Agreement or (c) under any of the other agreements referred to in Section 3.2.

Section 10.7 Purchase Price Adjustment. The Parties agree to treat all payments made pursuant to this ARTICLE X as adjustments to the Purchase Price for Tax purposes, unless otherwise required by applicable Law or taxing authority interpretations thereof.

Section 10.8 [*****]. Notwithstanding anything herein to the contrary, the procedures set forth on Section 10.8 of the Seller Disclosure Letter shall apply to any [*****].

*** The confidential content of this Exhibit 10.1 has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to the omitted portions.

ARTICLE XI
GENERAL PROVISIONS

Section 11.1 Amendment and Modification. This Agreement may be amended, modified and supplemented in any and all respects, but only by a written instrument signed by each of the Parties expressly stating that such instrument is intended to amend, modify or supplement this Agreement.

Section 11.2 Extension; Waiver. At any time prior to the Closing Date, a Party may (a) extend the time for the performance of any of the obligations or other acts of the other Party, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto, and (c) waive compliance with any of the agreements or conditions contained herein, to the extent permitted by Law. Any agreement on the part of a Party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party. The failure of any Party to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

Section 11.3 Expenses. Except as otherwise provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Party incurring such expenses except that the Purchaser shall solely bear the fee payable in connection with the filing required by the HSR Act. Notwithstanding the foregoing, in any action or proceeding brought to enforce any provisions of this Agreement, or where any provision hereof is validly asserted as a defense, the successful party shall be entitled to recover reasonable attorneys' fees and disbursements in addition to its costs and expenses and any other available remedy provided for herein.

Section 11.4 Notices. Any notice or other communication required or permitted to be delivered to any Party under this Agreement shall be in writing and shall be deemed properly delivered, given and received (i) on the date of delivery if delivered personally, (ii) on the date of confirmation of receipt (or the first Business Day following such receipt if the transmission is after 5 p.m. Central Time on such date or if the date is not a Business Day) of transmission by telecopy or facsimile, or (iii) on the date of confirmation of receipt (or the first Business Day following such receipt if the date is not a Business Day) if delivered by a nationally recognized overnight courier service. All notices hereunder shall be delivered to the address or facsimile telephone number set forth beneath the name of such Party below (or to such other address or facsimile telephone number as such Party shall have specified in a written notice given to the other Parties hereto):

(i) If to the Seller, to

Reliant Energy, Inc.
1000 Main, 12th Floor
Houston, Texas 77002
Facsimile: 713-497-0140
Attention: Michael L. Jines

with a copy to (which shall not constitute notice):

Skadden, Arps, Slate, Meagher & Flom LLP
1000 Louisiana, Suite 6800
Houston, Texas 77002
Facsimile: 888-329-0752
Attention: Frank Ed Bayouth II

and

(ii) if to the Purchaser, to

NRG Retail LLC
211 Carnegie Center
Princeton, New Jersey 08540
Facsimile: 609-524-4589
Attention: Michael R. Bramnick

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
655 15th Street, N.W.
Washington, DC 20005
Facsimile: 202-654-9603
Attention: Mitchell F. Hertz

Section 11.5 Entire Agreement; No Third Party Beneficiaries. This Agreement and the Confidentiality Agreement (a) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof and thereof and (b) are not intended to confer, and shall not confer, upon any Person other than the Parties hereto any remedies, claims of liability or reimbursement, causes of action or any other rights whatsoever; provided, however, that each Subject Company is expressly made a third party beneficiary of Section 7.7(f), Section 7.21(g) and Section 10.2(a) of this Agreement; provided, further, however, that such designation as a third party beneficiary shall not in any way limit the ability of the Parties to waive, amend or terminate this Agreement or any Section or provision hereof, in each case, without the consent of any Subject Company.

Section 11.6 Severability. Any term or provision of this Agreement that is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, void or unenforceable, the Parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, void or unenforceable term or provision with a term or

provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

Section 11.7 Applicable Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York, without regard to principles of conflict of laws. The Parties hereby declare that it is their intention that this Agreement shall be regarded as made under the Laws of the State of New York and that the Laws of said State shall be applied in interpreting its provisions in all cases where legal interpretation shall be required. Each of the Parties agrees that any action, suit or proceeding arising out of the transactions contemplated by this Agreement (a " Proceeding") shall be commenced and conducted exclusively in the federal or state courts in the Southern District of the State of New York, and each of the Parties hereby irrevocably and unconditionally: (i) consents to submit to the exclusive jurisdiction of the federal and state courts in the Southern District of the State of New York for any Proceeding (and each Party agrees not to commence any Proceeding, except in such courts); (ii) waives any objection to the laying of venue of any Proceeding in the federal or state courts in the Southern District of the State of New York; (iii) waives, and agrees not to plead or to make, any claim that any Proceeding brought in any federal or state court in the Southern District of the State of New York has been brought in an improper or otherwise inconvenient forum; and (iv) waives, and agrees not to plead or to make, any claim that any Proceeding shall be transferred or removed to any other forum. Each of the Parties hereby irrevocably and unconditionally agrees: (1) to the extent such Party is not otherwise subject to service of process in the State of New York, to appoint and maintain an agent in the State of New York as such Party's agent for acceptance of legal process and (2) that service of process may also be made on such Party by prepaid certified mail with a proof of mailing receipt validated by the United States Postal Service constituting evidence of valid service, and that service made pursuant to clause (1) or (2) above shall have the same legal force and effect as if served upon such Party personally within the State of New York.

Section 11.8 Waiver of Jury Trial. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 11.9 Specific Performance. The Parties agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached. The Parties agree that, except as provided in Section 9.2(a), in the event of any breach by the other Party of any covenant or obligation contained in this Agreement, the other Party shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to seek (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation and (b) an injunction restraining such breach. The Parties further agree that no Party to this Agreement shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 11.9 and each Party waives any objection to the imposition of such relief or any right it may have to require the obtaining, furnishing or posting of any such bond or similar instrument.

Section 11.10 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of law or otherwise) without the prior written consent of the other Party; *provided*, *however*, that (i) the Seller may transfer the Company Interests to a wholly owned Subsidiary of the Seller, and (ii) the Purchaser may assign this Agreement, in whole or in part, to an Affiliate in either case as long as such transferee or assignee agrees in writing to be bound by the applicable terms of this Agreement and no such transfer or assignment shall relieve the transferor or assignor from its obligations hereunder; *provided further*, *however*, that the Purchaser may assign, transfer or pledge its rights hereunder to any Person for financing purposes or in connection with the Merrill Lynch New Agreement.

Section 11.11 Counterparts; Effect. This Agreement may be executed and delivered (including via facsimile) in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

Section 11.12 Bulk Sales Waiver. Notwithstanding any provision in this Agreement to the contrary, neither the Purchaser nor the Seller will comply with the provisions of the bulk sales Laws or similar Laws (including those regarding Tax clearance certificates) of any jurisdiction in connection with the transactions contemplated by this Agreement, and the Purchaser hereby irrevocably waives compliance by the Seller with the provisions of the bulk sales Laws or similar Laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Seller and the Purchaser have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

RELIANT ENERGY, INC.

By: /s/ D. Rogers Herndon
Name: D. Rogers Herndon
Title: Senior Vice President

NRG RETAIL LLC

By: /s/ Christopher S. Sotos
Name: Christopher S. Sotos
Title: President

EXHIBIT 31.1

CERTIFICATION

I, David W. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID W. CRANE

David W. Crane
Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2009

EXHIBIT 31.2

CERTIFICATION

I, Robert C. Flexon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT C. FLEXON
Robert C. Flexon
Chief Financial Officer
(Principal Financial Officer)

Date: April 30, 2009

EXHIBIT 31.3

CERTIFICATION

I, James J. Ingoldsby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JAMES J. INGOLDSBY
James J. Ingoldsby
Chief Accounting Officer
(Principal Accounting Officer)

Date: April 30, 2009

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NRG Energy, Inc. on Form 10-Q for the quarter ended March 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: April 30, 2009

/s/ DAVID W. CRANE
David W. Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT C. FLEXON
Robert C. Flexon,
Chief Financial Officer
(Principal Financial Officer)

/s/ JAMES J. INGOLDSBY
James J. Ingoldsby,
Chief Accounting Officer
(Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NRG Energy, Inc. and will be retained by NRG Energy, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.