



**NRG Energy Inc.**

# GenOn Restructuring Update

June 14, 2017



# Disclaimer

The proposed restructuring and settlement described in these materials (the "Proposed Restructuring") is based on the Restructuring Support and Lock Up Agreement between GenOn, NRG, and a committee (the "Ad Hoc Committee") of certain holders of GenOn's outstanding senior unsecured notes and certain holders of GenOn Americas Generation, LLC's outstanding senior unsecured notes. The Proposed Restructuring remains subject to certain definitive documentation and approval by the Bankruptcy Court. There can be no assurance that the Proposed Restructuring and settlement will occur on the proposed terms or at all.

The financial information included in these materials does not purport to present the financial condition of NRG, GenOn or GAG in accordance with accounting principles generally accepted in the United States. The inclusion of the information in these materials should not be regarded as an indication that NRG, GenOn or GAG or their respective affiliates or representatives consider these materials to be a reliable prediction of future events, and these materials should not be relied upon as such. None of NRG, GenOn, GAG or their respective affiliates or representatives has made or makes any representation to any person regarding these materials, and none of them undertakes any obligation to publicly update such information to reflect circumstances existing after the date when the information was made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.

The information in these materials is not intended to be, and should not in any way be construed as, a solicitation of votes on the Proposed Restructuring, nor should the information contained herein be relied on for any purpose with respect to the Proposed Restructuring.

Many of the statements included in these materials are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. In particular, they include statements relating to future actions, strategies, future operating and financial performance, and NRG's and GenOn's future financial results. These forward-looking statements are based on current expectations and projections about future events. Readers are cautioned that forward-looking statements are not guarantees of future operating and financial performance or results and involve substantial risks and uncertainties that cannot be predicted or quantified, and, consequently, the actual performance of NRG and GenOn may differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to, factors described from time to time in NRG's and GenOn's reports filed with the SEC.

Please refer to the Current Report on Form 8-K filed with the Securities and Exchange Commission on June 14, 2017 for more detail regarding the Proposed Restructuring.



# GenOn Restructuring: Update

---

## **Process to Date:**

- ❖ During the week of May 15, 2017, GenOn, NRG, and an ad hoc groups of Noteholders -- holding GenOn Energy, Inc. notes (GEI) and GenOn Americas Generation LLC notes (GAG) -- entered into nondisclosure agreements (NDAs) to pursue a global settlement and restructuring of GenOn.
- ❖ On May 22, 2017, NRG, GenOn and the ad hoc group reached a mutual cooperation agreement; since that time, the parties have negotiated a comprehensive restructuring support agreement (RSA) to replace and supersede the cooperation agreement.
- ❖ On June 12, 2017, NRG, GenOn and certain of its subsidiaries, and the ad hoc group of Noteholders entered into the RSA.
  - ❖ The RSA has been executed by approximately 93% in amount of GEI noteholders and 93% in amount of GAG noteholders.
  - ❖ Under the RSA, GenOn agreed to redeem its recently issued \$550 million secured notes (issued in May 2017).
- ❖ On June 14, 2017, GenOn and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code to implement the settlement and restructuring transactions contemplated by the RSA.

## **Going Forward:**

- ❖ GenOn's "pre-arranged" bankruptcy is expected to last approximately 120 to 180 days, and contemplates exit financing and transition arrangements to facilitate GenOn's complete separation from NRG.
- ❖ The settlement and restructuring are subject to approval by the Bankruptcy Court and the satisfaction of certain conditions precedent. The existing GenOn Noteholder litigation pending in Delaware will be stayed during the bankruptcy and dismissed upon approval of the settlement.



# GenOn Restructuring: Proposed Settlement Highlights

## Proposed Settlement Terms<sup>1</sup>

<b>Full Release</b>	<ul style="list-style-type: none"><li>➤ Full releases from GenOn (GEI) and GenOn Americas Generation (GAG) in favor of the NRG parties</li><li>➤ Releases or indemnification in favor of NRG parties for any GenOn MidAtlantic (GenMA) or REMA claims</li><li>➤ Dismissal of all litigation against the NRG parties</li><li>➤ GEI noteholders to receive 100% of the reorganized GenOn equity and GAG noteholders to receive \$920 per \$1,000 principal plus accrued interest (to be paid with new exit financing)</li></ul>
<b>Cash Consideration</b>	<ul style="list-style-type: none"><li>➤ NRG to contribute \$261.3 MM, to be paid at Chapter 11 emergence, in consideration for the releases and other terms of the Settlement, including the right to take a worthless stock deduction in respect of GenOn</li></ul>
<b>Shared Services</b>	<ul style="list-style-type: none"><li>➤ NRG to allow for transition of shared services; during this transition period, NRG will provide shared services to GenOn at a rate of \$7 MM per month (\$84 MM annualized) during pendency of Chapter 11 case</li><li>➤ Post Chapter 11 emergence, NRG will provide 2 months of shared services at no charge; additionally, NRG will provide the option of up to two 1-month extensions for transition services at a rate of \$7 MM per month (\$84 MM annualized)</li><li>➤ GenOn to retain the previously agreed \$27 MM credit against amounts owed to NRG for shared services, to off-set the make-whole and accrued interest under the recent new secured note financing</li></ul>
<b>Other Consideration</b>	<ul style="list-style-type: none"><li>➤ Pension: as the plan sponsor, NRG will retain historic pension obligations accrued through Chapter 11 emergence, including the \$13 million 2017 plan contribution (to be paid at Chapter 11 emergence)</li><li>➤ NRG Revolver: any drawn amount or other borrowing to be repaid in full to NRG at Chapter 11 emergence; during the pendency of the Chapter 11 case, NRG has agreed to provide a cash collateralized LC facility in an amount not to exceed \$330 million for regulatory, hedging and other credit support needs</li><li>➤ Tax Structuring: NRG entitled to take a worthless stock deduction for federal tax purposes, subject to certain conditions</li><li>➤ Shared Properties: NRG and GenOn will cooperate to maximize value of certain projects (Canal and Puente)</li></ul>

<sup>1</sup> All settlement terms contingent on bankruptcy court approval