Table of Contents

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, 2008

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** (Address of principal executive offices)	**08540** (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 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 25, 2008, there were 235,921,977 shares of common stock outstanding, par value $0.01 per share.

TABLE OF CONTENTS
Index

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, 2007, and 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 potential inability 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 independent system operators, or ISOs, or regional transmission organizations, 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 units, Integrated Gasification Combined Cycle, or IGCC, units and wind projects;
- NRG's ability to implement its econrg strategy of finding ways to meet the challenges of climate change, clean air and protecting our natural resources while taking advantage of business opportunities; and
- NRG's ability to achieve its strategy of regularly returning capital to shareholders.

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.

GLOSSARY OF TERMS

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

Acquisition	February 2, 2006 acquisition of Texas Genco LLC, now referred to as the Company's Texas region
ARO	Asset Retirement Obligation
BACT	Best Available Control Technology
Baseload capacity	Electric power generation capacity normally expected to serve loads on an around-the-clock basis throughout the calendar year
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAMR	Clean Air Mercury Rule
Capital Allocation Program	Share repurchase program announced in August 2006
CDWR	California Department of Water Resources
CL&P	Connecticut Light & Power
CO_2	Carbon dioxide
COLA	Combined Operating License Application
CSF I	NRG Common Stock Finance I LLC
CSF II	NRG Common Stock Finance II LLC
DPUC	Connecticut Department of Public Utility Control
EFOR	Equivalent Forced Outage Rates — considers the equivalent impact that forced de-ratings have in addition to full forced outages
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
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
FIN46R	FASB Interpretation No. 46(R), *"Consolidation of Variable Interest Entities"*
FSP	FASB Staff Position
GHG	Greenhouse Gases
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
ISO	Independent System Operator, also referred to as Regional Transmission Organization, or RTO
ISO-NE	ISO New England, Inc.
ITISA	Itiquira Energetica S.A.
kW	Kilowatts
kWh	Kilowatt-hours
Letter of Credit Facility	NRG's $1.3 billion senior secured synthetic letter of credit facility which matures on February 1, 2013
LFRM	Locational Forward Reserve Market
LIBOR	London Inter-Bank Offer Rate
LMP	Locational Marginal Prices
LTIP	Long Term Incentive Plan
MACT	Maximum Achievable Control Technology
Merit Order	A term used for the ranking of power stations in terms of increasing order of fuel costs
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Saleable megawatt hours net of internal/parasitic load megawatt-hours
NAAQS	National Ambient Air Quality Standard
NEPOOL	New England Power Pool
New York Rest of State	New York State excluding New York City
NiMo	Niagara Mohawk Power Corporation
NINA	Nuclear Innovation North America LLC
NO_x	Nitrogen oxide
NOL	Net Operating Loss
NOV	Notice of Violation

GLOSSARY OF TERMS (cont'd)

NPNS	Normal Purchase Normal Sale
NRC	Nuclear Regulatory Commission
NSR	New Source Review
NYISO	New York Independent System Operator
NYPA	New York Power Authority
OCI	Other Comprehensive Income
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
PPA	Power Purchase Agreement
PPM	Parts per Million
PSD	Prevention of Significant Deterioration
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 credit facility which matures on February 2, 2011
RGGI	Regional Greenhouse Gas Initiative
RMR	Reliability Must-Run
RPM	Reliability Pricing Model — term for capacity market in PJM market
RTO	Regional Transmission Organization, also referred to as an Independent System Operator, or ISO
Sarbanes-Oxley	Sarbanes-Oxley Act of 2002
SEC	United States Securities and Exchange Commission
Senior Credit Facility	NRG's senior secured facility, which is comprised of a Term B loan facility which matures on February 1, 2013, a $1.3 billion Letter of Credit Facility, and a $1 billion Revolving Credit Facility, which matures on February 2, 2011
SFAS	Statement of Financial Accounting Standards issued by the FASB
SFAS 71	SFAS No. 71, "*Accounting for the Effects of Certain Types of Regulation*"
SFAS 109	SFAS No. 109, "*Accounting for Income Taxes*"
SFAS 133	SFAS No. 133, "*Accounting for Derivative Instruments and Hedging Activities*"
SFAS 141R	SFAS No. 141 (revised 2007), "*Business Combinations*"
SFAS 157	SFAS No. 157, "*Fair Value Measurements"*
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"*
SO_2	Sulfur dioxide
SOP	Statement of Position issued by the American Institute of Certified Public Accountants
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
Texas Genco	Texas Genco LLC, now referred to as the Company's Texas region
Tosli	Tosli Acquisition B.V.
US	United States of America
USEPA	United States Environmental Protection Agency
U.S. GAAP	Accounting principles generally accepted in the United States
VAR	Value at Risk
VIE	Variable Interest Entity
WCP	West Coast Power (Generation) Holdings, LLC

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 per share amounts)	Three months ended March 31, 2008	2007
Operating Revenues		
Total operating revenues	$ 1,302	$ 1,299
Operating Costs and Expenses		
Cost of operations	804	781
Depreciation and amortization	161	160
General and administrative	75	85
Development costs	12	23
Total operating costs and expenses	1,052	1,049
Gain on sale of assets	—	17
Operating Income	250	267
Other Income/(Expense)		
Equity in (losses)/earnings of unconsolidated affiliates	(4)	13
Other income, net	9	15
Interest expense	(153)	(179)
Total other expense	(148)	(151)
Income From Continuing Operations Before Income Taxes	102	116
Income tax expense	54	55
Income From Continuing Operations	48	61
Income from discontinued operations, net of income taxes	4	4
Net Income	$ 52	$ 65
Preferred stock dividends	14	14
Income Available for Common Stockholders	$ 38	$ 51
Weighted average number of common shares outstanding — basic	236	244
Income from continuing operations per weighted average common share — basic	$ 0.14	$ 0.19
Income from discontinued operations per weighted average common share — basic	0.02	0.02
Net Income per Weighted Average Common Share — Basic	$ 0.16	$ 0.21
Weighted average number of common shares outstanding — diluted	245	271
Income from continuing operations per weighted average common share — diluted	$ 0.14	$ 0.19
Income from discontinued operations per weighted average common share — diluted	0.02	0.01
Net Income per Weighted Average Common Share — Diluted	$ 0.16	$ 0.20

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except shares and par value)	March 31, 2008 (unaudited)	December 31, 2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 834	$ 1,132
Restricted cash	39	29
Accounts receivable, less allowance for doubtful accounts of $1 and $1	456	482
Inventory	454	451
Derivative instruments valuation	2,389	1,034
Deferred income taxes	325	124
Prepayments and other current assets	408	259
Current assets — discontinued operations	59	51
Total current assets	4,964	3,562
Property, plant and equipment, net of accumulated depreciation of $1,848 and $1,695	11,279	11,320
Other Assets		
Equity investments in affiliates	451	425
Notes receivable and capital lease, less current portion	529	491
Goodwill	1,786	1,786
Intangible assets, net of accumulated amortization of $392 and $372	852	873
Nuclear decommissioning trust fund	365	384
Derivative instruments valuation	480	150
Other non-current assets	171	176
Intangible assets held-for-sale	3	14
Non-current assets — discontinued operations	94	93
Total other assets	4,731	4,392
Total Assets	$ 20,974	$ 19,274
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	$ 130	$ 466
Accounts payable	349	384
Derivative instruments valuation	2,644	917
Accrued expenses and other current liabilities	293	473
Current liabilities — discontinued operations	37	37
Total current liabilities	3,453	2,277
Other Liabilities		
Long-term debt and capital leases	8,101	7,895
Nuclear decommissioning reserve	311	307
Nuclear decommissioning trust liability	300	326
Deferred income taxes	884	843
Derivative instruments valuation	1,332	759
Out-of-market contracts	550	628
Other non-current liabilities	485	412
Non-current liabilities — discontinued operations	79	76
Total non-current liabilities	12,042	11,246
Total Liabilities	15,495	13,523
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)	892	892
Common Stock	3	3
Additional paid-in capital	4,095	4,092
Retained earnings	1,308	1,270
Less treasury stock, at cost — 25,832,200 and 24,550,600 shares	(693)	(638)
Accumulated other comprehensive loss	(373)	(115)
Total Stockholders' Equity	5,232	5,504
Total Liabilities and Stockholders' Equity	$ 20,974	$ 19,274

See notes to condensed consolidated financial statements.

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

(In millions) Three months ended March 31,	2008	2007
Cash Flows from Operating Activities		
Net income	$ 52	$ 65
Adjustments to reconcile net income to net cash provided by operating activities		
Distributions and equity in (earnings)/loss of unconsolidated affiliates	6	(10)
Depreciation and amortization	161	160
Amortization of nuclear fuel	15	14
Amortization and write-off of financing costs and debt discount/premiums	8	9
Amortization of intangibles and out-of-market contracts	(66)	(29)
Changes in deferred income taxes and liability for unrecognized tax benefits	49	47
Changes in nuclear decommissioning trust liability	9	9
Changes in derivatives	132	90
Changes in collateral deposits supporting energy risk management activities	(150)	(120)
Gain on sale of assets	—	(17)
Gain on sale of emission allowances	(14)	(5)
Amortization of unearned equity compensation	7	7
Cash used by changes in other working capital	(149)	(114)
Net Cash Provided by Operating Activities	60	106
Cash Flows from Investing Activities		
Capital expenditures	(164)	(107)
Increase in restricted cash, net	(10)	(5)
Decrease in notes receivable	9	9
Purchases of emission allowances	(1)	(61)
Proceeds from sale of emission allowances	31	32
Investments in nuclear decommissioning trust fund securities	(144)	(68)
Proceeds from sales of nuclear decommissioning trust fund securities	135	59
Proceeds from sale of assets	12	29
Net Cash Used by Investing Activities	(132)	(112)
Cash Flows from Financing Activities		
Payment of dividends to preferred stockholders	(14)	(14)
Payment of financing element of acquired derivatives	(1)	—
Payment for treasury stock	(55)	(103)
Proceeds from issuance of common stock, net of issuance costs	2	—
Payment of deferred debt issuance costs	(2)	—
Payments for short and long-term debt	(154)	(19)
Net Cash Used by Financing Activities	(224)	(136)
Change in cash from discontinued operations	(6)	(5)
Effect of exchange rate changes on cash and cash equivalents	4	2
Net Decrease in Cash and Cash Equivalents	(298)	(145)
Cash and Cash Equivalents at Beginning of Period	1,132	777
Cash and Cash Equivalents at End of Period	$ 834	$ 632

See notes to condensed consolidated financial statements.

NRG ENERGY, INC.
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 Securities and Exchange Commission'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 to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2007. 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, 2008, and the results of operations and cash flows for the three months ended March 31, 2008 and 2007, respectively. Certain prior-year amounts have been reclassified for comparative purposes.

Stock Split

In May 2007, NRG completed a two-for-one stock split of the Company's outstanding shares of common stock, which was effected through a stock dividend. All share and per share amounts presented for the three months ended March 31, 2007 retroactively reflect the effect of the stock split.

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.

Investment in Affiliate

In February 2008, a wholly owned subsidiary of NRG entered into a 50/50 joint venture with a subsidiary of BP Alternative Energy North America Inc., or BP, to build and own the Sherbino I Wind Farm LLC, or Sherbino. This is a 150 MW wind project consisting of 50 Vestas 3 MW wind turbine generators, located in the West zone of Texas' ERCOT power market, or Texas West. A wholly owned subsidiary of NRG is managing the construction, which began in late 2007, and is being conducted by an independent engineering, procurement and construction, or EPC, contractor. The project is scheduled to begin commercial operations during the fourth quarter 2008 at which time an affiliate of BP will manage the operations.

The project will be funded through a combination of equity contributions from the owners and non-recourse project-level debt. NRG delivered a promissory note to Sherbino of $59 million to support its initial capital contribution, payable no later than December 1, 2008, made an additional contribution of $17 million on April 18, 2008, and expects to provide another $11 million by year-end, bringing its total expected equity contribution to $87 million. NRG has posted a letter of credit in this amount. NRG's maximum exposure to loss is limited to its expected equity investments.

Sherbino has entered into a long-term natural gas swap to mitigate a portion of power price risk for its expected power generation. As the changes in natural gas prices and in Texas West power prices do not meet the required correlation for cash flow hedge accounting, Sherbino will account for the natural gas swap hedge under mark-to-market accounting.

The Company has determined that Sherbino is a variable interest entity, or VIE, but that the Company is not the primary beneficiary that is required to consolidate Sherbino under FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*, or FIN 46R. Consequently, NRG accounts for its investment in Sherbino under the equity method of accounting. NRG's share of mark-to-market results of the natural gas swap will be included in NRG's equity in earnings of Sherbino. NRG's investment at March 31, 2008, net of its promissory note commitment, is a negative $18 million, which is included in "Equity Investments in Affiliates" on the condensed consolidated balance sheet.

Recent Accounting Developments

The Company partially adopted SFAS No. 157, *Fair Value Measurements*, or SFAS 157, on January 1, 2008, delaying application for non-financial assets and non-financial liabilities as permitted. This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. In February 2008, the Financial Accounting Standards Board, or FASB, issued FASB Staff Position, or FSP, No. FAS 157-1, *Application of FASB Statement No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements That Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13*, which amends SFAS 157 to exclude FASB Statement No. 13, *Accounting for Leases*, or SFAS 13, and other accounting pronouncements that address fair value measurements for purposes of lease classification or measurement under SFAS 13. In February 2008, the FASB also issued FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*, which permitted delayed application of this statement for nonfinancial assets and nonfinancial liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The partial adoption of SFAS 157 did not have a material impact on the Company's consolidated financial position, statement of operations, and cash flows. The Company is currently evaluating the impact of the deferred portion of SFAS 157 on the Company's consolidated financial position, statement of operations, and cash flows.

The Company adopted SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-including an amendment of FASB Statement No. 115,* or SFAS 159, on January 1, 2008. This statement provides entities with an option to measure and report selected financial assets and liabilities at fair value. This statement requires a business entity to report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. An entity may decide whether to elect the fair value option for each eligible item on its election date, subject to certain requirements described in the statement. The Company does not intend to apply this standard to any of its eligible assets or liabilities; therefore there was no impact on NRG's consolidated financial position, results of operations, or cash flows.

The Company adopted FSP FIN 39-1, *Amendment of FASB Interpretation No. 39*, or FSP FIN 39-1, which amends FIN 39, *Offsetting of Amounts Related to Certain Contracts*, on January 1, 2008. FSP FIN 39-1 impacts entities that enter into master netting arrangements as part of their derivative transactions. Under the guidance in this FSP, entities may choose to offset derivative positions in the financial statements against the fair value of amounts recognized as cash collateral paid or received under those arrangements. The Company chose not to offset positions as defined in this FSP; therefore there was no impact on NRG's consolidated financial position, results of operations, or cash flows.

NRG has non-qualified stock options for which it has insufficient historical exercise data and therefore estimates the expected term using the simplified method, as allowed under Staff Accounting Bulletin (SAB) No. 107, *Share Based Payment*, or SAB 107. In December 2007, the SEC issued SAB No. 110, *Certain Assumptions Used in Valuation Methods*, which eliminates the December 31, 2007 expiration of SAB 107's permission to use this simplified method. NRG will therefore continue to use this simplified method, for as long as the Company deems it to be the most appropriate method.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *Business Combinations*, or SFAS 141R. This statement applies prospectively to all business combinations for which the acquisition date is on or after the beginning of an entity's first annual reporting period beginning on or after December 15, 2008. The statement establishes principles and 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. As discussed further in Note 11, SFAS 141R will change the application of fresh start accounting to certain of the Company's unrecognized tax benefits. NRG is currently evaluating the impact of this statement upon its adoption on the Company's results of operations, financial position and cash flows.

In December 2007, the FASB issued SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51, Consolidated Financial Statements*, or SFAS 160. 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 shall be effective and applied prospectively for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008, except for the presentation and disclosure requirements, which shall be applied retrospectively. NRG is currently evaluating the impact of this statement upon its adoption on the Company's results of operations, financial position and cash flows.

In March 2008, the FASB issued SFAS No. 161, *Disclosures About Derivative Instruments and Hedging Activities*, or SFAS 161. SFAS 161 requires entities to provide enhanced disclosures about how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under SFAS 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The enhanced disclosures regarding derivative and hedging instruments required by SFAS 161 are relevant to NRG, but will not have an impact on the Company's results of operations, financial position, or cash flows.

Note 2 — Comprehensive Loss

The following table summarizes the components of the Company's comprehensive loss.

(In millions) Three months ended March 31,	2008	2007
Net income	$ 52	$ 65
Changes in derivative activity, net of tax	(302)	(283)
Foreign currency translation adjustment, net of tax	42	10
Unrealized gain on available-for-sale securities, net of tax	2	—
Other comprehensive loss, net of tax	(258)	(273)
Comprehensive loss	$ (206)	$ (208)

The following table summarizes the changes in the Company's accumulated other comprehensive loss.

(In millions) As of March 31,	2008
Accumulated other comprehensive loss as of December 31, 2007	$ (115)
Changes in derivative activity, net of tax	(302)
Foreign currency translation adjustments, net of tax	42
Unrealized gain on available-for-sale securities, net of tax	2
Accumulated other comprehensive loss as of March 31, 2008	$ (373)

Note 3 — Discontinued Operations

The assets and liabilities reported in the balance sheet as discontinued operations represent those of Itiquira Energetica S.A., or ITISA. On December 18, 2007, NRG entered into a sale and purchase agreement to sell its 100% interest in Tosli Acquisition B.V., or Tosli, which holds all NRG's interest in ITISA, to Brookfield Power Inc., a wholly-owned subsidiary of Brookfield Asset Management Inc. On April 28, 2008, NRG completed the sale and received $288 million in cash proceeds. The sale process will remove approximately $153 million of assets, including $53 million of cash, and approximately $116 million of liabilities, including $61 million of debt, that are classified as discontinued assets and liabilities on the condensed consolidated balance sheet as of March 31, 2008. NRG expects to recognize a pre-tax gain of approximately $250 million and net pre-tax cash additions of approximately $234 million, subject to a purchase price adjustment to be finalized within 90 days of the sale date.

Summarized operating results for the Company's discontinued operations, consisting of ITISA's activities, were as follows:

(In millions) Three months ended March 31,	2008	2007
Operating revenues	$ 15	$ 11
Pre-tax income	7	5
Income from discontinued operations, net of income taxes	4	4

Note 4 — Fair Value of Financial Instruments

The Company partially adopted SFAS 157 on January 1, 2008, delaying application for non-financial assets and non-financial liabilities as permitted. This statement establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

SFAS 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical asset or liabilities that the Company has the ability to access as of the measurement date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded securities and exchange-based derivatives.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, mutual funds and fair-value hedges.
- Level 3 — unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date. Financial assets and liabilities utilizing Level 3 inputs include infrequently-traded, non-exchange-based derivatives and commingled investment funds, and are measured using present value pricing models.

In accordance with SFAS 157, the Company determines the level in the fair value hierarchy within which each fair value measurement in its entirety falls, based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets and liabilities measured and recorded at fair value on the Company's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy during the three months ended March 31, 2008:

(In millions)	Fair Value			
As of March 31, 2008	Level 1	Level 2	Level 3	Total
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	$ —	$ —	$ 30	$ 30
Marketable equity securities	10	—	—	10
Trust fund investments	216	131	25	372
Derivative assets	510	2,303	56	2,869
Total assets	$ 736	$ 2,434	$ 111	$ 3,281
Derivative liabilities	$ 566	$ 3,363	$ 47	$ 3,976

The following table reconciles, for the period ended March 31, 2008, 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:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)			
(In millions) Three months ended March 31, 2008	Debt Securities	Trust Fund Investments	Derivatives	Total
Beginning balance as of January 1, 2008	$ 32	$ 37	$ 27	$ 96
Total gains and losses (realized/unrealized)				
Included in earnings	(2)	—	(35)	(37)
Included in nuclear decommissioning obligations	—	(2)	—	(2)
Included in other comprehensive income	—	—	10	10
Purchases/(sales)	—	(9)	(11)	(20)
Transfer in/(out) of Level 3	—	(1)	18	17
Ending balance as of March 31, 2008	$ 30	$ 25	$ 9	$ 64
The amount of the total gains or losses for the period included in earnings attributable to the change in unrealized gains and losses relating to assets still held as of March 31, 2008	$ (2)	$ —	$ (28)	$ (30)

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 derivatives are recorded in operating revenues.

Non-derivative fair value measurements

NRG's debt securities are classified as Level 3 and consist of non-traded debt instruments that are valued based on discounted cash flow methodology which utilizes significant assumptions that are unobservable.

The trust fund investments are held primarily to satisfy NRG's nuclear decommissioning obligations. These trust fund investments hold debt and equity securities directly and equity securities indirectly through commingled funds. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. In addition, U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized in Level 2. Commingled funds, which are analogous to mutual funds, are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair value of commingled funds are based on net asset values per fund share (the unit of account), derived from the quoted prices in active markets of the underlying equity securities. However, because the shares in the commingled funds are not publicly quoted, not traded in an active market and are subject to certain restrictions regarding their purchase and sale, the commingled funds are categorized in Level 3.

Derivative fair value measurements

The majority of NRG's energy related contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter, on-line exchanges. 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. The terms for which such price information is available vary by commodity, region and product. The remainder of the assets represent contracts for which external valuations are not available, primarily option contracts. These contracts are valued using the Black Scholes model, an industry standard option valuation model. The fair values in each category reflect the level of forward prices and volatility factors as of March 31, 2008 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.

Credit Risk Associated with Derivative Instruments

NRG would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of the contracts as of the reporting date. For energy-related derivative instruments, NRG attempts to enter into enabling agreements that allow for payment netting with its counterparties, which reduces NRG's exposure to counterparty credit risk by providing for the offset of amounts payable against amounts receivable to or from the counterparty. Each enabling agreement is commodity specific and so netting is limited to transactions involving that specific commodity except where master netting agreements exist that allow for cross commodity netting. In addition to payment netting language, the credit risk group establishes credit limits and collateral requirements for a counterparty as defined in the enabling agreements. Counterparty credit limits are based on an internal credit assessment that considers a variety of quantitative and qualitative factors, including but not limited to the financial health of the counterparty, credit ratings and risk management capabilities. To the extent that a credit limit is exceeded by the counterparty, NRG will require the counterparty to post collateral as specified in the enabling agreement. NRG's credit risk group monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and portfolio basis.

Under the guidance of FSP FIN 39-1, entities may choose to offset derivative positions in the financial statements against the fair value of the amounts recognized as cash collateral paid or received under those arrangements. The Company has credit arrangements within various agreements to call on or pay additional collateral support. The Company has chosen not to offset positions as defined in this FSP. As of March 31, 2008, the Company has the right to reclaim $241 million of cash collateral paid and the obligation to return $20 million of cash collateral received. These amounts are included in other current assets and liabilities, respectively.

Note 5 — Accounting for Derivative Instruments and Hedging Activities

SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended, or 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.

Accumulated Other Comprehensive Income

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

(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 hedge 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)

(In millions) Three months ended March 31, 2007	Energy Commodities	Interest Rate	Total
Accumulated OCI balance at December 31, 2006	$ 193	$ 16	$ 209
Realized from OCI during the period:			
— Due to realization of previously deferred amounts	(17)	—	(17)
Mark-to-market of hedge contracts	(259)	(7)	(266)
Accumulated OCI balance at March 31, 2007	$ (83)	$ 9	$ (74)

As of March 31, 2008 and 2007, the net balances in OCI relating to SFAS 133 were unrecognized losses of approximately $567 million and $74 million, which were net of $371 million and $50 million, respectively, in income taxes.

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 hedge derivatives and ineffectiveness of hedge derivatives are reflected in current period earnings.

The following tables summarizes the pre-tax effects of non-hedge derivatives, derivatives that do not qualify as hedges, and ineffectiveness of hedge derivatives on NRG's statement of operations:

(In millions)	Three months ended March 31, 2008	2007
Revenue from operations — energy commodities	$ (141)	$ (90)
Interest expense — interest rate swaps	—	—
Total impact to statement of operations	$ (141)	$ (90)

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 is 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. In addition, the Company recorded $16 million of gains associated with open positions also related to trading activity.

For the three months ended March 31, 2007, the unrealized loss associated with changes in the fair value of derivative instruments not accounted for as hedge derivatives of $90 million is comprised of $79 million of fair value decreases in forward sales of electricity and fuel, a $44 million gain due to the ineffectiveness associated with financial forward contracted electric and gas sales, $70 million from the reversal of mark-to-market gains which ultimately settled as financial revenues of which $57 million was related to economic

hedges and $13 million was related to trading activity. In addition, the Company recorded $15 million of gains associated with open positions also related to trading activity.

Note 6 — Long Term Debt

Debt Related to Capital Allocation Program

In March 2008, the Company executed an arrangement with Credit Suisse to extend the notes and preferred interest maturities of NRG Common Stock Finance I, LLC, or CSF I, from October 2008 to June 2010. In addition, the settlement date for any share price appreciation beyond a 20% compound annual growth rate since the original date of purchase by CSF I was extended 30 days to early December 2008. As part of this extension arrangement, the Company contributed 795,503 treasury shares to CSF I as additional collateral to maintain a blended interest rate in the CSF I facility of approximately 7.5%. Accordingly, the amount due at maturity in June 2010 for the CSF I notes and preferred interests is $248 million.

Senior Credit Facility

Beginning in 2008, NRG must annually offer a portion of its excess cash flow (as defined in the Senior Credit Facility) for the prior year to its first lien lenders under the Company's Term B loan. The percentage of the 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. The mandatory annual offer required for 2008 was $446 million, against which the Company made a prepayment of $300 million in December 2007. Of the remaining $146 million, the lenders accepted a repayment of $143 million in March 2008. The amount retained by the Company can be used for investments, capital expenditures and other items as permitted by the Senior Credit Facility.

Note 7 — 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, 2008 and 2007:

	Authorized	Issued	Treasury	Outstanding
Balance as of December 31, 2007	500,000,000	261,285,529	(24,550,600)	236,734,929
2008 Capital Allocation Program	—		(1,281,600)	(1,281,600)
Shares issued from LTIP through March 31, 2008	—	93,251		93,251
Balance as of March 31, 2008	500,000,000	261,378,780	(25,832,200)	235,546,580
Balance as of December 31, 2006	500,000,000	274,248,264	(29,601,162)	244,647,102
Capital Allocation Program — Phase II	—	—	(3,000,000)	(3,000,000)
Shares issued from LTIP through March 31, 2007	—	598,914	—	598,914
Balance as of March 31, 2007	500,000,000	274,847,178	(32,601,162)	242,246,016

Common Stock

NRG's authorized shares of common stock consist of 500 million shares. Common stock issued as of March 31, 2008 and 2007 was 261,378,780 and 274,847,178 shares, respectively.

Treasury Stock

In December 2007, the Company initiated its 2008 Capital Allocation Program, with the repurchase of 2,037,700 shares of NRG common stock during that month for approximately $85 million. This was followed in January 2008 with the repurchase of an additional 344,000 shares of NRG common stock for approximately $15 million. In February 2008, the Company's Board of Directors authorized an additional $200 million in common share repurchases that would raise the total 2008 Capital Allocation Program to approximately $300 million. In March 2008, the Company repurchased an additional 937,600 shares of NRG common stock in the open market for approximately $40 million. As of March 31, 2008, NRG had repurchased a total of 3,319,300 shares of NRG common stock at a cost of approximately $140 million as part of its 2008 Capital Allocation Program.

Note 8 — Equity Compensation

Non-Qualified Stock Options, or NQSO's

The following table summarizes the Company's NQSO activity as of March 31, 2008 and the changes during the three months then ended:

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)
Outstanding as of December 31, 2007	3,579,775	$ 19.98	
Granted	929,500	42.63	
Forfeited	(20,667)	34.11	
Exercised	(73,204)	23.42	
Outstanding at March 31, 2008	4,415,404	24.62	$ 63
Exercisable at March 31, 2008	2,413,256	$ 16.87	53

The weighted average grant date fair value of NQSO's granted for the three months ending March 31, 2008 was $11.08.

Restricted Stock Units, or RSU's

The following table summarizes the Company's non-vested RSU awards as of March 31, 2008 and changes during the three months then ended:

Non-vested Shares	Shares	Weighted Average Grant-Date Fair Value Per Unit
Non-vested as of December 31, 2007	1,588,316	$ 26.99
Granted	136,000	41.66
Vested	(16,400)	18.26
Forfeited	(16,790)	31.09
Non-vested as of March 31, 2008	1,691,126	$ 28.21

Performance Units, or PU's

The following table summarizes the Company's non-vested PU awards as of March 31, 2008 and changes during the three months then ended:

Non-vested Shares	Shares	Weighted Average Grant- Date Fair Value Per Unit
Non-vested as of December 31, 2007	536,764	$ 20.18
Granted	179,900	28.90
Forfeited	(8,000)	21.25
Non-vested as of March 31, 2008	708,664	$ 22.38

Note 9 — Earnings Per Share

Basic earnings per common share is computed by dividing net income less 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. Diluted earnings per share 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 is as follows:

(In millions, except per share data)	Three months ended March 31, 2008	2007
Basic earnings per share		
Numerator:		
Income from continuing operations	$ 48	$ 61
Preferred stock dividends	(14)	(14)
Net income available to common stockholders from continuing operations	34	47
Discontinued operations, net of income tax expense	4	4
Net income available to common stockholders	$ 38	$ 51
Denominator:		
Weighted average number of common shares outstanding	236.3	244.0
Basic earnings per share:		
Income from continuing operations	$ 0.14	$ 0.19
Discontinued operations, net of income tax expense	0.02	0.02
Net income	$ 0.16	$ 0.21
Diluted earnings per share		
Numerator:		
Net income available to common stockholders from continuing operations	$ 34	$ 47
Add preferred stock dividends for dilutive preferred stock	—	4
Adjusted income from continuing operations	34	51
Discontinued operations, net of tax	4	4
Net income available to common stockholders	$ 38	$ 55
Denominator:		
Weighted average number of common shares outstanding	236.3	244.0
Incremental shares attributable to the issuance of equity compensation (treasury stock method)	3.7	3.2
Incremental shares attributable to embedded derivatives of certain financial instruments (if-converted method)	5.3	2.3
Incremental shares attributable to assumed conversion features of outstanding preferred stock (if-converted method)	—	21.0
Total dilutive shares	245.3	270.5
Diluted earnings per share:		
Income from continuing operations	$ 0.14	$ 0.19
Income from discontinued operations, net of tax	0.02	0.01
Net income	$ 0.16	$ 0.20

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, 2008	2007
Equity compensation (NQSO's and PU's)	1.3	1.0
4.0% convertible preferred stock	21.0	—
5.75% convertible preferred stock	16.5	16.5
Embedded derivative of 3.625% redeemable perpetual preferred stock	12.2	14.5
Embedded derivative of preferred interests and notes issued by CSF I and CSF II	16.8	17.6
Total	67.8	49.6

Note 10 — Segment Reporting

The Company's segment structure reflects NRG'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.

	Wholesale Power Generation								
(In millions) 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	(104)	—	102
Income from discontinued operations, net of income taxes	—	—	—	—	4	—	—	—	4
Net income/(loss)	$ 37	$ 59	$ 39	$ 12	$ 24	$ 5	$ (124)	$ —	$ 52
Total assets	$12,072	$ 1,550	$ 972	$ 255	$ 1,276	$ 214	$ 14,447	$ (9,812)	$20,974

	Wholesale Power Generation								
(In millions) Three months ended March 31, 2007	Texas	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$ 695	$ 342	$ 150	$ 28	$ 32	$ 49	$ 5	$ (2)	$ 1,299
Depreciation and amortization	114	25	17	—	—	3	1	—	160
Equity in (losses)/earnings of unconsolidated affiliates	—	—	—	(2)	15	—	—	—	13
Income/(loss) from continuing operations before income taxes	113	38	10	5	19	23	(92)	—	116
Income from discontinued operations, net of income taxes	—	—	—	—	4	—	—	—	4
Net income/(loss)	$ 60	$ 38	$ 10	$ 5	$ 17	$ 23	$ (88)	$ —	$ 65

Note 11 — Income Taxes

Income tax expense from continuing operations for the three months ended March 31, 2008 and March 31, 2007 was $54 million and $55 million, respectively. The income tax expense for the three months ended March 31, 2008 included domestic tax expense of $50 million and foreign tax expense of $4 million. The income tax expense for the three months ended March 31, 2007 included domestic tax expense of $48 million and foreign tax expense of $7 million.

A reconciliation of the U.S. statutory rate to NRG's effective tax rate from continuing operations is as follows:

(In millions except rate data) Three months ended March 31,	2008	2007
Income from continuing operations before income taxes	$ 102	$ 116
Tax at 35%	36	41
State taxes	6	6
Valuation allowance	8	—
Foreign operations	(3)	(1)
Foreign dividend	6	5
Non-deductible interest	3	3
Other permanent differences including subpart F income	(2)	1
Income tax expense	$ 54	$ 55
Effective income tax rate	52.9%	47.4%

The effective income tax rate for the three months ended March 31, 2008 and 2007 differs from the U.S. statutory rate of 35% due to an establishment of valuation allowance, a taxable dividend from foreign operations and non-deductible interest, offset by earnings in foreign jurisdictions that are taxed at rates lower than the U.S. statutory rate.

Deferred tax assets and valuation allowance

Net deferred tax balance — As of March 31, 2008, NRG recorded a net deferred tax asset of $3 million. However, due to an assessment of positive and negative evidence, including projected capital gains and available tax planning strategies, NRG believes that it is more likely than not that a benefit will not be realized on $562 million of tax assets, thus a valuation allowance has remained, resulting in a net deferred tax liability of $559 million.

NOL carryforwards — As of March 31, 2008, the Company has cumulative foreign NOL carryforwards of $305 million of which $75 million will expire starting in 2011 through 2017 and of which $230 million do not have an expiration date.

Valuation Allowance — As of March 31, 2008, the Company's valuation allowance was increased by approximately $9 million of federal and $1 million of state tax as a result of net capital losses generated during the period. The Company reduced its foreign valuation allowance by $1 million due to the utilization of foreign NOL.

Uncertain tax benefits

NRG has identified certain unrecognized tax benefits whose after-tax value was $698 million, of which $25 million would impact the Company's effective tax rate if recognized. Of the $698 million in unrecognized tax benefits, $673 million relates to periods prior to the Company's emergence from bankruptcy. In accordance with Statement of Position 90-7, *Financial Reporting by Entities in Reorganization under the Bankruptcy Code*, and the application of fresh start accounting, recognition of previously unrecognized tax benefits existing pre-emergence would not impact the Company's effective tax rate but would increase additional paid-in capital, or APIC. As of March 31, 2008, NRG has recorded a $50 million non-current tax liability for unrecognized tax benefits. In accordance with SFAS 141R, any changes to our uncertain tax benefits occurring after January 1, 2009 will be credited to income tax expense rather than APIC.

NRG has accrued interest and penalties related to these unrecognized tax benefits of approximately $3 million as of March 31, 2008. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense. For the quarter ended March 31, 2008, the Company incurred an immaterial amount of interest and penalties related to its unrecognized tax benefits.

Tax jurisdictions — NRG is subject to examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and various state and foreign jurisdictions including major operations located in Germany, Australia, and Brazil. The Company is no longer subject to U.S. 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 2003. The Company's significant foreign operations are also no longer subject to examination by local jurisdictions for years prior to 2000.

The Company has been contacted for examination by the Internal Revenue Service for years 2004 through 2006. The audit is expected to commence in June 2008 and continue for approximately 18 to 24 months.

Note 12 — 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, 2008 was $13 million.

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

(In millions)	Defined Benefit Pension Plans	
Three months ended March 31	**2008**	**2007**
Service cost benefits earned	$ 4	$ 4
Interest cost on benefit obligation	5	4
Expected return on plan assets	(4)	(3)
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)	Other Postretirement Benefits Plans	
Three months ended March 31	**2008**	**2007**
Service cost benefits earned	$ 1	$ 1
Interest cost on benefit obligation	1	1
Net periodic benefit cost	$ 2	$ 2

STP Defined Benefit Plans

NRG has a 44% undivided ownership interest in South Texas Project, or STP. 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. The Company has also recognized net periodic costs related to its 44% interest in STP defined benefits plans of $2 million for both the three months ended March 31, 2008 and 2007.

Note 13 — 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 entered into additional coal purchase agreements during the three months ended March 31, 2008 with total commitments of approximately $213 million, spanning over 2008 and 2009. In addition, NRG natural gas purchase commitments increased by $122 million over the next three years due to higher forward prices.

First and Second Lien Structure

NRG has granted first and second priority liens to certain counterparties on substantially all of the Company's assets in the United States in order to secure certain obligations, which are primarily long-term in nature under certain power sale agreements and related contracts. NRG uses the first or 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 these agreements. 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.

As part of the amendments to NRG's Senior Credit Facility entered into on June 8, 2007, the Company obtained the ability to move its current second lien counterparty exposure to the first lien, on a pari passu basis, with the Company's existing first lien lenders. In exchange for moving some second lien holders to a pari passu basis with the Company's first lien lenders, the counterparties relinquished letters of credit issued by NRG which they held as a part of their collateral package.

On March 31, 2008, the Company moved a second lien counterparty to a first lien position, resulting in the release of approximately $57 million of letters of credit. As of March 31, 2008, and April 25, 2008, the net discounted exposure less collateral posted on the agreements and hedges that were subject to the first lien structure were approximately $1.1 billion and $1.6 billion, respectively. As of March 31, 2008, and April 25, 2008, the net discounted exposure less collateral posted on the agreements and hedges that were subject to the second lien structure were approximately $382 million and $579 million, respectively.

***Repowering*NRG**

NRG has made non-refundable deposits relating to *Repowering*NRG projects totaling approximately $118 million primarily towards the procurement of wind turbines. The Company believes that these deposits are necessary for the timely and successful execution of these projects. The deposits are in support of expected deliveries of wind turbines and other equipment totaling approximately $417 million through 2009. In addition, as discussed in Note 1, NRG expects to contribute approximately $87 million in equity to Sherbino in 2008 and has posted a letter of credit in that amount.

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. 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 be at amounts that are different from its currently recorded reserves and that such difference 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 effect NRG's consolidated financial position, results of operations, or cash flows.

California Department of Water Resources

On December 19, 2006, the U.S. Court of Appeals for the Ninth Circuit reversed the Federal Energy Regulatory Commission's, or FERC's, prior determinations regarding the enforceability of certain wholesale power contracts and remanded the case to FERC for further proceedings consistent with the decision. One of these contracts was the wholesale power contract between the California Department of Water Resources, or CDWR, and subsidiaries of WCP. This case originated with a February 2002 complaint filed at FERC by the State of California alleging that many parties, including WCP subsidiaries, overcharged the State. For WCP, the alleged overcharges totaled approximately $940 million for 2001 and 2002. The complaint demanded that FERC abrogate the CDWR contract and sought refunds associated with revenues collected under the contract. In 2003, FERC rejected this complaint, denied rehearing, and the case was appealed to the Ninth Circuit where oral argument was held on December 8, 2004. On December 19, 2006, the Court decided that in FERC's review of the contracts at issue, FERC could not rely on the Mobile-Sierra standard presumption of just and reasonable rates, where such contracts were not reviewed by FERC with full knowledge of the then existing market conditions. On May 3, 2007, WCP and the other defendants filed separate petitions for certiorari seeking review by the U.S. Supreme Court and on September 25, 2007, the Court agreed to hear two of the filed petitions. Although WCP's petition was not selected for review, the Court's ultimate decision with respect to the other defendants' petitions will apply equally to WCP. Oral argument occurred on February 19, 2008, and a decision is expected from the Court by the end of the third quarter 2008. 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 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.

Station Service Disputes

On October 2, 2000, Niagara Mohawk Power Corporation, or NiMo, commenced an action against NRG in New York state court seeking damages related to NRG's alleged failure to pay retail tariff amounts for utility services at the Dunkirk plant between June 1999 and September 2000. The parties agreed to consolidate this action with two other actions against the Huntley and Oswego plants. On October 8, 2002, by stipulation and order, this action was stayed pending submission to FERC of the disputes in the action. At FERC, NiMo asserted the same claims and legal theories, and on November 19, 2004, FERC denied NiMo's petition and ruled that the NRG facilities could net their service obligations over each 30 calendar day period from the day NRG acquired the facilities. In addition, FERC ruled that neither NiMo nor the New York Public Service Commission could impose a retail delivery charge on the NRG facilities because they are interconnected to transmission and not to distribution. NiMo appealed to the U.S. Court of Appeals for the D.C. Circuit which, on June 23, 2006, denied the appeal finding that New York Independent System Operator's, or NYISO's, station service program that permits generators to self supply their station power needs by netting consumption against production in a month is lawful. On April 30, 2007, the U.S. Supreme Court denied NiMo's request for review of the D.C. Circuit decision thus ending further avenues to appeal FERC's ruling in this matter. NRG believes it is adequately reserved.

On December 14, 1999, NRG acquired certain generating facilities from CL&P. A dispute arose over station service power and delivery services provided to the facilities. On December 20, 2002, as a result of a petition filed at FERC by Northeast Utilities Services Company on behalf of itself and CL&P, FERC issued an order finding that, at times when NRG is not able to self-supply its station power needs, there is a sale of station power from a third-party and retail charges apply. In August 2003, the parties agreed to submit the dispute to binding arbitration. On September 11, 2007, the parties argued the dispute before a three judge arbitration panel. On February 19, 2008, the parties executed a settlement agreement ending the arbitration. A component of the settlement that requires action from ISO-NE is pending.

Native Village of Kivalina and City of Kivalina

Twenty-four electric generating companies and oil and gas companies have been named as defendants in this complaint, which has been filed but not yet served on NRG. Damages of up to $400 million have been asserted. The complaint alleges that the carbon dioxide emissions of defendants contribute to global climate changes which has harmed the plaintiffs. The complaint was filed on behalf of a small Alaskan town and seeks damages associated with those tribes having to relocate from the northern coast of Alaska, purportedly because of the effects of global warming. By agreement with the plaintiffs, the response date for all defendants to the complaint is June 30, 2008.

Spring Creek Coal Company

In August 2007, Spring Creek Coal Company filed a complaint against NRG Texas LP, NRG South Texas LP, NRG Texas Power LLC, NRG Texas LLC, and NRG Energy, Inc. in the U.S. District Court for the federal district of Wyoming. The complaint alleged multiple breaches in 2007 of a 1978 coal supply agreement as amended by a later 1987 agreement, which plaintiff alleges is a “take or pay” contract. Several dispositive motions were set to be heard by the court on July 11, 2008, with a trial scheduled to begin on September 8, 2008. On April 10, 2008, the parties reached a settlement in principal ending the litigation. A settlement agreement is expected to be executed in the second quarter of 2008. The settlement provides that while neither party admits liability, NRG will pay Spring Creek approximately $18 million for the amount of coal it did not take in 2007 and NRG’s obligation to take coal under the contract in the future will be reduced by an identical amount. In addition, NRG will receive a price reduction on all remaining tons of the coal supply agreement, valued at approximately $3 million. NRG recorded a $15 million reserve as of March 31, 2008.

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. As of April 25, 2008, the reserve held approximately $10 million in cash and approximately 1,319,142 shares of common stock on a post-stock split basis. NRG believes the cash and stock together represent sufficient funds to satisfy all remaining disputed claims.

Note 14 — 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.

New England — On July 16, 2007, FERC conditionally accepted, subject to refund, the Reliability-Must-Run, or RMR, agreement filed on April 26, 2007 by Norwalk Power for its units 1 and 2, specifying a June 19, 2007 effective date. Norwalk's RMR rate and its eligibility for the RMR agreement, which is based upon the facility's projected market revenues and costs, are subject to further proceedings. Norwalk filed for the RMR agreement in response to FERC's order eliminating the Peaking Unit Safe Harbor bidding mechanism which took effect on June 19, 2007. Settlement proceedings are still ongoing.

On March 18, 2008, the U.S. Court of Appeals for the D.C. Circuit rejected the appeal filed by the Attorneys General of the State of Connecticut and Commonwealth of Massachusetts regarding the settlement of the New England capacity market design. The settlement, filed with FERC on March 7, 2006, by a broad group of New England market participants, provides for interim capacity transition payments for all generators in New England for the period starting December 1, 2006 through May 31, 2010, and a Forward Capacity Market that is in the process of being implemented for the period thereafter. All substantive challenges to the settlement, to the validity of the interim capacity transition payments, and to the market design were rejected by the court, although one procedural argument relating to future challenges by non-settling parties was sustained.

New York — On March 7, 2008, FERC issued an order accepting the NYISO's proposed market reforms to the in-city Installed Capacity, or ICAP, market, with only minor modifications. On October 4, 2007, the NYISO had filed its proposal for revising the ICAP market for the New York City zone. The proposal retains the existing ICAP market structure, but imposes additional market power mitigation on the current owners of Consolidated Edison's divested generation units in New York City (which include NRG's Arthur Kill and Astoria facilities), who are deemed to be pivotal suppliers. Specifically, the NYISO proposal imposes a new reference price on pivotal suppliers and requires bids to be submitted at or below the reference price. The new reference price is derived from the expected clearing price based upon the intersection of the supply curve and the ICAP Demand Curve if all suppliers bid as price-takers. The NYISO's proposed reforms became effective March 27, 2008. Although FERC had established a refund effective date of May 12, 2007, its March 7 order determined that the NYISO's proposal should be implemented only prospectively and that no refunds should be required. No party has sought rehearing on the refund issue, thus resolving the contingency. NRG, as well as other market participants, have sought rehearing of other aspects of the March 7 order.

On March 15, 2006, NRG received the results from NYISO Market Monitoring Unit's review of NRG'S Astoria plant's 2004 Generating Availability Data System reporting. This audit may result in the resettlement of NRG's capacity revenues from the Astoria facility due to a redetermination of the amount of available capacity. NRG is currently in settlement discussions with the NYISO, and the Company believes that it is adequately reserved.

PJM — On August 23, 2007, several entities, 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, filed appeals of the FERC orders accepting the settlement of the locational capacity market for PJM Interconnection, LLC. The settlement, filed at FERC on September 29, 2006, provides for a capacity market mechanism known as the Reliability Pricing Model, or RPM, which is designed to provide a long-term price signal through competitive forward auctions. On December 22, 2006, FERC issued an order accepting the settlement, which was reaffirmed on rehearing by order dated June 25, 2007. The RPM auctions have been conducted and capacity payments pursuant to the RPM mechanism have commenced. A successful appeal by the appellants could disturb the settlement and create a refund obligation of capacity payments.

On January 15, 2008, the Maryland Public Service Commission, or MDPSC, filed at FERC a complaint against PJM claiming that PJM had failed to adequately mitigate certain generation resources, due to exemptions for resources used to relieve reactive limits on interfaces or that were constructed during certain periods after 1999. In addition to seeking an order eliminating the exemptions and a refund effective date as of the date of the complaint, the MDPSC is also seeking an investigation of periods prior to the complaint that could lead to disgorgement by certain entities, and possibly a resettlement of the market back to September 8, 2006. The principal impacts on NRG would occur as a resettlement of the LMPs, which is not viewed as likely at this time, and going-forward in the form of lower LMPs. In addition, NRG's peaking units at its energy center in Dover, Delaware were built in 2001 and utilize the post-1999 bidding exemption.

Note 15 — 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 U.S. 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 greenhouse gas legislation and regulations to mitigate the effects of gases, 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 from 2008 through 2012 to meet NRG's environmental commitments will be between $1.0 billion and $1.4 billion. These capital expenditures, in general, are related to installation of particulate, SO_2, NO_x, and mercury controls to comply with Clean Air Interstate Rule, or CAIR, consent orders and state requirements 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. The range reflects alternative strategies available with respect to the Company's Indian River plant.

The legal challenges to both the CAIR and CAMR regulations may alter the composition and rate of spending for environmental retrofits at our facilities until the regulations becomes more certain. This may be most felt in states such as Texas and Louisiana which adopted the federal CAMR rather than a state implementation plan. The full impact of these legal challenges on the scope and timing of environmental retrofits cannot be determined at this time.

South Central Region

On January 27, 2004, NRG's Louisiana Generating LLC and the Company's Big Cajun II plant received a request under Section 114 of the Clean Air Act, or CAA, from USEPA seeking information primarily related to physical changes made at the Big Cajun II plant, and subsequently received a notice of violation, or NOV, on February 15, 2005, alleging that NRG's predecessors had undertaken projects that triggered requirements under the Prevention of Significant Deterioration, or PSD, program, including the installation of emission controls. NRG submitted multiple responses commencing February 27, 2004 and ending on October 20, 2004. On May 9, 2006, these entities received from the Department of Justice, or DOJ, a notice of deficiency related to their responses, to which NRG responded on May 22, 2006. A document review was conducted at NRG's Louisiana Generating LLC offices by the DOJ during the week of August 14, 2006. On December 8, 2006, the USEPA issued a supplemental NOV updating the original February 15, 2005 NOV. Discussions with the USEPA are ongoing and the Company cannot predict with certainty the outcome of this matter.

Note 16 — 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, operation and maintenance agreements, service agreements, settlement agreements, and other types of contractual agreements with vendors and other third parties. 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, 2007.

For the three months ended March 31, 2008, NRG had net increases to its guarantee obligations under other commercial arrangements of approximately $178 million. These pertain to payment obligations of NRG Power Marketing LLC, or PMI.

Note 17 — Condensed Consolidating Financial Information

As of March 31, 2008, 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 of 7.375% 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, 2008:

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
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.
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.
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 Energy, Inc., 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.

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	$ 1,200	$ 102	$ —	$ —	$ 1,302
Operating Costs and Expenses					
Cost of operations	735	67	2	—	804
Depreciation and amortization	153	6	2	—	161
General and administrative	12	4	59	—	75
Development costs	—	2	10	—	12
Total operating costs and expenses	900	79	73	—	1,052
Operating Income/(Loss)	300	23	(73)	—	250
Other Income/(Expense)					
Equity in earnings/(losses) of consolidated subsidiaries	72	(18)	145	(199)	—
Equity in losses of unconsolidated affiliates	(2)	(2)	—	—	(4)
Other income, net	1	3	5	—	9
Interest expense	(51)	(18)	(84)	—	(153)
Total other income/(expense)	20	(35)	66	(199)	(148)
Income From Continuing Operations Before Income Taxes	320	(12)	(7)	(199)	102
Income tax expense/(benefit)	121	(8)	(59)	—	54
Income From Continuing Operations	199	(4)	52	(199)	48
Income from discontinued operations, net of income taxes	—	4	—	—	4
Net Income	$ 199	$ —	$ 52	$ (199)	$ 52

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

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

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations(a)	Consolidated Balance
ASSETS					
Current Assets					
Cash and cash equivalents	$ —	$ 175	$ 698	$ —	$ 873
Accounts receivable, net	418	38	—	—	456
Inventory	441	13	—	—	454
Derivative instruments valuation	2,389	—	—	—	2,389
Deferred income taxes	354	(23)	(6)	—	325
Prepayments and other current assets	323	41	206	(162)	408
Current assets — discontinued operations		59			59
Total current assets	3,925	303	898	(162)	4,964
Net property, plant and equipment	10,757	499	23	—	11,279
Other Assets					
Investment in subsidiaries	685	(18)	9,484	(10,151)	—
Equity investments in affiliates	26	425	—	—	451
Notes receivable and capital lease	387	529	3,751	(4,138)	529
Goodwill	1,786	—	—	—	1,786
Intangible assets, net	837	15	—	—	852
Nuclear decommissioning trust	365	—	—	—	365
Derivative instruments valuation	473	—	7	—	480
Other non-current assets	9	1	161	—	171
Intangible assets held-for-sale	3	—	—	—	3
Non-current assets — discontinued operations	—	94	—	—	94
Total other assets	4,571	1,046	13,403	(14,289)	4,731
Total Assets	$ 19,253	$ 1,848	$ 14,324	$ (14,451)	$ 20,974
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt	$ 83	$ 99	$ 31	$ (83)	$ 130
Accounts payable	(432)	417	364	—	349
Derivative instruments valuation	2,640	—	4	—	2,644
Accrued expenses and other current liabilities	175	43	154	(79)	293
Current liabilities — discontinued operations	—	37	—	—	37
Total current liabilities	2,466	596	553	(162)	3,453
Other Liabilities					
Long-term debt	3,671	838	7,730	(4,138)	8,101
Nuclear decommissioning reserve	311	—	—	—	311
Nuclear decommissioning trust liability	300	—	—	—	300
Deferred income taxes	638	(153)	399	—	884
Derivative instruments valuation	1,201	28	103	—	1,332
Out-of-market contracts	550	—	—	—	550
Other long-term obligations	373	52	60	—	485
Non-current liabilities — discontinued operations	—	79	—	—	79
Total non-current liabilities	7,044	844	8,292	(4,138)	12,042
Total liabilities	9,510	1,440	8,845	(4,300)	15,495
3.625% Preferred Stock	—	—	247	—	247
Stockholders' Equity	9,743	408	5,232	(10,151)	5,232
Total Liabilities and Stockholders' Equity	$ 19,253	$ 1,848	$ 14,324	$ (14,451)	$ 20,974

(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	$ 199	$ —	$ 52	$ (199)	$ 52
Adjustments to reconcile net income to net cash provided by operating activities					
Distributions and equity (earnings)/losses of unconsolidated affiliates and consolidated subsidiaries	(70)	22	(145)	199	6
Depreciation	153	6	2	—	161
Amortization of nuclear fuel	15	—	—	—	15
Amortization of financing costs and debt discount	—	2	6	—	8
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
Cash provided by/(used by) changes in other working capital, net of dispositions affects	38	(29)	(158)	—	(149)
Net Cash Provided by Operating Activities	225	(18)	(147)	—	60
Cash Flows from Investing Activities					
Intercompany loans to subsidiaries	(27)		28	(1)	—
Capital expenditures	(114)	(48)	(2)	—	(164)
Decrease/(increase) in restricted cash	(10)	—	—	—	(10)
Decrease/(increase) in notes receivable	—	9	—	—	9
Purchases of emission allowances	(1)	—	—	—	(1)
Proceeds from sale of emission allowances	31	—	—	—	31
Investment in trust fund securities	(144)	—	—	—	(144)
Proceeds from sales of 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	—
Payments for dividends to preferred stockholders	—	—	(14)	—	(14)
Payment of financing element of acquired derivatives	(1)	—	—	—	(1)
Payments for treasury stock	—	—	(55)	—	(55)
Proceeds from issuance of common stock, net of issuance costs	—	—	2	—	2
Payments for 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.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2007

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy Inc.	Eliminations[a]	Consolidated Balance
ASSETS					
Current Assets					
Cash and cash equivalents	$ (4)	$ 124	$ 1,012	$ —	$ 1,132
Restricted cash	1	28	—	—	29
Accounts receivable-trade, net	445	37	—	—	482
Inventory	439	12	—	—	451
Deferred income taxes	139	(18)	3	—	124
Derivative instruments valuation	1,034	—	—	—	1,034
Collateral on deposit in support of energy risk management activities	85	—	—	—	85
Prepayments and other current assets	96	35	195	(152)	174
Current assets — discontinued operations	—	51	—	—	51
Total current assets	2,235	269	1,210	(152)	3,562
Net Property, Plant and Equipment	10,828	470	22	—	11,320
Other Assets					
Investment in subsidiaries	610	—	9,787	(10,397)	—
Equity investments in affiliates	28	397	—	—	425
Notes receivable	360	126	3,779	(4,139)	126
Capital lease, less current portion	—	365	—	—	365
Goodwill	1,786	—	—	—	1,786
Intangible assets, net	859	14	—	—	873
Intangible assets held-for-sale	14	—	—	—	14
Nuclear decommissioning trust fund	384	—	—	—	384
Derivative instruments valuation	150	—	—	—	150
Other non-current assets	11	1	164	—	176
Non-current assets — discontinued operations	—	93	—	—	93
Total other assets	4,202	996	13,730	(14,536)	4,392
Total Assets	$ 17,265	$ 1,735	$ 14,962	$ (14,688)	$ 19,274
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt and capital leases	$ 83	$ 282	$ 184	$ (83)	$ 466
Accounts payable — trade	(699)	352	731	—	384
Derivative instruments valuation	916	1	—	—	917
Accrued expenses and other current liabilities	335	62	145	(69)	473
Current liabilities — discontinued operations	—	37	—	—	37
Total current liabilities	635	734	1,060	(152)	2,277
Other Liabilities					
Long-term debt and capital leases	3,773	571	7,690	(4,139)	7,895
Nuclear decommissioning reserve	307	—	—	—	307
Nuclear decommissioning trust liability	326	—	—	—	326
Deferred income taxes	598	(138)	383	—	843
Derivative instruments valuation	690	16	53	—	759
Non-current out-of-market contracts	628	—	—	—	628
Other non-current liabilities	377	10	25	—	412
Non-current liabilities — discontinued operations	—	76	—	—	76
Total non-current liabilities	6,699	535	8,151	(4,139)	11,246
Total liabilities	7,334	1,269	9,211	(4,291)	13,523
3.625% Preferred Stock	—	—	247	—	247
Stockholders' Equity	9,931	466	5,504	(10,397)	5,504
Total Liabilities and Stockholders' Equity	$ 17,265	$ 1,735	$ 14,962	$ (14,688)	$ 19,274

(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, 2007

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations(a)	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 1,199	$ 100	$ —	$ —	$ 1,299
Operating Costs and Expenses					
Cost of operations	701	78	2	—	781
Depreciation and amortization	153	6	1	—	160
General and administrative	26	4	55	—	85
Development costs	23	—	—	—	23
Total operating costs and expenses	903	88	58	—	1,049
Gain/(loss) on sale of assets	18	—	(1)	—	17
Operating Income/(Loss)	314	12	(59)	—	267
Other Income/(Expense)					
Equity in earnings of consolidated subsidiaries	32	—	156	(188)	—
Equity in earnings of unconsolidated affiliates	(2)	15	—	—	13
Other income, net	2	8	10	(5)	15
Interest expense	(70)	(24)	(90)	5	(179)
Total other income/(expense)	(38)	(1)	76	(188)	(151)
Income From Continuing Operations Before Income Taxes	276	11	17	(188)	116
Income tax expense/(benefit)	99	4	(48)	—	55
Income From Continuing Operations	177	7	65	(188)	61
Income from discontinued operations, net of income taxes	—	4	—	—	4
Net Income	$ 177	$ 11	$ 65	$ (188)	$ 65

(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, 2007

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations(a)	Consolidated Balance
Cash Flows from Operating Activities					
Net income	$ 177	$ 11	$ 65	$ (188)	$ 65
Adjustments to reconcile net income to net cash provided by operating activities					
Distributions more/(less) than equity earnings of unconsolidated affiliates and consolidated subsidiaries	272	(12)	146	(416)	(10)
Depreciation and amortization of nuclear fuel	166	7	1	—	174
Amortization of financing costs and debt discount	—	2	7	—	9
Amortization of intangibles and out-of-market contracts	(29)	—	—	—	(29)
Amortization of unearned equity compensation	—	—	7	—	7
Changes in deferred income taxes	21	(3)	29	—	47
Changes in nuclear decommissioning liability	9	—	—	—	9
Changes in derivatives	91	1	(2)	—	90
Gain on sale of assets	(17)	—	—	—	(17)
Gain on sale of emission allowances	(5)	—	—	—	(5)
Changes in collateral deposits supporting energy risk management activities	(120)	—	—	—	(120)
Cash (used)/provided by changes in other working capital, net of dispositions affects	(182)	16	52	—	(114)
Net Cash Provided by Operating Activities	383	22	305	(604)	106
Cash Flows from Investing Activities					
Proceeds from payment of intercompany loans	—	—	12	(12)	—
Capital expenditures	(80)	(27)	—	—	(107)
Increase in restricted cash	—	(5)	—	—	(5)
Changes in notes receivable	—	9			9
Purchases of emission allowances	(61)	—	—	—	(61)
Proceeds from the sale of emission allowances	32	—	—	—	32
Proceeds from the sale of assets	29	—	—	—	29
Purchase in trust fund securities	(68)	—	—	—	(68)
Proceeds from sales of trust fund securities	59	—	—	—	59
Net Cash (Used)/Provided by Investing Activities	(89)	(23)	12	(12)	(112)
Cash Flows from Financing Activities					
Payments to Parent for intercompany loans	(12)	—	—	12	—
Payments from intercompany dividends	(302)	(302)	—	604	—
Payment for dividends to preferred stockholders	—	—	(14)	—	(14)
Payments for treasury stock	—	—	(103)	—	(103)
Payments for short and long-term debt	(1)	(9)	(9)	—	(19)
Net Cash (Used)/Provided by Financing Activities	(315)	(311)	(126)	616	(136)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	—	2	—	—	2
Change in Cash from Discontinued Operations	—	(5)	—	—	(5)
Net Increase/(Decrease) in Cash and Cash Equivalents	(21)	(315)	191	—	(145)
Cash and Cash Equivalents at Beginning of Period	20	414	343	—	777
Cash and Cash Equivalents at End of Period	$ (1)	$ 99	$ 534	$ —	$ 632

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

Note 18 — Subsequent Event

On March 25, 2008, NRG announced the formation of Nuclear Innovation North America LLC, or NINA, 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 CPS Energy at the STP nuclear power station site. In April 2008, NRG contributed its rights to develop STP units 3 and 4 to special purpose subsidiaries of NINA. In addition, Toshiba Corporation, or Toshiba, agreed to partner with NRG on the NINA venture and to invest $300 million in NINA in six annual installments of $50 million, the last three of which are subject to certain conditions, in exchange for a 12% equity ownership in NINA.

On April 21, 2008, NINA entered into a $20 million revolving loan arrangement, as borrower, to provide working capital. This facility matures on April 21, 2011, and permits NINA to make cash draws or issue letters of credit. Borrowings accrue interest at either LIBOR or a base rate, plus a spread. As of April 21, 2008, NINA had borrowed $10 million.

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

Introduction and Overview

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 primarily 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. As of March 31, 2008, NRG had a total global portfolio of 191 active operating generation units at 49 power generation plants, with an aggregate generation capacity of approximately 24,120 MW and approximately 1,412 MW under construction, which includes partnership interests. Within the United States, NRG has one of the largest and most diversified power generation portfolios in terms of geography, fuel-type and dispatch levels, with approximately 22,885 MW of generation capacity in 175 active generating units at 43 plants. These power generation facilities are primarily located in Texas (approximately 10,805 MW), the Northeast (approximately 6,980 MW), South Central (approximately 2,855 MW), and the West (approximately 2,130 MW) regions of the United States, with 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 and nuclear facilities, representing approximately 46%, 33%, 16% and 5% of the Company's total domestic generation capacity, respectively. In addition, 15% of NRG's domestic generating facilities have dual or multiple fuel capacity, which allows plants to dispatch with the lowest cost fuel option, and consist primarily of baseload, intermediate and peaking power generation facilities, the ranking of which is referred to as the Merit Order, and also 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.

The Company's strategy is reflected in five major initiatives, described below. These initiatives are designed to enable the Company to take advantage of opportunities and surmount the challenges faced by the power industry.

1. ***FOR*NRG** is a companywide effort designed to increase the return on invested capital, or ROIC, through operational performance improvements to the Company's asset fleet, along with a range of initiatives at plants and at corporate offices to reduce costs or, in some cases, generate revenue. The *FOR*NRG earnings accomplishments disclosed in NRG's SEC filings and press releases include both recurring and one-time improvements measured from a 2004 baseline, with the exception of the Texas region where benefits are measured using 2005 as the base year. For plant operations, the program measures cumulative current year benefits using current gross margins multiplied by the change in baseline levels of certain key performance indicators. The plant performance benefits include both positive and negative results for plant reliability, capacity, heat rate and station service.

2. ***Repowering*NRG** is a comprehensive portfolio redevelopment program designed to develop, construct and operate new multi-fuel, multi-technology, highly efficient and environmentally responsible generation capacity over the next decade. Through this initiative, the Company anticipates retiring certain existing units and adding new generation to meet growing demand in the Company's core markets, with an emphasis on new capacity that is expected to be supported by long-term hedging programs, including power purchase agreements, or PPAs, and financed with limited or non-recourse project financing.

3. **econrg** represents NRG's commitment to environmentally responsible power generation. econrg seeks to find ways to meet the challenges of climate change, clean air and water, and protecting our natural resources while taking advantage of business opportunities. This initiative builds upon its foundation in environmental compliance and embraces environmental initiatives for the benefit of our communities, employees and shareholders, such as encouraging investment in new environmental technologies, pursuing activities that preserve and protect the environment and encouraging changes in the daily lives of our employees.

4. **Future NRG** is the Company's workforce planning and development initiative and represents NRG's strong commitment to planning for future staffing requirements to meet the on-going needs of the Company's current operations in addition to the Company's *Repowering*NRG initiatives. Future NRG encompasses analyzing the demographics, skill set and size of the Company's workforce in addition to the organizational structure with a focus on succession planning, training, development, staffing and recruiting needs. Included under the Future NRG umbrella is NRG University, which provides leadership, managerial, supervisory and technical training programs and individual skill development courses.

5. **NRG Global Giving —** Respect for the community is one of NRG's core values. Our Global Giving Program invests NRG's resources to strengthen the communities where we do business and seeks to make community investments in four FOCUS areas: community and economic development, education, environment and human welfare.

NRG's 2007 Annual Report on Form 10-K includes a detailed discussion of various items impacting its business, results of operations and financial condition. These include:

- *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 section.*

Critical accounting policies 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.

This discussion and analysis explains the general financial condition and the results of operations for NRG, including:

- *factors which affect the business;*
- *earnings and costs in the periods presented;*
- *changes in earnings and costs between periods;*
- *sources of earnings;*
- *impact of these factors on NRG's overall financial condition;*
- *expected future expenditures for capital projects; and*
- *expected sources of cash for further operations and capital expenditures.*

As you read this discussion and analysis, refer to the consolidated statements of income which present the results of operations for the three months ended March 31, 2008 and 2007. NRG analyzes and explains the differences between periods in the specific line items of the consolidated statements of income.

NRG has organized the discussion and analysis as follows:

- *changes to the business environment during the period;*

- *results of operations beginning with an overview of NRG's consolidated results, followed by a more detailed discussion of those results by major operating segment;*
- *financial condition, addressing liquidity, the sources and uses of cash, capital resources and commitments; and*
- *known trends that will affect its results of operation and financial condition in the future.*

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.

Environmental Matters

Carbon Update

At the national level and at various regional and state levels, policies are under development to regulate Greenhouse Gases, or GHG, emissions, including CO_2, the most common pollutant, thereby effectively putting a cost on such emissions in order to create financial incentive to reduce them. It is almost certain that GHG regulatory schemes will encompass power plants, with the impact on the Company's financial performance depending on a number of factors, including the overall level of GHG reductions required under any such regulation, the price and availability of offsets, and the extent to which NRG would be entitled to receive GHG emissions allowances without having to purchase them in an auction or on the open market. While the passing and timing of legislation remains uncertain, the Company expects that the impact of such legislation on the Company's financial performance, as such legislation is currently proposed, will have a minimal impact through the next decade. Thereafter, the impact would depend on the level of success of the Company's multifold strategy, which includes (a) shaping public policy with the objective being constructive and effective federal GHG regulatory policy, and (b) pursuing its *Repowering* NRG and econrg programs. Information regarding the Company's multifold strategy is discussed in greater detail in Part I, Item 1, Carbon Update in NRG Energy, Inc.'s 2007 Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

On April 2, 2007, the United States Supreme Court issued a decision in Massachusetts v. EPA, 127 S.Ct. 1438 (2007), that CO_2 is an air pollutant and USEPA has authority under Title II of the Clean Air Act to regulate GHG emissions from new motor vehicles. The treatment of GHG is contingent upon an official finding by USEPA on whether GHG emissions may endanger public health and the environment. While specific to mobile sources, the outcome would be applicable to the regulation of stationary sources including electric generating units. On March 27, 2008, EPA publicly announced their intent to issue an advanced notice of proposed rulemaking, or ANPR, soliciting comments on whether and how GHG emissions should be regulated by the Agency, including the implication on both mobile and stationary sources. On April 2, 2008, state and environmental group petitioners in Massachusetts v. USEPA asked the U.S. Court of Appeals for the D.C. Circuit to issue an order giving EPA 60 days to make an official finding on whether GHG emissions may endanger public health and the environment and, therefore, are regulated pollutants under existing laws. At this time, NRG cannot predict the outcome of the petition, ANPR, any resulting changes to federal regulations, or the impact on Company operations.

Federal Environmental Initiatives

Air — On May 18, 2005, the USEPA published the Clean Air Mercury Rule, or CAMR, to permanently cap and reduce mercury emissions from coal-fired power plants. CAMR imposed limits on mercury emissions from new and existing coal-fired plants and created a market-based cap-and-trade program to reduce nationwide utility emissions of mercury in two phases, 2010 and 2018. The rule was challenged by New Jersey and ten other states. On February 8, 2008, the U.S. Court of Appeals for the D.C. Circuit vacated USEPA's rule delisting coal- and oil-fired electric generating units from regulation under CAA §112 (the "Delisting Rule") and CAMR. Power plant emissions are now subject to Section 112 of the Clean Air Act which requires installation of maximum achievable control technology, or MACT, to reduce emissions. The USEPA plans to develop MACT standards and existing power plants will need to provide plans to meet the new requirements. Certain states in which NRG operates coal plants, such as Delaware, Massachusetts and New York, adopted state implementation plans in lieu of the CAMR federal implementation plan and these state rules remain unchanged. Texas and Louisiana adopted the federal CAMR. At this time it is not possible to predict the impact on NRG facilities in these states.

On May 12, 2005, the USEPA published the Clean Air Interstate Rule, or CAIR. This rule applies to 28 eastern states and the District of Columbia, or D.C., and caps both SO2 and NOx emissions from power plants in two phases; 2010 and 2015 for SO2 and

2009 and 2015 for NOx. CAIR will apply to some of the Company's power plants in New York, Massachusetts, Connecticut, Delaware, Louisiana, Illinois, Pennsylvania, Maryland and Texas. On March 25, 2008, the U.S. Court of Appeals for the D.C. Circuit heard oral argument on challenges to the Clean Air Interstate Rule, or CAIR, in *North Carolina v. EPA*, a consolidated case which incorporates numerous suits filed by state and industry petitioners.

The legal challenges to both the CAIR and CAMR regulations may alter the composition and rate of spending for environmental retrofits at our facilities until the regulations becomes more certain. This may be most felt in states such as Texas and Louisiana which adopted the federal CAMR rather than a state implementation plan. The full impact of these legal challenges on the scope and timing of environmental retrofits cannot be determined at this time.

On March 12, 2008 the USEPA strengthened the primary and secondary ground level ozone National Ambient Air Quality Standards, or NAAQS, (8 hour average) from 0.08 ppm to 0.075 ppm. The USEPA plans to finalize ozone non-attainment regions by March 2010 and states would likely submit plans to come into attainment by 2013. The Company is unable to predict with certainty the impact of the states' future recommendations on NRG's operations.

Regional Environmental Initiatives

Northeast Region - On December 20, 2005, ten northeastern states entered into a Memorandum of Understanding, or MOU, to create the Regional Greenhouse Gas Initiative, or RGGI, to establish a cap-and-trade GHG program for electric generators. These RGGI states are in the process of promulgating state regulations needed for implementation of the program, which will become effective on January 1, 2009. Electric generating units in RGGI will have to procure one allowance for every U.S. ton emitted with true up for 2009-2011 occurring in 2012. The RGGI states plan to provide allowances through quarterly auctions, the first of which could be held as early as September 2008. NRG units located in Connecticut, Delaware, Maryland, Massachusetts and New York emitted approximately 12 million tonnes (13 million US tonnes) in 2007. The impact of RGGI on power prices (and thus on the Company's financial performance), indirectly through generators seeking to pass through the cost of their CO_2 emissions, cannot be predicted. However, NRG believes that due to the absence of allowance allocations under RGGI, the direct financial impact on NRG is likely to be negative as the Company will incur costs in the course of securing the necessary allowances and offsets at auction and in the market.

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

New York — On March 7, 2008, FERC issued an order accepting the NYISO's proposed market reforms to the in-city Installed Capacity, or ICAP, market, with only minor modifications. The NYISO proposal retains the existing ICAP market structure, but imposes additional market power mitigation on the current owners of Consolidated Edison's divested generation units in New York City (which include NRG's Arthur Kill and Astoria facilities), who are deemed to be pivotal suppliers. Specifically, the NYISO proposal imposes a new reference price on pivotal suppliers and requires bids to be submitted at or below the reference price. The new reference price is derived from the expected clearing price based upon the intersection of the supply curve and the ICAP Demand Curve if all suppliers bid as price-takers. The NYISO's proposed reforms became effective March 27, 2008.

PJM — On January 31, 2008, PJM submitted to FERC a proposal to increase its Cost of New Entry, which is a critical component of the demand curve in the RPM market, for the 2011/2012 delivery year. On April 4, 2008, FERC rejected this proposed revision on procedural grounds.

Texas Region

ERCOT has adopted "Texas Nodal Protocols" that will revise the wholesale market design to incorporate locational marginal pricing (in place of the current ERCOT zonal market). Major elements of the Texas Nodal Protocols include the continued capability for bilateral contracting of energy and ancillary services, a financially binding day-ahead market, resource-specific energy and ancillary service bid curves, the direct assignment of all congestion rents, nodal energy prices for resources, aggregation of nodal to zonal energy prices for loads, congestion revenue rights (including pre-assignment for public power entities), and pricing safeguards.

The PUCT approved the Texas Nodal Protocols on April 5, 2006, and full implementation of the new market design is scheduled to begin in December 2008.

In addition, the PUCT has increased the "offer cap" for ERCOT's ancillary service and balancing energy markets to $2,250 per megawatt and megawatt hour, to increase to $3,000 two months after implementation of the Texas Nodal market design.

West Region

CAISO has indicated that its Market Redesign and Technology Upgrade, or MRTU, program will not be implemented before the summer peak season. On September 21, 2006, FERC conditionally accepted the MRTU proposal. 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 be a positive development for its assets in the region.

Consolidated Results of Operations

The following table provides selected financial information for the Company for the three months ended March 31, 2008 and 2007:

(In millions except otherwise noted)	Three months ended March 31, 2008	2007	Change %
Operating Revenues			
Energy revenue	$ 925	$ 936	(1)%
Capacity revenue	347	273	27
Risk management activities	(129)	(43)	200
Contract amortization	69	52	33
Thermal revenue	36	41	(12)
Other revenues	54	40	35
Total operating revenues	1,302	1,299	—
Operating Costs and Expenses			
Cost of operations	804	781	3
Depreciation and amortization	161	160	1
General and administrative	75	85	(12)
Development costs	12	23	(48)
Total operating costs and expenses	1,052	1,049	—
Gain on sale of assets	—	17	N/A
Operating income	250	267	(6)
Other Income/(Expense)			
Equity in (losses)/earnings of unconsolidated affiliates	(4)	13	(131)
Other income, net	9	15	(40)
Interest expense	(153)	(179)	(15)
Total other expenses	(148)	(151)	(2)
Income from Continuing Operations before income tax expense	102	116	(12)
Income tax expense	54	55	(2)
Income from Continuing Operations	48	61	(21)
Income from discontinued operations, net of income tax expense	4	4	—
Net Income	$ 52	$ 65	(20)
Business Metrics			
Average natural gas price — Henry Hub ($/MMbtu)	8.58	7.18	19%

NA — Not Applicable

Consolidated Discussion

Operating Revenues

Operating revenues increased by $3 million during the three months ended March 31, 2008, compared to 2007. This was primarily due to:

- *Energy revenues* — energy revenues decreased by $11 million during the three months ended March 31, 2008, compared to 2007:
  - *Texas* — energy revenues decreased by $17 million due to lower contracted energy prices. This was partially offset by higher merchant market prices.
  - *Northeast* — energy revenues decreased by $8 million due to a $15 million reduction in contracted bilateral revenue, and a $2 million, or 1%, decrease in generation across the region. This was partially offset by a $9 million increase resulting from an average 3% price increase to $75 MWh across the region.
  - *South Central* — energy revenues increased by $13 million due to a $4 million increase in contract energy revenue primarily driven by higher fuel cost pass-through adjustments and a 1% increase in MWh sold to the region's cooperative customers. There was also a $9 million increase in merchant energy revenue attributable to 12% increased coal generation from fewer planned outage hours.

- *Capacity revenues* — capacity revenues increased by $74 million during the three months ended March 31, 2008, compared to 2007:
  - *Texas* — capacity revenues increased by $26 million due to higher capacity contract volumes.
  - *Northeast* — capacity revenues increased by $27 million due to a $15 million increase in PJM assets reflecting the recognition of a full quarter of capacity revenue from the RPM capacity market, an $8 million increase in NEPOOL assets driven by additional revenue recognized on the Norwalk RMR contract, and a $4 million increase in New York assets from favorable contract prices. Both the RPM capacity market and Norwalk RMR contract first became effective in June 2007. These increases were offset by lower prices resulting from a reduction in Installed Reserve Margin as well as competitive bidding strategies in New York City.
  - *South Central* — capacity revenues increased by $5 million due to a $3 million increase in new peak loads from cooperative customers (including higher pass-through of transmission cost) and a $2 million increase in merchant capacity revenue from the Rockford plants under RPM market prices in PJM.
  - *West* — capacity revenues increased by $12 million due to a $7 million increase in revenue from a new tolling agreement at the Long Beach plant, a $4 million increase in Resource Adequacy revenue from new agreements which became effective in 2008 and improved performance at the El Segundo plant.
- *Contract amortization* — increased by $17 million due to an increase in spread between contract price and market price used to value the contract at the Acquisition date.
- *Other revenues* — increased by $14 million primarily due to a $9 million increase in emission revenue and an $8 million increase in natural gas sales.
- *Risk management activities* — revenues from risk management activities include all derivative activity that does not qualify for hedge accounting and the ineffective portion associated with hedged transactions. Such revenues decreased by $86 million during the three months ended March 31, 2008, compared to 2007. The breakdown of changes by region is as follows:

	Three months ended March 31, 2008				Three months ended March 31, 2007			
(In millions)	Texas	Northeast	South Central	Total	Texas	Northeast	South Central	Total Total
Net gains/(losses) on settled positions, or *financial revenues*	$ (2)	$ 10	$ 4	$ 12	$ 18	$ 29	$ —	$ 47
Mark-to-market results								
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	(7)	(3)	—	(10)	(31)	(26)	—	(57)
Reversal of previously recognized unrealized (gains)/losses on settled positions related to trading activity	1	1	(7)	(5)	1	(9)	(5)	(13)
Net unrealized losses on open positions related to economic hedges	(113)	(29)	—	(142)	(10)	(25)	—	(35)
Net unrealized gains/(losses) on open positions related to trading activity	17	(17)	16	16	2	2	11	15
Subtotal mark-to-market results	(102)	(48)	9	(141)	(38)	(58)	6	(90)
Total derivative gain/(loss)	$ (104)	$ (38)	$ 13	$ (129)	$ (20)	$ (29)	$ 6	$ (43)

NRG's first quarter 2008 loss was comprised of $141 million of mark-to-market losses offset by $12 million in settled gains, or financial revenue. Of the $141 million of mark-to-market losses, $10 million represents the reversal of mark-to-market gains recognized on economic hedges and $5 million represents the reversal of mark-to-market gains recognized on trading activity during 2007. Both of these losses ultimately settled as financial revenues during 2008. The $142 million loss from economic hedge positions is comprised of a $97 million decrease in value of forward sales of electricity and fuel due to unfavorable power and gas prices and a $45 million loss from hedge accounting ineffectiveness related to gas trades in the Texas region due to a change in the correlation between natural gas and power prices as of March 31, 2008.

Since these hedging activities are intended to mitigate the risk of commodity price movements on revenues and cost of energy sold, the changes in such results should not be viewed in isolation, but rather taken together with the effects of pricing and cost changes on energy revenues, which are recorded net of financial instruments hedges that are afforded hedge accounting treatment, and cost of energy. During the course of and prior to 2007, NRG hedged a portion of the Company's 2007 and 2008 generation. Since that time, the settled and forward prices of electricity and natural gas have increased, resulting in the recognition of unrealized mark-to-market forward losses. In 2007, NRG recognized forward mark-to-market losses as forward prices of electricity increased relative to its forward positions.

Cost of Operations

Cost of operations for the three months ended March 31, 2008 increased by $23 million compared to 2007, and as a percentage of revenues it increased from 60% in 2007 to 62% in 2008:

- *Texas* — cost of operations increased by $19 million, due to a $21 million increase in cost of energy and a $3 million decrease in other operating costs. The $21 million increase in cost of energy is driven by a $15 million increase from the establishment of a loss reserve for a coal contract dispute, a $10 million increase in natural gas expense resulting from a $1.60 per MMBtu rise in average gas prices, a $6 million increase in ancillary services and other ERCOT fees, a $4 million increase in purchased power, and a $3 million increase in other baseload fuel. The increases in cost of energy were partially offset by a decrease in amortized fuel expense of $17 million. The decrease in other operating costs of $3 million is due to a $5 million decrease in property taxes related to a higher initial estimate in 2007 compared to 2008, offset by a $2 million increase in maintenance cost due to the timing of planned outages at the region's coal fired facilities.
- *Northeast* — cost of operations decreased by $1 million due to a $7 million decrease in maintenance costs offset by a $6 million increase in fuel costs. The $7 million decrease in maintenance costs are a result of fewer planned outages at the Indian River and Dunkirk plants. This decrease was offset by a $6 million increase in fuel costs, which includes $22 million in higher coal expenses resulting from a rise in coal generation and coal transportation costs and $14 million in higher gas expenses related to increased gas fired generation in New York City. These increases were offset by a $30 million reduction in oil expense driven by lower oil fired generation primarily at the Middletown and Oswego facilities.
- *South Central* — cost of operations increased by $4 million. This increase is due to a $7 million increase in fuel costs, which includes $6 million in higher coal expenses, a $3 million increase in transmission costs reflecting an increase in merchant energy sales and a $2 million increase in natural gas costs tied to higher generation from the gas fired Rockford plants. These increases were offset by a $4 million reduction in purchased energy due to a 12% increase in coal generation. Other operating expenses decreased by $3 million due to reduced maintenance expense related to the later start of the 2008 spring outages compared to the prior year.

General and Administrative

NRG's general and administrative, or G&A, costs for the three months ended March 31, 2008 decreased by $10 million compared to 2007, and as a percentage of revenues was 6% and 7% in 2008 and 2007, respectively. This decrease was due to:

- *Franchise tax* — the Company's Louisiana state franchise tax decreased by approximately $6 million. Louisiana franchise tax is assessed based on the Company's total debt and equity that significantly increased following the acquisition of Texas Genco LLC on February 2, 2006. A retroactive adjustment to franchise tax expense was recorded in the first quarter 2007.
- *Other G&A expenses* — other G&A expenses declined by approximately $4 million primarily due to reductions in insurance, relocation and information technology consultant expenses.

Development Costs

NRG's development costs were $12 million for the three months ended March 31, 2008, a decrease of $11 million from 2007. These costs were due to the Company's *Repowering*NRG projects:

- *Texas* — on September 24, 2007, NRG filed a Combined Operating License Application, or COLA, with the NRC to build and operate two new nuclear units at the STP site. During the first quarter 2007, NRG incurred $17 million in development costs related to the STP units 3 and 4 project. Commencing January 1, 2008, NRG began to capitalize the costs to continue to develop STP units 3 and 4. Accordingly, there are no such development expenses reflected in results of operations for the first quarter 2008.

- *Wind projects* — approximately $6 million in development costs related to wind projects primarily in Texas, an increase of approximately $4 million over the comparable 2007 quarter.
- *Other projects* — approximately $6 million in development costs related to other domestic *Repowering*NRG projects, an increase of approximately $2 million over the first quarter 2007.

Gain on Sale of Assets

NRG's gain on sale of assets for the three months ended March 31, 2007 was approximately $17 million. On January 3, 2007, NRG completed the sale of the Company's Red Bluff and Chowchilla II power plants resulting in a pre-tax gain of approximately $18 million. The Company reported no sales of assets for the first quarter 2008.

Equity in Earnings of Unconsolidated Affiliates

NRG's equity earnings from unconsolidated affiliates for the three months ended March 31, 2008 decreased by $17 million compared to 2007. This decrease was primarily due to an $18 million mark-to-market unrealized loss on a forward contract for the sale of natural gas executed to hedge the future power generation from the Sherbino I Wind Farm equity investment.

Other Income, Net

NRG's other income for the three months ended March 31, 2008 decreased by $6 million compared to 2007. This decrease was primarily due to reduced interest income of approximately $4 million from lower market interest rates on cash deposits.

Interest Expense

NRG's interest expense for the three months ended March 31, 2008 decreased by $26 million compared to 2007. This decrease was primarily due to interest savings from the $300 million prepayment of the Term B loan under the Senior Credit Facility on December 31, 2007, accompanied by a reduction on the variable interest rates on long-term debt, and from more capitalized interest due to *Repowering*NRG projects under construction.

Income Tax Expense

Income tax expense decreased by $1 million for the three months March 31, 2008, compared to 2007. The effective tax rate was 52.9% and 47.4% for the three months ended March 31, 2008 and 2007, respectively. The decrease in income tax expense was primarily due to a decrease in income and in permanent differences:

(In millions except otherwise stated) **Three months Ended March 31,**	**2008**	**2007**
Income from continuing operations before income taxes	$ 102	$ 116
Tax at 35%	36	41
State taxes, net of federal benefit	6	6
Foreign operations	(3)	(1)
Valuation allowance	8	—
Foreign dividends	6	5
Non-deductible interest	3	3
Other permanent differences	(2)	1
Income tax expense	$ 54	$ 55
Effective income tax rate	52.9%	47.4%

The decrease in income tax expense was primarily due to:

- *Decrease in profits* — income before tax decreased by $14 million, with a corresponding decrease of approximately $5 million in income tax expense.
- *Permanent differences* — the Company's effective tax rate differed from the US statutory rate of 35% due to:

- *Lower tax rates in foreign jurisdictions* — lower income tax rates at the Company's foreign locations resulted in additional income tax benefit during the first quarter 2008 compared to 2007 of $2 million.
- *Section 1256 capital loss* — During the first quarter 2008, the Company had generated net capital losses primarily due to derivative trading activity for which the Company has determined a valuation allowance of $9 million of federal tax expense and $1 million of state and local tax expense is necessary. The Company reduced its foreign valuation allowance by $1 million due to the utilization of foreign NOL.

The effective income tax rate may vary from period to period depending on, among other factors, the geographic and business mix of earnings and losses and changes in valuation allowances in accordance with SFAS 109. These factors and others, including the Company's history of pre-tax earnings and losses, are taken into account in assessing the ability to realize deferred tax assets.

Income from Discontinued Operations, Net of Income Tax Expense

Discontinued operations were comprised of the results of ITISA. NRG classifies as discontinued operations the income from operations and gains/losses recognized on the sale of projects that were sold or were deemed to have met the required criteria for such classification pending final disposition. For the three months ended March 31, 2008 and 2007, NRG recorded income from discontinued operations, net of income tax expense, of $4 million and $4 million, respectively.

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 22-25 of NRG Energy, Inc.'s 2007 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2008	2007	Change %
Operating Revenues			
Energy revenue	$ 546	$ 563	(3)%
Capacity revenue	118	92	28
Risk management activities	(104)	(20)	420
Contract amortization	63	47	34
Other revenues	26	13	100
Total operating revenues	649	695	(7)
Operating Costs and Expenses			
Cost of energy	258	237	9
Other operating expenses	164	185	(11)
Depreciation and amortization	113	114	(1)
Operating Income	$ 114	$ 159	(28)
MWh sold (in thousands)	11,031	10,978	—
MWh generated (in thousands)	10,756	10,742	—
Business Metrics			
Average on-peak market power prices ($/MWh)	70.48	57.48	23
Cooling Degree Days, or CDDs (a)	74	119	(38)
CDD's 30 year rolling average	95	94	1
Heating Degree Days, or HDDs (a)	1,053	1,134	(7)
HDD's 30 year rolling average	1,132	1,122	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

For the three months ended March 31, 2008, compared to 2007, operating income decreased by $45 million due to:

- *Capacity Revenues* — increased by $26 million related to higher sales under long-term bilateral contracts with a capacity component in 2008.
- *Energy Revenues* - decreased by $17 million primarily due to lower contracted energy revenue as the region shifts transactions to provide more contracted capacity versus contracted energy. Decreased contract energy revenue was partially offset by higher market prices on open merchant positions within the market, as well as higher merchant sales volumes.
- *Cost of Energy* — increased by $21 million due to the recording of a loss reserve of $15 million related to a coal contract dispute, combined with increased gas prices in 2008 of about $1.60 per MMBtu.
- *Emissions Revenues* - increased by $11 million in Texas due to an intercompany sale of emissions credits to Corporate.
- *Risk Management Activities* — decreased by $84 million due to an increase in unrealized derivative losses of $72 million and lower gains on settled financial transactions by $20 million. These increases in realized and unrealized losses are attributable to a generally rising price environment in the first quarter 2008 for both gas and power.
- *Contract Amortization* — increased by $16 million in 2008 an increase in spread between contract prices and market prices used to value the contract at Acquistion date.
- *Other Operating Costs* — declined by $21 million due to decreased nuclear development expenses, and decreased property taxes as a result of a higher initial estimate in 2007 than in 2008.

Operating Revenues

Total operating revenues from the Texas region decreased by $46 million during the three months ended March 31, 2008, compared to 2007, due to:

- *Capacity Revenue* — increased by $26 million due to a higher number of capacity contracts in 2008. While capacity auction contracts are gradually decreasing from year to year, 2008 has a number of bilateral contracts with a capacity component that resulted in higher capacity revenue.
- *Energy Revenues* — decreased by $17 million due to decreased contract prices in lieu of higher capacity payments and lower overall contracted prices in 2008. As a whole, contract energy revenue decreased compared to 2007, due to lower realized contract prices by $2 per MWh. This was partly offset by higher merchant prices in the first quarter 2008.
- *Contract amortization* — increased by $16 million in the first quarter 2008 an increase in spread between contract prices and market prices used to value the contract at Acquistion date.
- *Other revenues* — other revenues increased by $13 million mainly due to an $11 million increase in intercompany emission credit sales to the Corporate.
- *Risk management activities* — The Texas region recorded total derivative losses of $104 million in the quarter ended March 31, 2008 compared to a $20 million loss for the quarter ended March 31, 2007. The 2008 derivative loss was comprised of $102 million of mark-to-market losses and $2 million in settled losses, or financial revenue. The 2007 derivative loss of $20 million is composed of $38 million in unrealized derivative losses and $18 million in settled financial revenue gains. Of the $102 million of mark-to-market losses, $7 million represents the reversal of mark-to-market losses previously recognized on economic hedges and $1 million from the reversal of mark-to-market gains previously recognized on trading activity. Both of these losses ultimately settled as financial revenues during the first quarter 2008. The remaining $96 million of mark-to-market losses were comprised of a $113 million loss from economic hedge positions which was comprised of a $69 million unrealized loss in the value of forward sales of electricity and fuel due to increased power and natural gas prices and a $44 million loss from hedge accounting ineffectiveness. This ineffectiveness was primarily related to gas swaps and collars due to a change in the correlation between natural gas and power. Additionally, the region recognized an unrealized mark-to market gain of $17 million on trading transactions.

Cost of Energy

Cost of energy for the Texas region increased by $21 million during the three months ended March 31, 2008, compared to 2007, due to:

- *Baseload fuel expense* — increased by $18 million. While coal fired generation decreased by 1%, coal expense increased $15 million due to recognition of a loss reserve related to a coal contract dispute. Additionally, nuclear generation increased 8%, or 180 thousand MWh.
- *Natural gas expense* — increased by $10 million despite a 9%, or 71 thousand MWh decrease in gas fired generation, due to gas price increases by an average of $1.60 per MMbtu.
- *Purchased ancillary service expense and ERCOT ISO fees* — increased by $6 million due to increased cost to meet ancillary obligations and ERCOT fee increases starting in June 2007 related to the development of a nodal market.
- *Purchased power* — increased by $4 million due to higher market prices for power purchased during unplanned outages at our baseload plants.

This was partially offset by:

- *Amortized fuel costs* — decreased by approximately $17 million due to the roll off of existing contracts in 2007.

Other Operating Expenses

Other operating expenses for the Texas region decreased by $21 million during the three months ended March 31, 2008, compared to 2007, due to:

- *Development costs* — decreased $17 million, primarily related to spending on STP units 3 and 4 which is being capitalized beginning in 2008 following the docketing of the Company's COLA with the NRC.
- *Property taxes* — decreased $5 million, due to a higher initial assessment in 2007 than in 2008.

These decreases were partially offset by:

- *Planned outages* — O&M expense increased by $2 million, primarily related to the timing of outages at Limestone.

Northeast Region

For a discussion of the business profile of the Northeast region, see pages 25-28 of NRG Energy, Inc.'s 2007 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2008	2007	Change %
Operating Revenues			
Energy revenue	$ 264	$ 272	(3)%
Capacity revenue	110	83	33
Risk management activities	(38)	(29)	31
Other revenues	24	16	50
Total operating revenues	360	342	5
Operating Costs and Expenses			
Cost of energy	168	162	4
Other operating expenses	93	103	(10)
Depreciation and amortization	26	25	4
Operating Income	$ 73	$ 52	40
MWh sold (in thousands)	3,591	3,614	(1)
MWh generated (in thousands)	3,591	3,614	(1)
Business Metrics			
Average on-peak market power prices ($/MWh)	85.78	73.90	16
Cooling Degree Days, or CDDs(a)	—	—	—
CDD's 30 year rolling average	—	—	—
Heating Degree Days, or HDDs(a)	5,884	6,193	(5)%
HDD's 30 year rolling average	6,253	6,234	—

(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 $21 million for the three months ended March 31, 2008, compared to 2007, due to:

- *Operating revenues* — increased by $18 million due to the favorable impact of capacity markets and higher sales of emission allowances, partially offset by higher losses in the region's risk management activities.
- *Other operating expenses* — decreased by $10 million primarily reflecting lower maintenance expenses at the Indian River and Dunkirk plants due to timing of annual outages.

These favorable variances are partially offset by:

- *Cost of energy* — increased by approximately $6 million, despite a 1% decrease in generation, due primarily to higher coal transportation costs across the region and increased coal commodity costs at the Somerset plant.

Operating Revenues

Operating revenues increased by $18 million for the three months ended March 31, 2008, compared to 2007. The primary drivers were:

- *Capacity revenues* — increased by $27 million, of which $15 million was from the region's PJM assets, $8 million was from the region's NEPOOL assets and $4 million was from the region's New York assets.
  - *PJM* — The increase was due to recognizing a full quarter's capacity revenue in first quarter 2008 as a result of the RPM capacity market which became effective on June 1, 2007.
  - *NEPOOL* — The increase was due to additional revenue recognized on the Norwalk RMR contract, which became effective June 19, 2007.

- *NYISO* — The increase in New York was attributable to favorable capacity cash flow hedges more than offsetting a decline in prices driven by both the NYISO's 1.5% reduction in the Installed Reserve Margin effective May 1, 2007 and lower capacity prices in New York City due to competitor bidding strategies.

- *Other revenues* — increased by $8 million, of which approximately $6 million was due to increased activity in the trading of emission allowances.

These were partially offset by:

- *Risk management activities* — The Northeast region recorded $38 million and $29 million in risk management losses in the quarters ended March 31, 2008 and 2007, respectively. The region's 2008 losses were comprised of $48 million of mark-to-market losses and $10 million in settled gains, or financial revenue. The $29 million risk management losses for the comparable 2007 period were comprised of $58 million unrealized mark-to-market losses offset by $29 million in settled gains.

- *Energy revenues* — decreased by approximately $8 million, reflecting a $15 million reduction in contracted bilateral energy revenue and a $2 million reduction from lower generation, partially offset by a $9 million increase from realized prices that rose 3% on average.

  - *Contracted energy* — The decrease resulted from fewer bilateral contracts and lower net revenue on the remaining contracts.

  - *Generation* — Total generation decreased 1%, as a 352 thousand MWh decline for oil fired generation was partially offset by an 8% increase in base load coal generation. The decline in oil-fired generation was primarily driven by a 151 thousand MWh decrease at our Middletown plant due to timing of outages and a 152 thousand MWh reduction in Oswego's generation following a mild winter combined with less economic production given rising oil prices. The increase in base load coal generation reflected a 292 thousand MWh increase at the Indian River plant due to timing of planned outages and improved plant performance.

  - *Price* — on average, realized prices increased 3% to $75/MWh, compared with $73/MWh in the prior year.

Cost of Energy

Cost of energy increased by approximately $6 million despite the 1% decrease in generation. Coal expense increased by $22 million primarily due to an increase in coal generation and increased coal transportation costs tied to fuel surcharges. Gas expense increased by $14 million primarily due to increased generation from our gas-fired generation in New York City. These unfavorable variances were partially offset by a $30 million reduction in oil costs driven by lower oil fired generation primarily at the Middletown and Oswego facilities.

Other Operating Expenses

Other operating expenses decreased by $10 million for the three months ended March 31, 2008, compared to 2007, due to:

- *Plant Operating & Maintenance spending* — decreased $7 million due to lower maintenance costs resulting from less planned outage work at our Indian River and Dunkirk plants.

- *G&A expenditures* — decreased by $3 million primarily due to lower corporate allocations and insurance costs.

South Central Region

For a discussion of the business profile of the South Central region, see pages 28-30 of NRG Energy, Inc.'s 2007 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2008	2007	Change %
Operating Revenues			
Energy revenue	$ 100	$ 87	15%
Capacity revenue	57	52	10
Risk management activities	13	6	117
Contract amortization	6	5	20
Other revenues	3	—	N/A
Total operating revenues	179	150	19
Operating Costs and Expenses			
Cost of energy	88	81	9
Other operating expenses	22	30	(27)
Depreciation and amortization	17	17	—
Operating Income	$ 52	$ 22	136
MWh sold (in thousands)	3,088	2,826	9
MWh generated (in thousands)	3,024	2,708	12
Business Metrics			
Average on-peak market power prices ($/MWh)	67.84	57.84	17
Cooling Degree Days, or CDDs(a)	5	27	(81)
CDD's 30 year rolling average	31	29	7
Heating Degree Days, or HDDs(a)	1,885	1,751	8
HDD's 30 year rolling average	1,914	1,895	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 for the region increased by $30 million for the three months ended March 31, 2008, compared to 2007, due to a combination of higher plant availability driving a 12% increase in generation and lower operating expenses.

Operating Revenues

Operating revenues increased by $29 million for the three months ended March 31, 2008, compared to 2007, due to:

- *Energy revenues* — increased by approximately $13 million. Contract energy revenues increased by $4 million due to higher fuel cost pass-through adjustments for the region's cooperative customers and a 1% increase in total contract MWh sold. A 3.2% increase in MWh sold to cooperative customers was offset by an 8.4% decrease in MWh sales to other contract customers. Fewer planned outage hours during the quarter drove a 12% increase in coal generation leading to a $9 million increase in merchant energy revenues.
- *Capacity revenues* — increased by approximately $5 million of which $3 million was attributable to new peak loads from our cooperative customers which determines capacity payments under those contracts combined with higher transmission pass-through costs and a $2 million increase in merchant capacity from the Rockford plants which earn RPM capacity revenues from the PJM market.
- *Risk Management Activities* — gains of approximately $13 million during 2008 compared to $6 million in gains in 2007. The $13 million gain includes a $9 million unrealized gain related to the changes in fair value of forward derivative positions as compared to a $5 million gain in the same period in 2007. This $9 million gain includes a $7 million loss from the roll-off of economic hedges in the quarter offset by $16 million gain from trading activity. Risk management activity results in the first quarter 2008 included $4 million in realized gains on settled power positions compared to a $1 million realized gain in the first quarter 2007.

- *Other revenues* — increased by approximately $3 million due to intercompany sales of SO_2 allowances to Corporate in order to optimize the value of the Company's emission allowances in excess of current needs.

Cost of Energy

Cost of energy increased by $7 million for the three months ended March 31, 2008, compared to 2007, due to:

- *Coal costs* — increased by approximately $6 million, of which $8 million was due to the 12% increase in coal generation partially offset by a $2 million decrease in allocated rail car lease fees among the regions to better reflect the actual usage of the Company's railcar fleet.
- *Transmission costs* — increased by approximately $3 million due to a $1 million increase in network transmission costs, which are passed through to the region's cooperative customers, combined with a $2 million increase in point-to-point transmission costs resulting from the increase in merchant energy sales.
- *Natural gas costs* — increased by approximately $2 million due to higher generation from the gas fired Rockford plants.

This increase was offset by:

- *Purchased energy* — decreased by approximately $4 million due to higher plant availability and as generation from the region's coal plant reduced the need for power purchases to support contract load.

Other Operating Expenses

Other operating expenses decreased by approximately $8 million for the three months ended March 31, 2008, compared to 2007, due to:

- *Maintenance expense* — decreased by $2 million compared to the first quarter of 2007 mainly due to the later start of the spring 2008 outages versus the prior year.
- *Franchise tax* — Louisiana state franchise tax decreased by approximately $6 million as the prior year's first quarter results included a retroactive charge for higher franchise taxes influenced by the Company's total debt and equity following the acquisition of Texas Genco LLC in 2006.

West Region

For a discussion of the business profile of the West region, see pages 30-32 of NRG Energy, Inc.'s 2007 Annual Report on Form 10-K.

Selected income statement data

(In millions except otherwise noted) Three months ended March 31,	2008	2007	Change %
Operating Revenues			
Energy revenue	$ —	$ 1	N/A
Capacity revenue	38	26	46%
Risk management activities	—	—	—
Other revenues	—	1	N/A
Total operating revenues	38	28	36
Operating Costs and Expenses			
Cost of energy	2	1	100
Other operating expenses	18	20	(10)
Depreciation and amortization	1	—	N/A
Operating Income	$ 17	$ 7	143
MWh sold (in thousands)	150	50	200
MWh generated (in thousands)	150	50	200
Business Metrics			
Average on-peak market power prices ($/MWh)	80.21	60.05	34
Cooling Degree Days, or CDDs(a)	—	2	N/A
CDD's 30 year rolling average	7	10	(30)
Heating Degree Days, or HDDs(a)	1,525	1,374	11
HDD's 30 year rolling average	1,434	1,419	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 $10 million for the three months ended March 31, 2008, compared to 2007, due to:

- *Capacity revenues* — increased by approximately $12 million, primarily resulting from a new tolling agreement at the region's Long Beach plant and the sale of El Segundo Resource Adequacy, or RA, capacity:
  - *Long Beach* — On August 1, 2007, NRG successfully completed the repowering of a 260 MW natural gas-fueled generating plant at its Long Beach generating facility, which contributed approximately $7 million in capacity revenues for the three months ended March 31, 2008.
  - *El Segundo* — In 2007, NRG entered into several RA sale agreements, that became effective in 2008, to sell a partial amount of El Segundo RA capacity. These agreements have contributed approximately $4 million in capacity revenues for the three months ended March 31, 2008.
- *O&M expense* — decreased by approximately $2 million due to an environmental liability recognized in 2007 related to our El Segundo facility.

This increase was offset by:

- *Cost of energy* — increased by $1 million for the three months ended March 31, 2008, compared to 2007, as a result of RA buyback from Southern California Edison in support of the RA sale agreements mentioned in the above capacity revenue section.
- *Energy revenues* — decreased by approximately $1 million due to the tolling agreement at the Encina plant that has resulted in the receipt of fixed monthly capacity payment in return for the right to schedule and dispatch from the plant.
- *Depreciation and amortization* — increased by $1 million, reflecting the depreciation associated with the successful completion of the *Repowering*NRG project at Long Beach.

- *Other revenues* — decreased emission credit revenue of $1 million at the Long Beach plant due in part to the new tolling agreement.

Liquidity and Capital Resources

Liquidity Position

As of March 31, 2008 and December 31, 2007, NRG's liquidity was approximately $2.3 billion and $2.7 billion, respectively, comprised of the following:

(In millions) As of	March 31, 2008	December 31, 2007
Cash and cash equivalents	$ 834	$ 1,132
Restricted cash	39	29
Total cash	873	1,161
Synthetic letter of credit availability	471	557
Revolver credit facility availability	997	997
Total liquidity	$ 2,341	$ 2,715

Management believes that these amounts 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

First and Second Lien Structure

NRG has granted first and second priority liens to certain counterparties on substantially all of the Company's assets in the United States in order to secure certain obligations, which are primarily long-term in nature under certain power sale agreements and related contracts. NRG uses the first or 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 these agreements. 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.

As part of the amendments to NRG's Senior Credit Facility entered into on June 8, 2007, the Company obtained the ability to move its current second lien counterparty exposure to the first lien, on a pari passu basis, with the Company's existing first lien lenders. In exchange for moving some second lien holders to a pari passu basis with the Company's first lien lenders, the counterparties agreed to relinquish letters of credit issued by NRG which they held as a part of their collateral package.

On March 31, 2008, the Company moved a second lien counterparty to a first lien position, resulting in the release of approximately $57 million of letters of credit. As of March 31, 2008, and April 25, 2008, the net discounted exposure less collateral posted on the agreements and hedges that were subject to the first lien structure were approximately $1.1 billion and $1.6 billion, respectively. As of March 31, 2008, and April 25, 2008, the net discounted exposure less collateral posted on the agreements and hedges that were subject to the second lien structure were approximately $382 million and $579 million, respectively.

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 25, 2008:

Equivalent Net Sales secured by First and Second Lien Structure[a]	2008[b]	2009	2010	2011	2012	2013
In MW	3,924	4,875	3,730	3,430	1,542	824
As a percentage of total forecasted baseload capacity [c]	57%	70%	55%	51%	23%	15%

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

(b) 2008 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.

Common Stock Finance I Debt Extension

The Company's Senior Credit Facility and Senior Notes indentures contain provisions, or restricted payments, limiting the use of funds for transactions such as common share repurchases. To maintain restricted payment capacity under the Senior Notes indentures, in March 2008 the Company executed an arrangement with Credit Suisse to extend the notes and preferred interest maturities of NRG Common Stock Finance I, LLC, or CSF I, from October 2008 to June 2010. In addition, the settlement date for any share price appreciation beyond a 20% compound annual growth rate since the original date of purchase by CSF I was extended 30 days to early December 2008. As part of the extension, the Company also contributed 795,503 additional treasury shares to CSF I as additional collateral to maintain a blended interest rate in the CSF I facility of approximately 7.5%. Accordingly, the amount due at maturity in June 2010 for the CSF I notes and preferred interests is $248 million.

Asset Sales

ITISA

On December 18, 2007, NRG entered into a sale and purchase agreement to sell its 100% interest in Tosli, which holds all NRG's interest in ITISA, to Brookfield Power Inc., a wholly-owned subsidiary of Brookfield Asset Management Inc., a Canadian asset management company, focused on property, power and infrastructure assets. On April 28, 2008, NRG completed the sale and received $288 million in cash proceeds. The sale process will remove approximately $153 million of assets, including $53 million of cash, and approximately $116 million of liabilities, including $61 million of debt, that are classified as discontinued assets and liabilities on the condensed consolidated balance sheet as of March 31, 2008. NRG expects to recognize a pre-tax gain of approximately $250 million and a net pre-tax cash additions of approximately $234 million, subject to a purchase price adjustment to be finalized within 90 days of the sale date. As discussed in Note 3, *Discontinued Operations*, the activities of Tosli and ITISA have been classified as discontinued operations.

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: (1) commercial operations activities; (2) capital expenditures including *Repowering*NRG project deposits; (3) corporate financial transactions; and (4) debt service obligations.

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, 2008, commercial operations had total cash collateral outstanding of $239 million, and $338 million outstanding in letters of credit to third parties primarily to support its hedging activities.

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.

Capital Expenditures and Repowering*NRG *Equity Investments in affiliates

For the three months ended March 31, 2008 the Company's capital expenditures were approximately $164 million, of which $93 million was related to *Repowering*NRG projects. The following table summarizes the Company's capital expenditures for the three months ended March 31, 2008 and the estimated capital expenditure and repowering investments forecast for the remainder of 2008.

(In millions)	Maintenance	Environmental	Repowering	Total
Northeast	$ 3	$ 15	$ 2	$ 20
Texas	42	—	34	76
South Central	2	3	—	5
West	2	—	10	12
Wind	—	—	47	47
Other	4	—	—	4
Capital expenditures through March 31, 2008	53	18	93	164
Capital expenditures through the remainder of 2008	181	269	512	962
Total estimated capital expenditures for 2008	$ 234	$ 287	$ 605	$ 1,126
Total estimated repowering equity investments for 2008	N/A	N/A	$ 87	$ 87

*Repowering capital expenditures and investments — Repowering*NRG project capital expenditures consisted of approximately $47 million in deposits for wind turbines and construction related costs for the Elbow Creek wind farm project which is currently under construction. In addition, the Company's *Repowering*NRG capital expenditures included $22 million related to the construction of Cedar Bayou Unit 4 in Texas and $10 million for a deposit on a turbine for the repowering of the El Segundo generating station in the West region.

The Company's estimated repowering capital expenditures for the remainder of 2008 are expected to consists of $296 million related to the construction and equipment procurement for the Elbow Creek wind farm project and certain wind farm projects under development. In addition, the Company expects to incur additional 2008 expenditures of approximately $127 million towards the construction of Cedar Bayou Unit 4 and the development of STP Units 3 and 4, and approximately $60 million for the repowering El Segundo generating station in California.

As subsequently discussed under *Repowering*NRG Updates, NRG expects to contribute approximately $87 million in assets to its Sherbino wind farm project and has posted a letter of credit in that amount.

Major maintenance and environmental capital expenditures - The Company's baghouse project at its Huntley and Dunkirk plants increased environmental capital expenditures by approximately $15 million for the three months ended March 31, 2008. Other capital expenditures included $15 million for STP fuel and $27 million in maintenance capital expenditures in Texas primarily related to the W.A. Parish and Limestone plants.

NRG anticipates funding these maintenance capital projects primarily with funds generated from operating activities. The Company is also pursuing funding for certain environmental expenditures in the Northeast through Solid Waste Disposal Bonds utilizing tax exempt financing, and expects to draw upon such funds during 2008 and 2009.

Share Repurchases

In January 2008, the Company repurchased 344,000 shares of NRG common stock for approximately $15 million under its previously announced 2008 Capital Allocation Program, thus completing $100 million in repurchases since initiation of the program. In February 2008, the Company's Board of Directors authorized an additional $200 million in common share repurchases that raised the 2008 Capital Allocation Program to approximately $300 million. In March 2008, the Company repurchased an additional 937,600 shares of NRG common stock in the open market for approximately $40 million.

Debt Service Obligations

Beginning in 2008, 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 B loan. 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. The mandatory annual offer required for 2008 was $446 million, against which the Company made a $300 million prepayment in December

2007. Of the remaining $146 million, the lenders accepted a repayment of $143 million in March 2008. The amount retained by the Company can be used for investments, capital expenditures and other items as defined by the Senior Credit Facility.

Cash Flow Discussion

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

(In millions) Three months ended March 31,	2008	2007
Net cash provided by operating activities	$ 60	$ 106
Net cash used by investing activities	(132)	(112)
Net cash used by financing activities	$ (224)	$ (136)

Net Cash Provided By Operating Activities

For the three months ended March 31, 2008, net cash provided by operating activities decreased by $46 million compared to the same period in 2007, of which $13 million was due to a decrease in net income. The remaining difference was due to:

- *Collateral deposits* — NRG's net collateral deposits in support of derivative contracts increased by $150 million for the three months ended March 31, 2008, compared to an increase of $120 million during the same period in 2007, a difference of $30 million due to increases in natural gas and coal prices which impacted the Company's hedges. As of March 31, 2008, NRG had net cash collateral deposit of $221 million.

Net Cash Used in Investing Activities

For the three months ended March 31, 2008, net cash used in investing activities was approximately $20 million more than the same period in 2007. This increase in investing activities was due to:

- *Capital expenditures* — NRG's capital expenditures increased by $57 million due to *Repowering*NRG projects, primarily related to $47 million in deposits for wind turbines related to the Elbow Creek wind farm and approximately $22 million related to the construction of Cedar Bayou Unit 4. In addition, the Company's is continuing baghouse project at the Huntley and Dunkirk plants increased environmental capital expenditures by approximately $11 million.

- *Asset sales* — Proceeds from asset sales decreased by $17 million. The Company received $12 million in 2008, primarily from the sale of rail cars, and received $29 million in 2007 from the sale of its Red Bluff and Chowchilla II power plants.

- *Purchases of emission allowances* — decreased by $60 million.

Net Cash Used in Financing Activities

For the three months ended March 31, 2008, net cash used by financing activities increased by approximately $88 million compared to 2007, due to:

- *Debt Payment* — The Company paid down $143 million of its Term B loan in March 2008, as discussed above under *Debt Service Obligations*.

- *Share Repurchase* — During the quarter ended March 31, 2008, the Company repurchased approximately $55 million of shares of NRG common stock, compared to $103 million for the quarter ended March 31, 2007.

NOL's, Deferred Tax Assets and FIN 48 Implications

As of March 31, 2008, the Company had generated total domestic and foreign pre-tax book income of $76 million and $26 million, respectively. In addition, NRG has cumulative foreign NOL carryforwards of $305 million, of which $75 million will expire starting in 2011 through 2017 and of which $230 million do not have an expiration date.

In addition to these amounts, the Company has $698 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,

future U.S. domestic income tax payments will be minimal through mid-year 2009 as these unrecognized tax benefits will be utilized for tax return purposes.

However, as the position remains uncertain, of the $698 million of tax effected unrecognized tax benefits, the Company has recorded a non-current tax liability of $50 million and may accrue the remaining balance as an increase to non-current liabilities until final resolution with the related taxing authority.

The Company has been contacted for examination by the Internal Revenue Service for years 2004 through 2006. The audit is expected to commence in June 2008 and continue for approximately 18 to 24 months.

New and On-going Company Initiatives

FOR*NRG *Update

During 2007, the Company announced the acceleration and planned conclusion of the *FOR*NRG 1.0 program by bringing forward the previously announced 2009 target of $250 million in pre-tax income improvements to 2008. The Company remains on course to achieve the target of $250 million and to launch the next phase of the program, *FOR*NRG 2.0, during 2008.

Nuclear Innovation North America

On March 25, 2008, NRG announced the formation of Nuclear Innovation North America LLC, or NINA, 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 CPS Energy at the STP nuclear power station site. NRG's rights to develop STP units 3 and 4 have been contributed to special purpose subsidiaries of NINA. NINA will be focused only on developing new projects and will not be involved in the operations of the existing STP units 1 and 2.

On April 21, 2008, NINA entered into a $20 million revolving loan arrangement, as borrower, to provide working capital to NINA. This facility matures on April 21, 2011, and permits NINA to make cash draws or issue letters of credit. Borrowings accrue interest at either LIBOR or a base rate, plus a spread. As of April 21, 2008, NINA had borrowed $10 million.

Toshiba Corporation, or Toshiba, will serve as the prime contractor on all of NINA's projects, and has agreed to partner with NRG on the NINA venture. Toshiba is currently prime contractor of the STP units 3 and 4 project and is providing licensing support and leading all engineering and scheduling activities, which ultimately will lead to responsibility for constructing the project. Toshiba will invest $300 million in NINA in six annual installments of $50 million, the last three of which are subject to certain conditions, in exchange for a 12% equity ownership in NINA. Half of this investment will be to fund development activities related to STP units 3 and 4. The other half will be targeted towards developing and deploying additional Advanced Boiling Water Reactor, or ABWR, projects in North America with other potential partners. Toshiba is also extending pre-negotiated Engineering, Procurement and Construction, or EPC, terms to NINA for two additional two-unit nuclear projects similar to the terms being offered for the STP unit 3 and 4 development.

NINA intends to use the NRC certified ABWR design, with only a limited number of changes to enhance safety and construction schedules. NINA will file a revision to the COLA by the fourth quarter 2008. Given the expected changes to the application, NRG anticipates STP units 3 and 4 will come online in 2015 and 2016, respectively.

Repowering*NRG *Update

Plants under Construction

The Company has four projects under construction, three of which (Cos Cob, Sherbino I Wind Farm, and Elbow Creek Wind Farm) broke ground during the quarter.

Cos Cob, which will add 40 megawatts of peaking capacity in the NEPOOL market, is scheduled to be completed on June 1, 2008 at a cash cost of $18 million.

On February 2008, a wholly owned subsidiary of NRG entered into a 50/50 joint venture with a subsidiary of BP Alternative Energy North America Inc., or BP, to build and own the Sherbino I Wind Farm LLC, or Sherbino. This is a 150 MW wind project consisting of 50 Vestas 3 MW wind turbine generators, located approximately 40 miles east of Fort Stockton in Pecos County, Texas. The project is scheduled to reach commercial operations by the end of 2008 with NRG's 50 percent ownership providing a net capacity of 75 MW.

On March 27, 2008, NRG, through its wholly owned subsidiary, Padoma Wind Power LLC., began construction of the Elbow Creek project, a wholly owned 122 MW wind farm in Howard County near Big Spring, Texas. The project is also scheduled to reach commercial operations by the end of 2008.

El Segundo Energy Center LLC

On March 7, 2008, NRG, through its wholly owned subsidiary, El Segundo Energy Center LLC., executed a 10 year tolling agreement with Southern California Edison. Pre-construction activities, including a $10 million non-refundable deposit to the equipment provider to meet the construction schedule, started shortly thereafter on a 550 MW rapid response combined cycle facility in El Segundo, California. The project is scheduled to reach commercial operations by June 1, 2011.

GenConn Energy LLC

On March 3, 2008, GenConn Energy LLC, or GenConn, a 50/50 joint venture vehicle of NRG and The United Illuminating Company, submitted a binding bid to the Connecticut Department of Public Utility Control, or DPUC, for new peaking generation facilities in Connecticut subject to a regulated long-term contract. In its bid, GenConn proposed 4 different options providing from 196 MW to 490 MW of new generation at as many as 3 different sites owned by NRG. Both the prosecutorial staff of the DPUC, an office within the DPUC that was formed to independently evaluate the proposals, and the Connecticut Office of Consumer Counsel have recommended portfolios of facilities that include from 196 MW to 392 MW of generation from GenConn. The DPUC is expected to select the winning proposal or combination of proposals by July 2008.

econrg Update

Commercial Scale Carbon Capture and Sequestration Demonstration

In April 2008, NRG signed a development agreement with Powerspan Corp., or Powerspan, to jointly perform engineering work to support the design and construction of a demonstration facility that will be among the largest carbon capture and sequestration projects in the world and may be the first to achieve commercial scale from an existing coal-fueled power plant. The project will be constructed at NRG's W.A. Parish plant near Sugar Land, Texas, and is designed to capture and sequester up to 90% of the carbon dioxide from flue gas equal in quantity to that from a 125 MW unit using Powerspan's proprietary ECO 2 tm technology, a post-combustion, regenerative process which uses an ammonia-based solution to capture CO_2 from the flue gas and release it in a form that is ready for safe transportation and permanent geological storage. The CO_2 from the process would either be sequestered or sold for use in enhanced oil recovery projects. The project, which is expected to be operational in 2012, will be funded by NRG, potential partners and federal and state grants.

Plasma Gasification Technology

On April 3, 2007, NRG purchased approximately 2.2 million shares at CAD$2.25 per share for a less than 6% interest in Alter Nrg Corporation, a Canadian company that provides alternative energy solutions using plasma gasification, a process that converts carbon-containing materials into synthetic gas. As part of the transaction NRG has been granted an exclusive license to use Alter Nrg Corp's plasma torch technology to repower unit 6 of the Company's Somerset facility in Somerset, MA. The qualified approval of the project by Massachusetts Department of Environmental Protection received in January 2008 to convert Somerset facility to a coal and biomass gasification power generation facility was challenged and the review of the challenge by the agency is pending.

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.

Retained or Contingent Interests

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

Derivative Instrument obligations

On August 11, 2005, NRG issued 3.625% Preferred Stock that included a conversion feature which is considered a derivative per FAS 133, as amended. 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 FAS 133. As of March 31, 2008, based on the Company's stock price, the redemption value of this embedded derivative was approximately $149 million.

On October 13, 2006, NRG through its unrestricted wholly-owned subsidiaries NRG Common Stock Fund I and NRG Common Stock Fund II, issued notes and preferred interests for the repurchase of NRG's common stock. Included in the agreement is a feature which is 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, 2008, based on the Company's stock price, the redemption value of this embedded derivative was approximately $62 million.

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable interest in Equity investments —As of March 31, 2008, NRG had not entered into any financing structure that was designed to be off-balance sheet that would create liquidity, financing or incremental market risk or credit risk to the Company. However, NRG has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities, including Sherbino I Wind Farm LLC (hereinafter discussed), that are accounted for under the equity method of accounting. NRG's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $220 million as of March 31, 2008. This indebtedness may restrict the ability of these affiliates to issue dividends or distributions to NRG.

As previously discussed, NRG and BP entered into a 50/50 joint venture in February 2008 to build and own the Sherbino I Wind Farm LLC, or Sherbino. A wholly owned subsidiary of NRG is managing the construction that is being conducted by an independent Engineering, Procurement and Construction contractor, and an affiliate of BP will manage the operations once commercial operations commence. The project will be funded through a combination of equity contributions from the owners and non-recourse project-level debt. NRG expects to contribute $87 million in equity to the joint venture and has posted a letter of credit in this amount. NRG's maximum exposure to loss is limited to its expected equity investments. Sherbino has also entered into a long-term natural gas swap to mitigate a portion of power price risk for its expected power generation. NRG has determined that Sherbino is a variable interest entity, or VIE, but that the Company is not the primary beneficiary that is required to consolidate Sherbino under FASB Interpretation No. 46(R), *Consolidation of Variable Interest Entities*. Consequently, NRG accounts for its investment in Sherbino under the equity method of accounting.

Synthetic Letter of Credit Facility and Revolver Facility — Under NRG's amended Senior Credit Facility which the Company entered into in June 2007, the Company has a $1.3 billion synthetic Letter of Credit Facility which is secured by a $1.3 billion cash deposit at Deutsche Bank AG, New York Branch, the Issuing Bank. This deposit was funded using proceeds from the Senior Credit 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. On January 30, 2008, NRG entered into an agreement with Bank of America, whereby Bank of America has also agreed to be an issuing bank under the revolver portion of the Company's Senior Credit Facility. Bank of America has agreed to issue up to $250 million of letters of credit under the revolver. This increases the amount of unfunded letters of credit the Company can issue under its Revolving Credit Facility to $900 million for ongoing working capital requirements and for general corporate purposes, including acquisitions that are permitted under the Senior Credit Facility. In addition, NRG is permitted to issue additional letters of credit of up $100 million under the Senior Credit facility through other financial institutions.

As of March 31, 2008, the Company had issued $829 million in letters of credit under the Synthetic Letter of Credit Facility. In addition, as of March 31, 2008, the Company had issued $3 million in letters of credit under the Revolving Credit Facility. A portion of these letters of credit supports non-commercial letter of credit obligations.

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 13, *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 2008.

Critical Accounting 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 United States of America. 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 also may 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. Any 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.

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 and oil. 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 forward purchase and sale contracts, futures and option contracts traded on the New York Mercantile Exchange, and swaps and options traded in the 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 sensitivity of the Company's portfolio to potential changes in market prices using 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: (1) a lognormal distribution of prices, (2) one-day holding period, (3) a 95% confidence interval, (4) a rolling 36-month forward looking period, and (5) market implied volatilities and historical price correlations.

As of March 31, 2008, 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 $43 million.

The following table summarizes average, maximum and minimum VAR for NRG for the three months ended March 31, 2008 and 2007.

(In millions) **VAR(a)**	**2008**	**2007**
As of March 31,	$ 43	$ 22
Average	53	26
Maximum	65	34
Minimum	35	22

(a) Prior to December 4, 2007, NRG's VAR measurement was based on a rolling 24-month forward looking period.

Due to the inherent limitations of statistical measures such as VAR, the relative immaturity 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, 2008, for the entire term of these instruments entered into for both asset management and trading was approximately $21 million.

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, 2008, the Company had various interest rate swap agreements with notional amounts totaling approximately $2.7 billion. If the swaps had been discontinued on March 31, 2008, the Company would have owed the counterparties approximately $127 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, 2008, a 100 basis point change in interest rates would result in a $12 million change in interest expense on a rolling twelve month basis.

As of March 31, 2008, the Company's long-term debt fair value was $8.1 billion and the carrying amount was $8.0 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 $477 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 MWh increase or decrease in electricity prices across the term of the marginable contracts would cause a change in margin collateral outstanding of approximately $15 million as of March 31, 2008. This analysis uses simplified assumptions and is calculated based on portfolio composition and margin-related contract provisions as of March 31, 2008.

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 the credit risk of NRG and its subsidiaries 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 has credit protection within various agreements to call on additional collateral support if and when necessary. As of March 31, 2008, NRG held net collateral of approximately $221 million from counterparties.

A portion of NRG's credit risk is related to transactions that are recorded in the Company's consolidated Balance Sheets. These transactions primarily consist of open positions from the Company's marketing and risk management operation that are accounted for using mark-to-market accounting, as well as amounts owed by counterparties for transactions that settled but have not yet been paid.

The following table highlights the credit quality and their balance sheet settlement exposures related to these activities as of March 31, 2008:

(In millions, except ratios) Credit Exposure	Exposure Before Collateral	Collateral	Net Exposure
Investment grade	$ 2,966	$ 556	$ 2,410
Non-investment grade	145	13	132
Not rated	214	6	208
Total	$ 3,325	$ 575	$ 2,750
Investment grade	89%	97%	88%
Non-investment grade	4%	2%	5%
Not rated	7%	1%	7%

Additionally, the Company has concentrations of suppliers and customers among coal suppliers, electric utilities, energy marketing and trading companies, and regional transmission operators. These concentrations of counterparties may impact NRG's overall exposure to credit risk, either positively or negatively, in that counterparties may be similarly affected by changes in economic, regulatory and other conditions.

As of March 31, 2008, NRG's credit risk to significant counterparties greater than 10% was $2.1 billion out of the Company's net exposure of $2.8 billion. NRG does not anticipate any material adverse effect on the Company's financial position or results of operations as a result of nonperformance by any of NRG's counterparties.

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 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.

The tables below disclose the activities that include 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 as of March 31, 2008, based on whether fair values are determined by quoted market prices or more subjective means; and indicate the maturities of contracts as of March 31, 2008:

Derivative Activity Losses	(In millions)
Fair value of contracts as of December 31, 2007	$ (492)
Contracts realized or otherwise settled during the period	(35)
Changes in fair value	(580)
Fair value of contracts as of March 31, 2008	$ (1,107)

	Fair Value of Contracts as of March 31 2008				
(In millions) Sources of Fair Value Gains/(Losses)	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	$ (53)	$ (3)	$ —	$ —	$ (56)
Prices provided by other external sources	(205)	(551)	(290)	(14)	(1,060)
Prices provided by models and other valuation methods	3	6	—	—	9
Total	$ (255)	$ (548)	$ (290)	$ (14)	$ (1,107)

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, on-line exchanges. 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. The terms for which such price

information is available vary by commodity, region and product. The remainder of the assets represents contracts for which external valuations are not available, primarily option contracts. These contracts are valued using the Black Scholes model, an industry standard option valuation model. The fair values in each category reflect the level of forward prices and volatility factors as of March 31, 2008 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 our portfolio. As discussed in Commodity Price Risk section above, NRG measures the sensitivity of the Company's portfolio to potential changes in market prices using 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 our net open position. However our trade by trade derivative accounting results in a gross-up of our derivative assets and liabilities. Thus, the net derivative assets and liability position is a better indicator of our hedging activity. As of March 31, 2008, NRG's net derivative liability was $1,107 million, an increase of $615 million as compared to December 31, 2007. This increase was primarily driven by movements in coal, gas and power prices.

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 *Repowering*NRG 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. At March 31, 2008, no foreign currency options or forward contracts were outstanding. Due to 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 March 31, 2008.

ITEM 4 — CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's management, including its principal executive officer, principal financial officer and principal accounting officer, the Company conducted an evaluation 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 Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the current period covered by this report on Form 10-Q that have 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 control 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.

Internal control 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, 2008, see Note 13 to the condensed consolidated financial statements of this Form 10-Q.

ITEM 1A — RISK FACTORS

Information regarding risk factors appears in Part I, Item 1A, Risk Factors in NRG Energy, Inc.'s 2007 Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

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

Item 2(c) — Purchase of Equity securities by NRG

For the period ended April 25, 2008	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Dollar value of shares that may be purchased under the plans or programs
January 1 — January 31	344,000	$ 42.94	344,000	$ —
February 1 — February 28	—	—	—	200,000,000
March 1 — March 31	937,600	42.65	937,600	160,008,401
First Quarter Total	1,281,600	42.73	1,281,600	160,008,401
April 1 — April 25, 2008	—	—	—	—
Year-to-date	1,281,600	$ 42.73	1,281,600	$ 160,008,401

On February 28, 2008, NRG announced a $300 million stock buyback as part of the Company's 2008 Capital Allocation Program. As discussed in Note 7, *Changes in Capital Structure*, the Company initiated its 2008 program in December 2007. From December 2007 through January 2008, the Company repurchased 2,381,700 shares of NRG common stock in the open market for approximately $100 million. In February 2008, the Company's Board increased its share repurchase program by an additional $200 million stock buyback.

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

3.1	Certificate of Amendment to Certificate of Designations relating to the Series 1 Exchangeable Limited Liability Company Preferred Interests of NRG Common Stock Finance I LLC, as filed with the Secretary of State of Delaware on February 27, 2008
10.1*	Amended and Restated Contribution Agreement (NRG), dated March 25, 2008, by and among Texas Genco Holdings, Inc., NRG South Texas LP and NRG Nuclear Development Company LLC and Certain Subsidiaries Thereof
10.2*	Contribution Agreement (Toshiba), dated February 29, 2008, by and between Toshiba Corporation and NRG Nuclear Development Company LLC
10.3*	Multi-Unit Agreement, dated February 29, 2008, by and among Toshiba Corporation, NRG Nuclear Development Company LLC and NRG Energy, Inc.

10.4*	Amended and Restated Operating Agreement of Nuclear Innovation North America LLC, dated May 1, 2008
10.5	Amendment Agreement, dated February 27, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC
10.6	Preferred Interest Amendment Agreement, dated February 27, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC
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 Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

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/ CLINT C. FREELAND
Clint C. Freeland
Chief Financial Officer
(Principal Financial Officer)

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

Date: May 1, 2008

EXHIBIT INDEX

Exhibits

3.1	Certificate of Amendment to Certificate of Designations relating to the Series 1 Exchangeable Limited Liability Company Preferred Interests of NRG Common Stock Finance I LLC, as filed with the Secretary of State of Delaware on February 27, 2008
10.1*	Amended and Restated Contribution Agreement (NRG), dated March 25, 2008, by and among Texas Genco Holdings, Inc., NRG South Texas LP and NRG Nuclear Development Company LLC and Certain Subsidiaries Thereof
10.2*	Contribution Agreement (Toshiba), dated February 29, 2008, by and between Toshiba Corporation and NRG Nuclear Development Company LLC
10.3*	Multi-Unit Agreement, dated February 29, 2008, by and among Toshiba Corporation, NRG Nuclear Development Company LLC and NRG Energy, Inc.
10.4*	Amended and Restated Operating Agreement of Nuclear Innovation North America LLC, dated May 1, 2008
10.5	Amendment Agreement, dated February 27, 2008, to the Note Purchase Agreement by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC
10.6	Preferred Interest Amendment Agreement, dated February 27, 2008, by and among NRG Common Stock Finance I LLC, Credit Suisse International, and Credit Suisse Securities (USA) LLC
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 Secretary of the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

EXHIBIT 3.1

NRG COMMON STOCK FINANCE I LLC

CERTIFICATE OF AMENDMENT

to

CERTIFICATE OF DESIGNATIONS

establishing the
Voting Powers, Designations, Preferences, Limitations,
Restrictions, and Relative Rights of

Series 1 Exchangeable Limited Liability Company Preferred Interests

---

Pursuant to Section 18-215 of the
Limited Liability Company Act of the State of Delaware

NRG COMMON STOCK FINANCE I LLC, a limited liability company organized and existing under the Limited Liability Company Act of the State of Delaware ("**Issuer**"), does hereby certify as follows:

1. That the Certificate of Designations establishing the voting powers, designations, preferences, limitations, restrictions, and relative rights of the Series 1 Limited Liability Company Preferred Interests ("**Certificate of Designations**"), shall be amended as follows:

(a) Section 1.2 of the Certificate of Designations shall be amended by replacing the number "30" in the first line with the number "25";

(b) Section 4.2 of the Certificate of Designations is amended by (i) replacing the words "Initial Valuation Date" in the fifth line thereof with the words "Initial Net Settlement Valuation Date", (ii) replacing the words "Redemption Date" in the fifth line thereof with the words "Net Settlement Date", (iii) deleting the parenthetical in the sixth and seventh lines thereof and (iv) replacing the words "Initial Valuation Date" in the second line of the second paragraph with the words "Initial Net Settlement Valuation Date".

(c) Section 4.6 of the Certificate of Designations is amended by adding the phrase "or pursuant to Underwriting Agreement No. 2 during the Amendment Double Print Period" after the words "Double Print Period" at the end of the second line thereof.

(d) Section 4.7 of the Certificate of Designations is amended by replacing the words of such clause after the words "Preferred Interest" in the first line thereof with the phrase, "(i) under Section 4.1 hereof on or after the Initial Valuation Date using Cash not held in the Note Collateral Account as of 8:00 AM, New York City time, on the Initial Valuation Date, or (ii) under Section 4.2 hereof on or after the Initial Net Settlement Valuation Date using Cash not held in the Note Collateral Account as of 8:00 AM, New York City time, on the Initial Net Settlement Valuation Date".

(e) Adding a new Section 4.8 that reads in its entirety as follows:

"In connection with the delivery of any shares of NRG Common Stock in satisfaction of Issuer's obligations pursuant to Section 4.2 of this Certificate of Designations, (1) Issuer will convey, and, on any date that Issuer delivers such shares of NRG Common Stock, represents that it has conveyed, good title to the shares of NRG Common Stock it is required to deliver, free from (i) any lien, charge, claim or other encumbrance (other than a lien routinely imposed on all securities by the relevant clearance system) and any other restrictions whatsoever, including any restrictions under applicable securities laws, without any obligation on the part of the Holder in connection with such Holder's subsequent sale of such

shares to deliver an offering document, or comply with any volume or manner of sale restrictions, (ii) any and all restrictions that any sale, assignment or other transfer of such shares be consented to or approved by any person or entity, including without limitation, the Company or any other obligor thereon, (iii) any limitations on the type or status, financial or otherwise, of any purchaser, pledgee, assignee or transferee of such shares, (iv) any requirement of the delivery of any certificate, approval, consent, agreement, opinion of counsel, notice or any other document of any person or entity to the Company of, any other obligor on or any registrar or transfer agent for, such shares, prior to the sale, pledge, assignment or other transfer of such shares, and (v) any registration or qualification requirement or prospectus delivery requirement for such shares pursuant to applicable securities laws and (2) accordingly, Issuer agrees that any certificates representing such shares shall not bear any restrictive legends.

(f) Section 5.1 of the Certificate of Designations shall be amended by the addition of clause 5.1(i) to read in its entirety as follows:

(i) if, as of the third calendar day following the Additional Share Ownership Date, Issuer does not own a number of shares of NRG Common Stock equal to or greater than the sum of (i) the Current Number of Shares plus (ii) the Additional Shares.

(g) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.1(A) as follows:

"**Additional Share Ownership Date**" means the date that is one Business Day following the Hedge Execution Notification Date.

(h) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.1(B) as follows:

"**Additional Shares**" means the number of shares of NRG Common Stock determined by the Calculation Agent by reference to Annex A hereto using the Hedge Execution Price. If the precise Hedge Execution Price does not appear on Annex A, the number of Additional Shares will be determined by linear interpolation between the amounts set forth on Annex A for the two prices set forth on Annex A nearest the Hedge Execution Price.

(i) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.4(B) as follows:

"**Amendment Double Print Period**" means the period beginning on and including the first Exchange Business Day of the Amendment Hedging Period and ending on and including the later of (x) the last day of the Amendment Hedging Period and (y) the Exchange Business Day on which Purchaser or its

affiliate has completed registered sales of a number of shares of NRG Common Stock, in the manner contemplated by Underwriting Agreement No. 2, equal to the number of Additional Shares.

(j) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.4(C) as follows:

"**Amendment Fee Agreement**" means the letter agreement dated as of February 27, 2008 among the Company, Purchaser, Credit Suisse Capital LLC and Credit Suisse Securities (USA) LLC.

(k) Section 10.6 of the Certificate of Designations shall be amended by adding at the end thereof "or Underwriting Agreement No. 2, as the context requires".

(l) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.12(A) as follows:

"**Certificate of Amendment to Certificate of Designations**" means the amended Certificate of Designations filed with the Delaware Secretary of State on the Effective Date specifying the terms of the Preferred Interests issued by Issuer.

(m) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.16(A) as follows:

"**Current Number of Shares**" means 11,646,470.

(n) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.34(A) as follows:

"**Hedge Execution Notification Date**" has the meaning set forth in the Preferred Interest Amendment Agreement.

(o) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.34(B) as follows:

"**Hedge Execution Price**" has the meaning set forth in the Preferred Interest Amendment Agreement.

(p) Section 10.40 of the Certificate of Designations shall be amended by replacing the word "thirtieth" on the last line with the word "twenty fifth";

(q) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.40(A) as follows:

"**Initial Net Settlement Valuation Date**" means for any Preferred Interests, November 14, 2008; *provided* that if such date is not an Exchange

Business Day, the Initial Net Settlement Valuation Date shall be the immediately following Exchange Business Day.

(r) Section 10.41 of the Certificate of Designations shall be amended by replacing the phrase "the date that follows the Exchange Business Day corresponding to the final Funding Date by two years" with the phrase "May 13, 2010".

(s) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.50(A) as follows:

"**Net Settlement Date**" means, for any Component of any Preferred Interest, the Exchange Business Day immediately following the Net Settlement Valuation Date for such Component.

(t) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.50(B) as follows:

"**Net Settlement Valuation Date**" means, for the first Component of each Preferred Interest, the Initial Net Settlement Valuation Date, and, for each subsequent Component of such Preferred Interest, the Exchange Business Day immediately following the Net Settlement Valuation Date for the previous Component, provided that if any such Exchange Business Day is a Disrupted Day, then such Exchange Business Day shall not be a Net Settlement Valuation Date, and such Net Settlement Valuation Date shall be the first succeeding Exchange Business Day that is not a Disrupted Day and on which another Net Settlement Valuation Date does not or is not deemed to occur. If such first succeeding Exchange Business Day has not occurred as of the eighth Exchange Business Day immediately following the day that, but for the occurrence of another Net Settlement Valuation Date or Disrupted Day, would have been the final Net Settlement Valuation Date, then (1) that eighth Exchange Business Day shall be deemed the Net Settlement Valuation Date for all Components for which the Net Settlement Valuation Date has not yet occurred, and (2) the VWAP Price on that Net Settlement Valuation Date shall be deemed to be the prevailing market value of the NRG Common Stock as reasonably determined by the Calculation Agent.

(u) Section 10.53 of the Certificate of Designations shall be amended by adding the phrase "as amended from time to time" after the word "agent" in the last line thereof;

(v) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.53(A) as follows:

"**Note Purchase Amendment Agreement**", which means the Note Purchase Amendment Agreement dated as of February 27, 2008 among Issuer, Purchaser and Agent.

(w) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.62(A) as follows:

"**Preferred Interest Amendment Agreement**", which means the Preferred Interest Amendment Agreement dated as of February 27, 2008 among Issuer, Purchaser and Agent.

(x) Section 10.63 of the Certificate of Designations shall be amended by adding the phrase "as amended from time to time" after the word "agent" in the last line thereof;

(y) Section 10.64 of the Certificate of Designations shall be amended by adding the words "Net Settlement" before the word "Valuation" in the third line thereof.

(z) Section 10.76 of the Certificate of Designations shall be amended by adding at the end thereof "or Underwriting Agreement No. 2, as the context requires".

(aa) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.82(B) as follows:

"**Transaction Amendment Documents**", which means, (i) the Preferred Interest Amendment Agreement, (ii) the Note Purchase Amendment Agreement, (iii) this Certificate of Amendment to Certificate of Designations, (iv) Underwriting Agreement No. 2 and (v) the Amendment Fee Agreement.

(bb) Section 10.83 of the Certificate of Designations shall be amended by adding the phrase "as each document or agreement in subclauses (i) through (xiv) of this Section 10.83 may be amended from time to time" after the word "Agreement" in the last line thereof.

(cc) Section 10 of the Certificate of Designations shall be amended by the addition of Section 10.85(A) as follows:

"**Underwriting Agreement No. 2**" means the Underwriting Agreement dated as of February 27, 2008 among Issuer, Purchaser, Credit Suisse Capital LLC and Credit Suisse Securities (USA) LLC.

(dd) Each reference to a "Transaction Document" or "Transaction Documents" in (i) Sections 5.1(a), 5.1(c)-(e), 5.1(g), 5.1(h) and 4.6 of the Certificate of Designations and (ii) the definitions of "Hedging Disruption" and "Increased Cost of Hedging" in Section 10 of the Certificate of Designations shall be deemed to be references to a Transaction Document or Transaction Amendment Document.

2. Except as otherwise specified in this Certificate of Amendment to the Certificate of Designations, the Certificate of Designations shall remain in full force and effect.

IN WITNESS WHEREOF, NRG Common Stock Finance I LLC caused this Certificate of Amendment of the Certificate of Designation to be signed this 27th day of February, 2008.

NRG COMMON STOCK FINANCE I LLC

By: /s/ Robert C. Flexon
Name: Robert C. Flexon
Title: Executive Vice President and Chief Financial Officer

EXHIBIT 10.1

Execution Version

Amended and Restated
Contribution Agreement
(NRG)

By and Among

Texas Genco Holdings, Inc.,

NRG South Texas LP

And

NRG Nuclear Development Company LLC,

and Certain Subsidiaries Thereof

March 25, 2008

TABLE OF CONTENTS

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

ARTICLE VII
ADDITIONAL AGREEMENTS AND COVENANTS

ARTICLE VIII
GENERAL

EXHIBITS

SCHEDULES

GLOSSARY OF DEFINED TERMS

The page or Exhibit location of the definition of each capitalized term used in this Agreement is set forth in this Glossary:

** This portion has been redacted pursuant to a confidential treatment request.

Contribution Agreement
(NRG)
Table of Contents

CONTRIBUTION AGREEMENT
(NRG)

This **AMENDED AND RESTATED CONTRIBUTION AGREEMENT (NRG)** (this "***Agreement***") is made as of March 25, 2008 (the "***Effective Date***"), by and among Texas Genco Holdings, Inc., a Texas corporation ("***Genco***"), NRG South Texas LP, a Texas limited partnership ("***South Texas***", and together with Genco, the "***NRG Parties***"), NRG Nuclear Development Company LLC, a Delaware limited liability company (the "***Company***"), STP 3&4 Investments LLC, a Delaware limited liability company ("***STP 3&4*** "), NRG South Texas 3 LLC, a Delaware limited liability company ("***NRG 3*** ") and NRG South Texas 4 LLC, a Delaware limited liability company ("***NRG 4***"). Each of the above are individually referred to herein as a "***Party***" and collectively as the "***Parties***."

RECITALS

WHEREAS, Genco and South Texas have previously formed the Company;

WHEREAS, South Texas owns certain development rights related to the development of additional nuclear generation facilities on the Project Land;

WHEREAS, Genco owns certain intangibles related to the nuclear energy generation industry;

WHEREAS, Genco, South Texas and the Company have previously entered into a Contribution Agreement (the "**Prior Agreement**") whereby the NRG Parties agreed to contribute the Contributed Assets to the Company; and

WHEREAS, the Parties now desire to amend and restate the Prior Agreement in its entirety.

NOW, THEREFORE, in consideration of the premises, the agreements and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENTS

ARTICLE I
DEFINITIONS

1.1 ***Definitions***. In addition to the terms defined in the body of this Agreement, capitalized terms used herein shall have the meanings given to them in Exhibit A. The Glossary of Defined Terms, which follows the Table of Contents, sets forth the location in this Agreement of the definition for each capitalized term used herein.

1.2 ***Construction***. Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine, and neuter; (b) each reference to an Article or Section refers to such Article or Section of this Agreement; (c)

each reference to a Schedule or Exhibit refers to such Schedule or Exhibit attached to this Agreement, which is made a part hereof for all purposes; (d) each reference to a Law refers to such Law as it may be amended from time to time, and each reference to a particular provision of a Law includes any corresponding provision of any succeeding Law; (e) the word "including" means "including, but not limited to"; and (f) each reference to money refers to the legal currency of the United States of America.

ARTICLE II
CONTRIBUTION

2.1 ***Contribution by South Texas***. Subject to and in accordance with the terms and conditions of this Agreement, at the Closing, and in exchange for an interest in the Company which shall be deemed immediately distributed to its parents and then to Genco, South Texas shall contribute (or cause its applicable Affiliate to contribute) to a subsidiary of the Company (as designated by the Company at Closing) the following assets and properties, in each case free and clear of any and all Encumbrances, other than Permitted Encumbrances:

(a) all rights of South Texas under the Participation Agreement to develop the ST3&4 Project on the Project Land and the rights to become a Participant thereunder as to the development of the ST3&4 Project, which rights include (i) the right to the use of Common Station Facilities under such agreement as it relates to the ST3&4 Project, (ii) the rights under Section 6.5.2 of the Participation Agreement to own an undivided interest in a portion of the South Texas Plant Site, the Railroad Strip and the Common Station Facilities as a result of the development of the ST3&4 Project, (iii) the beneficial interest in all contract rights, Permit applications (including COLA) and all other intangible rights held by OPCO as agent for the Participants in the ST3&4 Project;

(b) the rights of South Texas under the Supplemental Agreement;

(c) the rights of a Participant under the Operating Agreement as such rights relate to the ST3&4 Project;

(d) those contracts, Permit applications and other intangible rights described on Schedule 2.1(d) and, to the extent transferable to the Company, all other rights under contracts held directly by South Texas or its Affiliates, Permit applications, and other intangible rights held by South Texas or its Affiliates and in each case to the extent related to the development of the ST3&4 Project;

(e) two resonant column torsional shear testing machines utilized for the analysis of soil borings;

(f) subject to obligations of confidentiality set forth in the Transferred Contracts, copies of all books and records of South Texas relating to the Development Rights described in clauses (a) through (e) above; and

(g) **

The rights described in (a) through (f) above are the "***Development Rights***".

2.2 ***Contribution by Genco***. Subject to and in accordance with the terms and conditions of this Agreement, at the Closing, and in exchange for an interest in the Company, Genco shall contribute to the Company the Nuclear Intangibles, free and clear of any and all Encumbrances other than Permitted Encumbrances (the Nuclear Intangibles, the Development Rights and the **being the "***Contributed Assets***").

2.3 ***Excluded Assets***. Anything contained in Sections 2.1 and 2.2 or elsewhere to the contrary notwithstanding, the Contributed Assets shall not include the assets and rights of South Texas and Genco listed on Schedule 2.3.

2.4 ***Retained Obligations***. Notwithstanding anything in this Agreement or any Transaction Document to the contrary, it is understood and agreed that South Texas and Genco shall retain all liability for, and neither the Company nor any subsidiary thereof shall assume or have any obligation with respect to, their respective Retained Obligations.

2.5 ***Assumed Obligations***. NRG 3 and NRG 4, each severally as to unit 3 and unit 4, respectively, of the South Texas Project (and not as to the other of such units) shall at Closing assume all liabilities and obligations relating to the following: (a) all liabilities and obligations relating to the Development Rights (including the obligation to pay Property Taxes related to the ST3&4 Project or the Common South Texas Project Property if any, arising from and after the Closing Date), (b) South Texas' obligations to make payments under the Participation Agreement for its share of the Project Costs (as defined in the Participation Agreement) related to the ST3&4 Project (to the extent not previously reimbursed by another Participant), even if Title Transfer has not yet occurred and even if such costs were incurred prior to the Closing Date, (c) all third party out of pocket costs incurred by South Texas or its Affiliates prior to the Closing Date (but not paid prior to Closing) and which relate the development of the ST3&4 Project and (d) obligations of subrogation with respect to guaranties provided by NRG or its Affiliates (other than the Company) to pay liabilities assumed under (a) through (c) of this Section 2.5. The Company shall at the Closing assume all liabilities and obligations relating to the Nuclear Intangibles. STP 3&4 shall at the Closing assume all liabilities and obligations relating to the **. The liabilities assumed by each of the above entities shall be the "***Assumed Obligations***" of such entity. None of the Company or its subsidiaries is assuming any obligation assumed by any of the other of them under this Section 2.5.

** This portion has been redacted pursuant to a confidential treatment request.

ARTICLE III
CLOSING

3.1 ***Closing***. The consummation of the actions described in Article II (the "***Closing***") shall be held at a location selected by the Parties, or if not otherwise selected at the offices of South Texas at 1301 McKinney, Suite 2300, Houston, Texas 77010, on a date selected by the Parties and occurring on or before April 30, 2008 or a date that is five (5) Business Days after satisfaction of the conditions set forth in Section 3.2 (the "***Closing Date*** "), and shall be deemed to have occurred at 11:59 p.m., central daylight time.

3.2 ***Closing Conditions***. The obligations of each of the Parties to proceed with the Closing are subject to the following:

(a) Each other Party shall have delivered the Transaction Documents to which it is a party;

(b) the accuracy in all material respects of the representations and warranties hereunder of the NRG Parties and the compliance by the NRG Parties with their material obligations hereunder, and the absence of any amendment or supplement to the Schedules hereto having been made which is reasonably likely to result in a Material Adverse Effect;

(c) the accuracy in all material respects of the representations and warranties hereunder of the Company and its subsidiaries and the compliance by the Company with its obligations hereunder;

(d) all consents set forth on Schedule 4.3 shall have been obtained, or with respect to such matters that under the applicable Law do not require consent but require that the Parties wait an amount of time prior to the Closing, the applicable amount of time shall have passed; and

(e) there shall be no effective injunction, writ or preliminary restraining order or any order of any nature issued by a Governmental Authority of competent jurisdiction to the effect that the transactions contemplated hereby may not be consummated, no proceeding or lawsuit shall have been commenced by any Governmental Authority for the purpose of obtaining any such injunction, writ or preliminary restraining order and no written notice shall have been received from any Governmental Authority indicating an intent to restrain, prevent, materially delay or restructure the transactions contemplated hereby, in each case where the Closing would (or would be reasonably likely to) result in a material fine or penalty payable by a Party or a material restriction on a Party's operations as a result of such matter.

The conditions set forth in the forgoing clauses are for the benefit of all Parties and may only be waived in a writing signed by all Parties.

3.3 ***Closing Deliveries***.

(a) At the Closing, South Texas and Genco shall execute and deliver, as applicable, the following documents, where the execution or delivery of documents is contemplated, and shall take or cause to be taken the following actions, where the taking of action is contemplated:

(i) Assignment and assumption agreements, duly executed by South Texas and Genco, assigning the Contributed Assets to the Company (or at the request of the Company, directly to one or more subsidiaries thereof), in the form of Exhibit B (each a "***Contribution and Assumption Agreement***");

(ii) A certificate of the secretary or an authorized officer of South Texas, or its general partner, as applicable, dated as of the Closing Date, certifying as to (and attaching copies of) (A) a resolution of the general partner of South Texas authorizing and approving the execution by South Texas of each of the Transaction Documents to which it is a party and performance of the transactions contemplated thereunder, (B) the Charter Documents of South Texas and (C) the officers or directors of South Texas or its general partner, as applicable, who are authorized to sign the Transaction Documents to which South Texas is a party;

(iii) A certificate of the secretary or an authorized officer of Genco, dated as of the Closing Date, certifying as to (and attaching copies of) (A) a resolution of board of directors of Genco authorizing and approving the execution by Genco of each of the Transaction Documents to which it is a party and performance of the transactions contemplated thereunder, (B) the Charter Documents of Genco and (C) the officers or directors of Genco who are authorized to sign the Transaction Documents to which Genco is a party;

(iv) A certificate, duly executed by authorized officer of South Texas, certifying to the Company the truth as of the Closing Date of the representations and warranties of such entity as set forth in Article IV hereof;

(v) A certificate, duly executed by authorized officer of Genco, certifying to the Company the truth as of the Closing Date of the representations and warranties of such entity as set forth in Article V hereof;

(vi) Such other instruments and documents as are reasonably necessary to effect the transactions contemplated hereby to occur at Closing.

(b) At the Closing, the Company shall deliver to South Texas and Genco, as applicable, the following documents, where the execution or delivery of documents is contemplated, and shall take or cause to be taken the following actions, where the taking of action is contemplated:

(i) The Contribution and Assumption Agreements, duly executed by the Company or one of its subsidiaries;

(ii) Certificates, duly executed by authorized officers of the Company, and its subsidiaries certifying to South Texas and Genco the truth as of the Closing Date of the representations and warranties of such entity as set forth in Article VI hereof; and

(iii) Such other instruments and documents as South Texas or Genco reasonably deems necessary to effect the transactions contemplated hereby to occur at Closing.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF SOUTH TEXAS

South Texas hereby represents and warrants to the Company as follows:

4.1 ***Organization; Power of Authority***. South Texas is duly formed (as applicable), validly existing, and (if applicable) in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, South Texas is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and South Texas has full power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, or beneficiaries, necessary for the due authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents by South Texas have been duly taken.

4.2 ***Execution and Delivery***. South Texas has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of South Texas enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

4.3 ***Non-Contravention***. South Texas' authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents does not and will not (a) conflict with, or result in a breach, default or violation of, (i) the Charter Documents of South Texas, (ii) any contract or agreement to which South Texas is a party or is otherwise subject or (iii) any Law, order, judgment, decree, writ, injunction or arbitral award to which South Texas is subject or (b) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person, unless in each case such requirement has already been satisfied or such matter is set forth in Schedule 4.3. South Texas has delivered to the Company copies of the written notices it gave to the other Participants pursuant to Sections

6.1 and 6.2 of the Participation Agreement with respect to the development of ST3&4 Project and such notices were provided to the other Participants on December 3, 2007, and **.

4.4 ***Transferred Contracts***. With respect to each Transferred Contract, except as set forth on Schedule 4.4 : (a) a true, correct and complete copy of such Transferred Contract has been provided to Toshiba by South Texas, (b) except as expressly set forth on Schedule 4.4 , such Transferred Contract has not been amended, modified or terminated and is in full force and effect, (c) such Transferred Contract is the legal and valid obligation of South Texas, and, to the Knowledge of South Texas, of each other party thereto, (d) neither South Texas nor, to the Knowledge of South Texas, any other Person is in breach or default under such Transferred Contract, (e) no event has occurred (including any event with notice or lapse of time, or both) that would, and the transactions contemplated by this Agreement and the other Transaction Documents shall not, constitute a breach or default, or permit termination, modification in any manner materially adverse to South Texas or acceleration of such Transferred Contract, and (f) to the Knowledge of South Texas, no party has asserted any right to offset, discount or otherwise abate any amount owing under such Transferred Contract. None of the rights of South Texas under the Transferred Contracts has been assigned or otherwise transferred (including by an absolute assignment of rents or contracts) or is the subject of any Encumbrance other than a Permitted Encumbrance.

4.5 ***Legal Proceedings***. Except as set forth in Schedule 4.5, there are no proceedings pending or, to the Knowledge of South Texas, threatened (a) with respect to the Development Rights or the ** or (b) that seek to restrain, prohibit, or obtain damages or other relief in connection with, this Agreement or the transactions contemplated hereby.

4.6 ***Contributed Assets***. South Texas is vested with good title to each item included in the Development Rights and the **, and such title is free and clear of all Encumbrances other than Permitted Encumbrances. The Development Rights constitute all of the property and rights used or held for use by South Texas for the development of the ST3&4 Project. South Texas, as a Participant under the Participation Agreement, has good and marketable fee title to an undivided 44% tenant in common interest in land covered by the title policy referenced in Schedule 4.6 (which is generally the land defined as the South Texas Plant Site and the Railroad Strip in the Participation Agreement), except for the portions of such land that have since the date of the policy been conveyed for transmission or other purposes related to the South Texas Project and which are not material to the development of the ST3&4 Project or any Additional Units, as defined in the Multi-Unit Agreement, subject only to the Encumbrances set forth on Schedule 4.6 with respect thereto. To the Knowledge of South Texas, (i) all of the insurance required to be maintained by OPCO pursuant to the Participation is in full force and effect and (ii) all Property Taxes due and payable prior to the Closing date have been paid. To the Knowledge of South Texas, South Texas has not received any written notice that any portion of the South Texas Plant Site is the subject of any Release of Hazardous Substances that has not been remediated to the extent required by any Law effect at the time of such Release. As of the

** This portion has been redacted pursuant to a confidential treatment request.

Closing, the incurred but unpaid accounts payable included within the Assumed Obligations do not exceed $10,000,000.00.

4.7 ***South Texas Nuclear Plant Representations***. To the Knowledge of South Texas, there are no inaccuracies related to the Common South Texas Project Property contained in the COLA or the supporting or supplementing documentation submitted to the NRC that could reasonably be expected to give rise to a Material Adverse Effect.

4.8 ***Brokers, Finders and Investment Bankers***. Neither South Texas nor any of its Affiliates, nor any of their respective partners, members, shareholders, directors, officers or employees has employed or retained any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby for which any of the other Parties has liability.

4.9 ***NRG Energy Inc. Ownership of South Texas***. South Texas is an indirect, wholly-owned subsidiary of NRG Energy, Inc.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF GENCO

Genco hereby represents and warrants to the Company as follows:

5.1 ***Organization; Power of Authority***. Genco is duly formed (as applicable), validly existing, and (if applicable) in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, Genco is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and Genco has full power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, necessary for the due authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents by Genco have been duly taken.

5.2 ***Execution and Delivery***. Genco has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of Genco enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

5.3 ***Non-Contravention***. Genco's authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents does not and will not (a) conflict with, or result in a breach, default or violation of, (i) the Charter Documents of Genco, (b) any contract or agreement to which Genco is a party or is otherwise subject or (ii) any Law, order, judgment, decree, writ, injunction or arbitral award to which Genco is subject or (iii) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person, unless in each case such requirement has already been satisfied or such matter is set forth in Schedule 4.3.

5.4 ***Legal Proceedings***. Except as set forth in Schedule 4.5, there are no proceedings pending or, to the Knowledge of Genco, threatened (a) with respect to the Nuclear Intangibles or the proposed developments described therein or (b) which seek to restrain, prohibit, or obtain damages or other relief in connection with, this Agreement or the transactions contemplated hereby.

5.5 ***Contributed Assets***. Genco is vested with good title to each item included in the Nuclear Intangibles, and such title is free and clear of all Encumbrances other than the Permitted Encumbrances.

5.6 ***Brokers, Finders and Investment Bankers***. Neither Genco nor any of its Affiliates, nor any of their respective partners, members, shareholders, directors, officers or employees has employed or retained any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby for which any of the other Parties has liability.

5.7 ***NRG Energy Inc. Ownership of Genco***. Genco is an indirect, wholly-owned subsidiary of NRG Energy, Inc.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Each of the Company and its subsidiaries that is a Party hereto hereby represents and warrants to South Texas and Genco as follows:

6.1 ***Organization; Power of Authority***. It is duly formed (as applicable), validly existing, and (if applicable) in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, it is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and it has full power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, necessary for the due authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents by it have been duly taken.

6.2 ***Execution and Delivery***. It has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of it enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

6.3 ***Non-Contravention***. Its authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents does not and will not (a) conflict with, or result in a breach, default or violation of, (i) the Charter Documents of it, (ii) any contract or agreement to which it is a party or is otherwise subject or (iii) any Law, order, judgment, decree,

writ, injunction or arbitral award to which it is subject or (b) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person.

6.4 ***Brokers, Finders and Investment Bankers***. Neither the Company nor any of its Affiliates, nor any of their respective partners, members, shareholders, directors, officers or employees has employed or retained any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby for which any of the other Parties has liability.

ARTICLE VII
ADDITIONAL AGREEMENTS AND COVENANTS

7.1 ***No Other Representation***. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, THE CONTRIBUTED ASSETS ARE BEING CONTRIBUTED HEREBY ON AN "AS IS, WHERE IS" BASIS, AND NEITHER SOUTH TEXAS NOR GENCO NOR ANY OTHER PERSON ON BEHALF OF SOUTH TEXAS, GENCO OR THEIR RESPECTIVE AFFILIATES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WRITTEN OR ORAL, AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), WHETHER BY SOUTH TEXAS, GENCO, THEIR RESPECTIVE AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, PARTNERS, PRINCIPALS, EMPLOYEES, AGENTS, MEMBERS OR REPRESENTATIVES OR ANY OTHER PERSON ON BEHALF OF SOUTH TEXAS, GENCO OR THEIR RESPECTIVE AFFILIATES, WITH RESPECT TO THE CONTRIBUTED ASSETS.

7.2 ***Transaction Costs***. Each Party shall bear and pay all of its own costs, fees and expenses, including any legal fees, brokerage commissions or finders' fees, if any, incurred by or on its behalf in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

7.3 ***Indemnifications by South Texas and Genco***.

(a) Subject to the other terms of this ARTICLE VII, South Texas shall indemnify, defend and hold harmless, the Company, its subsidiaries, and their respective directors, officers, employees, successors, assigns and representatives (collectively, the "***Company Parties***") from and against any and all Losses arising out of or resulting from (i) the failure of any of South Texas' representations or warranties contained in this Agreement, any Contribution and Assumption Agreement or the certificates to be delivered at Closing to be true and correct, (ii) the failure of South Texas to perform any of its covenants or obligations under this Agreement, any

Contribution and Assumption Agreement or the certificates or any other documents executed pursuant to this Agreement to be delivered at Closing, and (iii) the Retained Obligations.

(b) Subject to the other terms of this ARTICLE VII, Genco shall indemnify, defend and hold harmless the Company Parties from and against any Losses arising out of or resulting from (i) the failure of any of Genco's representations or warranties contained in this Agreement, any Contribution and Assumption Agreement or the certificates to be delivered at Closing to be true and correct, and (ii) the failure of Genco to perform any of its covenants or obligations under this Agreement, any Contribution and Assumption Agreement or the certificates or any other documents executed pursuant to this Agreement to be delivered at Closing.

7.4 ***Indemnifications by the Company and its Subsidiaries***. Subject to the other terms of this ARTICLE VII, the Company shall indemnify, defend and hold harmless, Genco, South Texas, and their respective directors, officers, employees, successors, assigns, and representatives (collectively, the "***Contributing Parties*** ") from and against any and all Losses arising out of or resulting from (a) the failure of any of the Company's representations or warranties contained in this Agreement or in any other Transaction Document to be true and correct and (b) the failure of the Company to perform any of its covenants or obligations under this Agreement, any Contribution and Assumption Agreement or the certificates or any other documents executed pursuant to this Agreement to be delivered at Closing. Subject to the other terms of this ARTICLE VII, the one of the Company or its subsidiaries that under Section 2.5 is assuming the relevant Assumed Obligation shall indemnify, defend and hold harmless the Contributing Parties from and against any and all Losses arising out of or resulting from the relevant Assumed Obligation it is assuming.

7.5 ***Indemnification Procedure***.

(a) Promptly following receipt by either the Company Parties or the Contributing Parties (each an "***Indemnified Party*** ") of notice by a third party (including any Governmental Authority) of any complaint or the commencement of any audit, investigation, action or proceeding (in each case, a "***Claim*** ") with respect to which such Indemnified Party may be entitled to receive payment from the other Party for any Loss, such Indemnified Party shall notify South Texas and Genco or the Company or its subsidiaries, as the case may be (the "***Indemnifying Party*** "); provided, however, that the failure to so notify the Indemnifying Party shall relieve the Indemnifying Party from liability hereunder with respect to such Claim only if, and only to the extent that, such failure to so notify the Indemnifying Party results in the loss by the Indemnifying Party of (or other limitations to) rights and defenses otherwise available to the Indemnifying Party or the Indemnified Party with respect to such Claim. The Indemnifying Party shall have the right, upon written notice delivered to the Indemnified Party within twenty (20) days thereafter, to assume the

defense of such Claim (which may be with a reservation of rights to deny liability under an indemnity), including the employment of counsel hired in consultation with the Indemnified Party ("***Litigation Counsel***") and the payment of the fees and disbursements of such Litigation Counsel and other costs of such defense. In the event, however, that the Indemnifying Party declines or fails to assume the defense of such Claim as provided above or to employ Litigation Counsel, in either case within such twenty (20) day period, then such Indemnified Party may employ counsel to represent or defend the Indemnified Party in any such Claim, and the Indemnifying Party shall promptly reimburse the Indemnified Party for all reasonable fees and disbursements of such counsel and other reasonable costs of such defense (which reimbursement obligation shall accrue from the first dollar of such costs as incurred by the Indemnified Party). In any event, the Indemnifying Party shall not be required to pay the fees and disbursements of more than one counsel for all Indemnified Parties in any jurisdiction in connection with such Claim, unless Litigation Counsel determines that continued representation of the Indemnified Party is inappropriate due to a conflict of interest under applicable ethical rules resulting from its representation of both the Indemnifying Party and such Indemnified Party, in which case, the Indemnifying Party shall have the option of (i) appointing substitute counsel that does not believe it is subject to such a conflict of interest or (ii) employing and paying the fees and disbursements of different counsel to represent such Indemnified Party. Notwithstanding the Indemnifying Party's election to assume the defense of any third party Claim, the Indemnified Party shall have the right at its cost to employ separate counsel (including local counsel) to monitor (but not control) such defense. The Indemnifying Party or the Indemnified Party (as the case may be) shall at all times use commercially reasonable efforts to keep the Indemnifying Party or Indemnified Party (as the case may be) reasonably apprised of the status of the defense of any matter the defense of which it is maintaining and to cooperate in good faith with each other with respect to the defense of any such matter.

(b) No Indemnified Party may settle or compromise any Claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without the prior written consent of the Indemnifying Party, unless (i) the Indemnifying Party fails to assume and maintain the defense of such Claim pursuant to Section 7.5(a), (ii) such settlement, compromise or consent does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnifying Party and (iii) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party and its directors, officers, employees, successors, assigns and representatives from all liability arising out of such Claim. An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which

indemnification is being sought hereunder unless such settlement, compromise or consent (x) includes an unconditional release of the Indemnified Party and its directors, officers, employees, successors, assigns and representatives from all liability arising out of such Claim, (y) does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnified Party and (z) does not contain any equitable order, judgment or term that in any material manner affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's Affiliates.

(c) If an Indemnified Party claims a right to payment pursuant hereto, such Indemnified Party shall send written notice of such Claim to the appropriate Indemnifying Party. Such notice shall specify the basis for such Claim. The failure by any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party with respect to any Claim made pursuant to this Section 7.5(c), it being understood that notices for Claims in respect of a breach of a representation or warranty must be delivered prior to the expiration of the period for such representation or warranty under Section 7.6. If the Indemnifying Party agrees it is liable for such Claim, it shall pay the amount of such liability to the Indemnified Party within ** or, in the case of any notice in which the amount of the Claim (or any portion of the Claim) is estimated, within ** after such later date when the amount of such Claim (or such portion of such Claim) becomes finally determined. In the event the Indemnifying Party does not respond to such Claim or disputes its liability with respect to such Claim, such Indemnified Party and the appropriate Indemnifying Party shall, as promptly as possible, establish the merits and amount of such Claim by making good faith efforts to come to an agreement or, failing mutual agreement, by the exercise of such legal remedies as may be available, subject to Sections 7.6, 7.7 and 7.10.

7.6 ***Liability Limits***. Except as expressly provided in the third sentence of Section 7.5(a), notwithstanding anything to the contrary set forth herein, in no event shall there be any liability under Section 7.3(a)(i) or 7.3(b)(i) until the aggregate amount of all Losses suffered arising from matters covered by the indemnity contained such Section exceeds ** (the "***Basket Amount***"). In no event shall any Company Party be entitled to assert a claim under Sections 7.3(a)(i) or 7.3(b)(i) unless such Claim is submitted in compliance with the other procedures of Section 7.5 on or before, and the representations and warranties shall survive only until ** after the Closing Date, except that the representations and warranties contained in ** shall survive until 60 days after the termination of the applicable statue of limitation covering such matters, if

** This portion has been redacted pursuant to a confidential treatment request.

any. The collective liability of South Texas and Genco under Sections 7.3(a)(i) or 7.3(b)(i) shall not exceed **. No claim for indemnification may be made under Sections 7.3(a)(i) or 7.3(b)(i) if the Party making the claim had actual knowledge of such breach prior to Closing and elected to consummate the Closing. In determining the amount of any Losses entitled to indemnification under Section 7.3, the gross amount thereof will be reduced by any insurance proceeds actually **received by the claimant with respect to such Losses (net of any related deductibles and self insurance amounts).

7.7 ***Exclusive Remedy***. Notwithstanding any other provision of this Agreement to the contrary or any remedies that might otherwise be available under Law (other than claims based on fraud), the remedies set forth in this ARTICLE VII and the specific performance remedy referenced in Section 8.11 shall constitute the sole and exclusive remedies of the Parties hereto (or any assignee of a Party to which conveyance is made as contemplated in connection herewith) for any claims arising under this Agreement, the Contribution and Assumption Agreements, the certificates or any other documents executed pursuant to this Agreement to be delivered at Closing.

7.8 ***Tax Matters***. South Texas will duly and timely file with the appropriate Taxing Authority all Tax returns required under applicable Laws to be filed by South Texas for any period ending on or before the Closing Date that cover any of the Tax obligations described in clause (a) of the definition of the term Retained Obligations. All ad valorem taxes, personal property taxes and similar obligations ("***Property Taxes***") attributable to the Contributed Assets, including taxes indirectly payable pursuant to any lease, with respect to the tax period in which the Closing Date occurs shall be apportioned as of such Closing Date as set forth under the Participation Agreement. For the year of the Closing and each succeeding year until Title Transfer, at least 20 days prior to the date the Property Taxes are due, South Texas shall send to the Company or the one of its subsidiaries that is the owner thereof a statement that apportions the Property Taxes invoices received by South Texas between South Texas, on the one hand, and such owner, on the other hand, based on the Property Taxes actually invoiced and the relative value of the taxable property of South Texas and such owner. Within fifteen (15) days of receipt of such statement, the Company shall pay its portion of such Property Taxes.

7.9 ***Access to Records***. For all periods subsequent to Closing, the Company shall upon reasonable notice, allow South Texas and its respective advisors, reasonable access to all original records of South Texas delivered pursuant to this Agreement for the purpose of verifying or discovery of information relating to the business or affairs of South Texas prior to the Closing Date (and for a period of three (3) years after Closing) and after such reasonable notice, the Company shall cause such records to be available for such inspection. South Texas agrees to reimburse the Company for any and all expenses incurred by the Company or its subsidiaries in connection with the services required by the foregoing sentence.

7.10 ***Consequential Damages***. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL ANY PARTY EVER BE LIABLE TO ANY OTHER

** This portion has been redacted pursuant to a confidential treatment request.

PARTY OR THIRD PARTY WITH RESPECT TO ANY CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL, OR INDIRECT LOSSES OR DAMAGES FROM ITS PERFORMANCE UNDER THIS AGREEMENT OR FOR ANY FAILURE OR PERFORMANCE HEREUNDER OR RELATED HERETO, WHETHER ARISING OUT OF BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY, OR OTHERWISE AND WHETHER OR NOT ARISING FROM ANY OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT.

7.11 ***Disclosure Schedules***. From time to time up to the Closing, Genco and South Texas shall promptly supplement or amend the schedules to this Agreement that it has delivered with respect to any matter first existing or occurring following the date hereof that comes to the Knowledge of Genco or the Knowledge of South Texas (except that Genco and South Texas shall update Schedule 2.1(d) for any contract that is included within Section 2.1(d) but is not listed on Schedule 2.1(d), so long as with respect to contracts existing as of the Effective Date, such updating occurs on or before March 21, 2008) and that (i) if existing or occurring at or prior to the date hereof, would have been required to be set forth or described in the schedules to this Agreement, or (ii) is necessary to correct any information in the schedules to this Agreement that has been rendered inaccurate thereby, but will not restrict the ability of the Company to refuse to consummate the Closing if the supplement or amendment of the schedules to this Agreement is reasonably likely to result in a Material Adverse Effect.

ARTICLE VIII
GENERAL

8.1 ***Successors and Assigns***. All of the terms, covenants, representations, warranties and conditions of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns (and in the case of indemnities to the benefit of all Persons indemnified). This Agreement and the rights and obligations hereunder shall not be assigned by any Party hereto without the prior written consent of the other Parties, except that any Party may assign an interest in all of its rights and obligations hereunder to any Affiliate; *provided* that no assignment shall relieve any Party of its obligations hereunder. Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a Party any rights or remedies under or by reason of this Agreement, except for the indemnified parties expressly identified in this Agreement.

8.2 ***Amendments***. This Agreement may be amended, modified or superseded, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by all of the Parties. No waiver by any Party of any breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such breach or a waiver of any other breach of any other term, covenant, representation or warranty.

8.3 ***No Merger***. Notwithstanding the fact that the Transaction Documents are not intended to, and do not, contain representations and warranties beyond those made in this Agreement, the Parties agree that the representations and warranties of the Parties in this Agreement shall not be extinguished or limited in any respect by, or be merged into the Transaction Documents.

8.4 ***Further Assurances***. Each Party agrees to execute such further instruments or documents as the other Party may from time to time reasonably request in order to confirm or carry out the transactions contemplated in this Agreement; provided that no such instrument or document shall expand a Party's liability beyond that contemplated in this Agreement.

8.5 ***Notices***. Unless otherwise provided herein, all notices, requests, consents, approvals, demands and other communications to be given hereunder shall be in writing and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, (c) actual receipt or (d) the expiration of four Business Days after the day when mailed by registered or certified mail (postage prepaid, return receipt requested), addressed to the respective Parties at the following addresses (or such other address for a party hereto as shall be specified by like notice):

If to Genco or South Texas, to:

**

and to:

**

If to the Company or its subsidiaries, to:

**

with a copy to:

**

Any Party may change its Notice address by giving written notice to the other in the manner specified above.

** This portion has been redacted pursuant to a confidential treatment request.

8.6 ***Entire Agreement***. This Agreement, the other Transaction Documents, the attached schedules and exhibits and the agreements and documents to be executed pursuant to this Agreement constitute the entire agreement between the Parties as of the date of this Agreement and supersede any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

8.7 ***Governing Law***. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF NEW YORK. The foregoing shall not apply to the conveyance instruments delivered pursuant to this Agreement to the extent the law of any state in which any particular asset or property is located mandates that the law of that state apply to the conveyance of the asset or property located there.

8.8 ***Dispute Resolution.***

(a) Each Party hereby agrees that any dispute, controversy or claim between the Parties arises under this Agreement or is connected with or related in any way to this Agreement or any right, duty or obligation arising hereunder or the relationship of the Parties hereunder may be so submitted to binding arbitration hereunder and pursuant to the procedures set forth in Exhibit C, and if so submitted, shall be resolved exclusively and finally through such binding arbitration. This Section 9.8 and Exhibit C constitute a written agreement by the Parties to submit to arbitration any Dispute arising under or in connection with this Agreement within the meaning of the Federal Arbitration Act, 9.U.S.C. §§ 1, et. seq.

(b) Prior to the appointment of the arbitration tribunal, any Party may seek provisional relief, including provisional injunctive relief, from any court of competent jurisdiction, and the application for such relief shall not be deemed inconsistent with, or a waiver of, the right to arbitrate the Dispute. With respect to any such application for provisional relief, the Parties irrevocably submit to the personal jurisdiction of the federal courts located in Washington, D.C., and waive objection to venue. Once the arbitration tribunal is appointed, all subsequent applications for provisional relief shall be made to the arbitration tribunal.

8.9 ***Severability***. In the event any of the provisions hereof are held to be invalid or unenforceable under any Law, the remaining provisions hereof shall not be affected thereby. In such event, the Parties hereto agree and consent that such provisions and this Agreement shall be modified and reformed so as to effect the original intent of the Parties as closely as possible with respect to those provisions which were held to be invalid or unenforceable.

8.10 ***Counterparts***. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one agreement.

8.11 ***Remedies***. Each Party acknowledges that the remedies at law of the Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any Party, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may then be available. Notwithstanding Section 8.8, either Party may seek a temporary restraining order or preliminary injunction from a court of competent jurisdiction pending mediation or arbitration.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

TEXAS GENCO HOLDINGS, INC.

By: /s/ Steve Winn
Name: Steve Winn
Title: Vice President

NRG SOUTH TEXAS LP

By: Texas Genco GP, LLC
its general partner

By: /s/ Steve Winn
Name: Steve Winn
Title: Vice President

NRG NUCLEAR DEVELOPMENT COMPANY LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President

STP 3&4 INVESTMENTS LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President

NRG SOUTH TEXAS 3 LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President

NRG SOUTH TEXAS 4 LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President

EXHIBIT A

Definitions

"***Affiliate***" means with respect to an entity, any other entity controlling, controlled by or under common control with such entity. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"***Business Day***" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York are authorized or required by law to be closed.

"***Charter Documents***" means, with respect to any Person, the articles of incorporation or association and by-laws, the limited liability company agreement, or limited partnership agreement or other agreement or agreements that establish the legal personality of such Person.

"***COLA***" means the South Texas Project Unit 3 and 4 Docket No. PROJ0749 Combined License Application filed with the NRC dated September 20, 2007 and the supplements thereto.

"***Common South Texas Project Property***" means the portion of the South Texas Project and the Railroad Strip as to which the Company shall own an interest under the Participation Agreement as a result of the development of the ST3&4 Project, including the Project Land, as well as an undivided interest in the Common Station Facilities and the Railroad Strip.

"***Common Station Facilities***" has the meaning given such term in the Participation Agreement.

"***Encumbrance***" means any condemnation proceeding, restriction on transfer, preferential right, option, defect in title, condemnation award, expropriation award, operating lease, sublease, conditional sales contract or encumbrance of any nature whatsoever (including any Lien).

"***Environmental Laws***" means all Laws (and administrative or judicial interpretations by any Governmental Authority having the force and effect of Laws) relating to pollution or the protection of the environment (which includes its ambient air, surface water, ground water, land surface and subsurface strata), and human health and safety in effect as of the date of this Agreement, including Laws relating to emissions, discharges, releases or threatened releases of Hazardous Substances, or otherwise relating to the manufacture, processing, distribution, use, existence, treatment, storage, disposal, arrangement for transport, arrangement for disposal, transport, reporting or handling of Hazardous Substances, and including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, the Superfund Amendments

Reauthorization Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act, the Oil Pollution Act of 1990, the Toxic Substances Control Act, the Safe Drinking Water Act, the Hazardous Materials Transportation Act, and the Occupational Safety and Health Act, as each has been amended from time to time, and all other environmental conservation and protection laws.

"***Governmental Authority***" means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof).

"***Hazardous Substance***" means any substance listed, defined, designated or classified as a pollutant or contaminant or as hazardous, toxic or radioactive under any applicable Environmental Law, including petroleum and any derivative or by-product thereof; asbestos containing materials; polychlorinated biphenyls; urea formaldehyde foam insulation; radon gas; and radioactive material, waste and pollutants; radiation, radionuclides and their progeny; and nuclear waste including used nuclear fuel.

"***Knowledge of Genco***" means the actual knowledge of the following individuals: **.

"***Knowledge of South Texas***" means the actual knowledge of the following individuals: **.

"***Law***" means any statute, law, treaty, rule, code, ordinance, regulation, permit (including the Permits), or certificate of any Governmental Authority, any interpretation of any of the foregoing by any Governmental Authority, or any binding judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

"***Lien***" means any lien, mortgage, hypothecation, pledge, financing lease, security interest or similar claim, including any statutory landlord lien or lien for Taxes that are due and payable.

"***Losses***" means damages, claims, liabilities, losses, costs and expenses (including reasonable fees and expenses of counsel and court costs).

"***Material Adverse Effect***" means any supplement or amendment to the Schedules hereto pursuant to Section 7.11 that, individually or in the aggregate with any such other breach, supplement or amendment pursuant to Section 7.11 that could reasonably be expected to have a material adverse effect on the ability to develop the ST3&4 Project, taking into account the availability of insurance and time frame for expected development.

** This portion has been redacted pursuant to a confidential treatment request.

"***Multi-Unit Agreement***" means that certain Multi-Unit Agreement, dated **, by and among Toshiba Corporation, the Company and NRG Energy, Inc.

"***NRC***" means the US Nuclear Regulatory Commission.

"***Nuclear Intangibles***" means, subject to confidentiality restrictions, written information memoranda received regarding ABWR investment opportunities and the right for the non-exclusive use of any books and records, including development plans, memoranda, site evaluations, financing plans and strategies and budgets related to the development of nuclear generation assets held by NRG Energy, Inc. or its Affiliates.

"***OPCO***" means STP Nuclear Operating Company, a Texas non-profit corporation.

"***Operating Agreement***" means the Operating Agreement, dated as of November 17, 1997, among OPCO, City of San Antonio, City of Austin and South Texas (as successor in interest to Central Power and Light Company and Houston Lighting & Power the Company).

"***Participant***" has the meaning given such term in the Participation Agreement.

"***Participation Agreement***" means the Amended and Restated South Texas Project Participation Agreement, effective as of November 17, 1997, between City of San Antonio, City of Austin and South Texas (as successor in interest to Central Power and Light Company and Houston Lighting & Power Company).

"***Permits***" means any permits, authorizations, registrations, identifications, licenses, variances, exemptions, orders, franchises, certificates and approvals required under or issued pursuant to any Law.

"***Permitted Encumbrances***" means the matters set forth on Schedule X .

"***Person***" means any natural person, corporation, company, partnership (general or limited), limited liability company, trust or other entity.

"***Project Land***" means the portion of the South Texas Plant Site, which shall be allocated for the exclusive use of the ST3&4 Project.

"***Release***" means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

"***Retained Obligations***" means the obligations under the Participation Agreement and the Operating Agreement that by the terms of such documents are to be paid

** This portion has been redacted pursuant to a confidential treatment request.

exclusively by the owners of the Generating Units (as defined in the Participation Agreement) that do not constitute the ST3&4 Project.

"***South Texas Plant Site***" has the meaning given such term in the Participation Agreement.

"***South Texas Project***" has the meaning given such term in the Participation Agreement.

"***ST3&4 Project***" means the units 3 and 4 of the South Texas Project contemplated to be developed by the Company.

"***Supplemental Agreement***" means the South Texas Project Supplemental Agreement effective as of October 29, 2007, between South Texas and The City of San Antonio, as amended.

"***Tax***" or "***Taxes***" means any taxes, assessments, fees, unclaimed property and escheat obligations imposed by any Governmental Authority, including income, profits, gross receipts, net proceeds, alternative or add-on minimum, ad valorem, value added, sales, use, property, personal property (tangible and intangible), Property Taxes, environmental, stamp, leasing, lease, user, excise, duty, franchise, capital stock, transfer, registration, withholding, social security (or similar), unemployment, disability, payroll, employment, fuel, excess profits, occupational, premium, windfall profit, severance, actual or estimated, or other charge of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"***Taxing Authority***" means, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision, including any governmental or quasi-governmental entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums.

"***Title Transfer***" means the time at which title to the Common South Texas Project Property shall have vested in the Company under the Participation Agreement.

"***Transaction Documents***" means, collectively, this Agreement, the Company LLC Agreement, the Contribution and Assumption Agreements, and any and all certificates and other documents delivered by the Parties at the Closing pursuant to the terms of this Agreement.

"***Transferred Contracts***" means the Participation Agreement, the Operating Agreement, the Supplemental Agreement and the contracts described in Schedule 2.1(d).

EXHIBIT B
Form of Contribution and Assumption Agreement

This **CONTRIBUTION AND ASSUMPTION AGREEMENT** (this "***Agreement"***), is entered into as of [_____ ___], 2008, by and between NRG South Texas LP, a Texas limited partnership, Texas Genco Holdings, Inc., a Texas corporation (each a "***Transferor***" and collectively, "***Transferors***"), and NRG Nuclear Development Company LLC, a Delaware limited liability company ("***Recipient***").

RECITALS

WHEREAS, Recipient was formed effective [_____ ___], 2008 by Transferor and NRG South Texas LP, a Texas limited partnership and Texas Genco Holdings, Inc., a Texas corporation;

WHEREAS, Transferors and Recipient have entered into a Contribution Agreement dated as of the date hereof (the "***Contribution Agreement"***), providing, among other things, for the transfer by Transferor to Recipient of the Contributed Assets;

WHEREAS, pursuant to the Contribution Agreement, Transferors and Recipient are required to execute and deliver this Agreement in connection with the consummation of the transactions contemplated by the Contribution Agreement; and

WHEREAS, **NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENTS

1. Capitalized Terms. Any capitalized term used but not defined in this Agreement shall have the meaning ascribed to such term in the Contribution Agreement.

2. Conveyance and Assignment of Assets. Subject to the terms of the Contribution Agreement, Transferors hereby sells, assigns, conveys, transfers and delivers unto Recipient and its successors and assigns the Contributed Assets.

TO HAVE AND TO HOLD the Contributed Assets unto Recipient and its successors and assigns forever, together with all and singular the rights and appurtenances belonging or pertaining thereto; subject to the terms and limitations of the Contribution Agreement, and Transferors hereby binds themselves and their respective successors and assigns to warrant and forever defend all and singular the title to the Contributed Assets unto Recipient, its successors and assigns from all claims that would constitute a breach of a representation or warranty under the Contribution Agreement subject to the terms and limitations of the Contribution Agreement.

3. Subsequent Actions. Transferors hereby covenant to and with Recipient, its successors and assigns, to execute and deliver to Recipient, its successors and assigns, all such other and further instruments of conveyance, assignment and transfer, and all such notices, releases and other documents, that would more fully and specifically convey, assign, and transfer to and vest in Recipient, its successors and assigns, the title of Transferors in and to all and singular the Contributed Assets hereby conveyed, assigned, and transferred, or intended to be conveyed, assigned or transferred. To the extent that, with respect to any of the Contributed Assets, no assignment document other than this Agreement is executed, the parties intend for this Agreement to constitute the conveyance, transfer and assignment of such Contributed Assets. Following the date hereof, Transferors shall use their best efforts to take all actions necessary and appropriate to obtain all appropriate consents to assignment and other instruments not delivered at Closing necessary to validly assign the Contributed Assets.

4. Assumption. Subject to terms of the Contribution Agreement, Recipient has and by these presents does hereby fully assume and agrees to discharge the Assumed Obligations.

5. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

6. Conflict and Inconsistency; No Merger. To the extent any conflict or inconsistency exists between the provisions of this Agreement and the Contribution Agreement, the provisions of the Contribution Agreement shall be controlling. The terms and provisions of the Contribution Agreement (including, without limitation, the representations, warranties and covenants therein) shall not merge, be extinguished or otherwise affected by the delivery and execution of this Agreement or any other document delivered pursuant to Section 3 of this Agreement.

7. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

8. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, Transferors and Recipient have executed this Agreement as of the day and year first above written.

TEXAS GENCO HOLDINGS, INC.

By: _____

Name:
Title:

NRG SOUTH TEXAS LP

By: Texas Genco GP, LLC
its general partner

By: _____

Name:
Title:

NRG NUCLEAR DEVELOPMENT COMPANY LLC

By: _____

Name:
Title:

EXHIBIT C
Arbitration Procedures

1.1 ***Disputes***. Any and all claims, counterclaims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, or to the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship between the Parties created by this Agreement (whether extra-contractual in nature, sounding in contract, tort or otherwise, or provided for by federal or state statute, common law or otherwise) (a "***Dispute*** ") shall be finally resolved by binding arbitration under the Non-Administered Arbitration Rules of the International Institute for Conflict Prevention and Resolution (the "***Rules***") then in force to the extent such Rules are not inconsistent with the provisions of this Agreement.

1.2 ***Negotiation to Resolve Disputes***. If a Dispute arises out of or relates to this Agreement, a Party may give notice to all other Parties that it intends to initiate the dispute resolution procedures set forth herein. Promptly upon receipt of such notice, each Party that is a party to the Dispute (each, a "***Disputing Party*** ") shall refer such Dispute to a senior executive officer ("***SEO***") of each Disputing Party (or of Toshiba's Power Systems Company, in the case of Toshiba on behalf of the Company or its subsidiaries). The SEOs will meet in person or by teleconference as soon as mutually practicable in order to try and resolve the Dispute. If the SEOs are unable to resolve the Dispute on or before the 30th Day after such notice, any Disputing Party may commence an arbitration under this Appendix B by notifying each Party (an "***Arbitration Notice***").

1.3 ***Selection of Arbitrators.***

(a) Three Arbitrators. Any arbitration conducted under this Appendix B shall be heard by three arbitrators (each an "***Arbitrator*** " and collectively the "***Tribunal***") selected in accordance with this Section 1.3. Each Disputing Party and any proposed Arbitrator shall, as soon as practicable, disclose to the other Disputing Parties any business, personal or other relationship or affiliation that may exist between any Party and the proposed Arbitrators. The Disputing Parties may then object to any of the proposed Arbitrators on the basis of such relationship or affiliation. The validity of any such objection shall be determined according to the Rules.

(b) Selection of Arbitrators. Except as provided for in this Section 1.3, the Tribunal shall be appointed according to the Rules. In the Arbitration Notice, the Disputing Party requesting arbitration shall nominate one Arbitrator. The Disputing Party named as respondent by the claimant shall nominate one Arbitrator. Within 30 Days of the appointment of the second Arbitrator, the two party-appointed Arbitrators shall appoint a third Arbitrator who shall chair the arbitration. Where the Dispute at issue involves more than two Disputing Parties, the International Institute for Conflict Prevention and Resolution ("***CPR***") shall provide a list of potential Arbitrators. Within seven (7) days of receiving this list, each Disputing Party shall provide to CPR a ranking of the potential Arbitrators on such list showing such Disputing Party's order of preference among such proposed Arbitrators, with any one or more Disputing Parties who are Affiliates of one another submitting one common ranked list. The CPR shall then

appoint all three Arbitrators as it shall determine in its discretion but taking into account to the extent practical the Disputing Parties' preferences.

1.4 ***Conduct of Arbitration***. The Tribunal shall expeditiously (and, if practicable, consistent with the Tribunal's primary responsibility to justly adjudicate the dispute before it, within 180 Days after the appointment of the third Arbitrator) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in Washington, D.C. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et. seq. Except as expressly provided to the contrary in this Agreement, the Tribunal shall have the power to gather such materials, information, testimony and evidence as it deems relevant to the dispute before it (and each Party will provide such materials, information, testimony and evidence requested by the Tribunal, subject to such protective orders as the Tribunal determines necessary for the protection of any information so requested that is proprietary, subject to a third-party confidentiality restriction or to an attorney-client or other privilege) and to grant injunctive relief and enforce specific performance. The Tribunal shall not have the power to award punitive or any other form of indirect or non-compensatory damages, even if such are available under the governing law and even if a court would otherwise be empowered to avoid this limitation on damages to make such an award. If it deems necessary, the Tribunal may propose to the Disputing Parties that one or more other experts be retained to assist it in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Disputing Parties, which shall not be unreasonably withheld. The decision of the Tribunal (which shall be rendered in writing) shall be final, nonappealable and binding upon the Parties and may be enforced in any court of competent jurisdiction. Each Party hereby consents to the non-exclusive personal jurisdiction and venue of the Washington D.C. courts for any proceedings in aid of arbitration under this Section, including any request for interim or injunctive relief. Notwithstanding the foregoing consent, the Parties may nevertheless seek interim or injunctive relief from any court of competent jurisdiction.

1.5 ***Arbitration Costs and Expenses***. The responsibility for paying the costs and expenses of the arbitration, including compensation to the Tribunal and any experts retained by the Tribunal, shall be borne by the Disputing Party or Disputing Parties who is or are the least successful in such process, which shall be determined by the Tribunal by comparing the position asserted by each Disputing Party on all disputed matters taken together to the final decision of the Tribunal on all disputed matters taken together, provided however, that each Disputing Party shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Tribunal determines that compelling reasons exist for allocating all or a portion of such costs and expenses to the other Disputing Parties.

SCHEDULES TO CONTRIBUTION AGREEMENT (NRG)

These schedules (the "***Disclosure Schedules***") are being delivered in connection with the Contribution Agreement (NRG) (the "***Agreement***"), dated as of **, by and among Genco, South Texas and the Company. Unless the context otherwise requires, all capitalized terms used herein shall have the meaning ascribed to them in the Agreement.

No reference to or disclosure of any item or other matter in the Disclosure Schedules shall be construed as an admission, representation or indication that such item or other matter is "material" or is reasonably likely to have a "Material Adverse Effect," that such item or other matter is required to be referred to or disclosed in the Disclosure Schedules or that such item or matter or similar items or matters are outside of the ordinary course of business or inconsistent with past practice. No disclosure in the Disclosure Schedules relating to any possible breach or violation of any law or contract shall be construed as an admission or indication that any such breach or violation exists or has actually occurred.

Unless otherwise indicated herein, all section references are to Sections of the Agreement. Any matter set forth under any item in any section or subsection of the Disclosure Schedules shall be deemed disclosed with respect to any other section or subsection to which the relevance of such item is reasonably apparent.

The headings to each section and subsection included in the Disclosure Schedules are inserted for convenience only and shall not create a different standard for disclosure than the language set forth in the Agreement.

In disclosing the information in the Disclosure Schedules, Genco and South Texas expressly do not waive any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed or discussed herein.

** This portion has been redacted pursuant to a confidential treatment request.

SCHEDULE 2.1(d)
Transferred Contracts and Permits

**

** This portion has been redacted pursuant to a confidential treatment request.

SCHEDULE 2.3
Excluded Assets

1. None.

Schedules to Contribution Agreement
(NRG)
Schedule 2.3

SCHEDULE 4.3
Non-Contravention

**

** This portion has been redacted pursuant to a confidential treatment request.

SCHEDULE 4.4
Defaults Under Transferred Contracts

1. None.

Schedules to Contribution Agreement
(NRG)
Schedule 4.4

SCHEDULE 4.5
Legal Proceedings

1. None.

Schedules to Contribution Agreement
(NRG)
Schedule 4.5

SCHEDULE 4.6
Exceptions to Title

**

** This portion has been redacted pursuant to a confidential treatment request.

SCHEDULE X
Permitted Encumbrances

**

** This portion has been redacted pursuant to a confidential treatment request.

EXHIBIT 10.2

Contribution Agreement
(Toshiba)

By and Between

Toshiba Corporation

And

NRG Nuclear Development Company LLC

**

** This Portion has been redacted pursuant to a confidential treatment request.

TABLE OF CONTENTS

ARTICLE VII
GENERAL

EXHIBITS

SCHEDULES

GLOSSARY OF DEFINED TERMS

The page or Exhibit location of the definition of each capitalized term used in this Agreement is set forth in this Glossary:

CONTRIBUTION AGREEMENT
(Toshiba)

This **CONTRIBUTION AGREEMENT (Toshiba)** (this "***Agreement***") is made as of ** (the "***Effective Date***"), by and between Toshiba Corporation, a Japanese corporation ("***Toshiba***") and NRG Nuclear Development Company LLC, a Delaware limited liability company (the "***Company***"). Toshiba and the Company are individually referred to herein as a "***Party***" and collectively as the "***Parties***."

RECITALS

WHEREAS, Texas Genco Holdings, Inc. ("***Genco***"), a Texas corporation, and NRG South Texas LP, a Texas limited partnership ("***South Texas***") pursuant to a Contribution Agreement (NRG) ** (the "***NRG Contribution Agreement***") have agreed to contribute to the Company certain development rights related to the development of additional nuclear generation facilities on the Project Land, as well as certain intangibles related to the nuclear energy generation industry and other rights and assets, as more fully described in the NRG Contribution Agreement (the "***Contributed Assets***"); and

WHEREAS, the Parties desire to enter into this Agreement to evidence the agreement of Toshiba to contribute (directly or indirectly through the Toshiba Member) cash to the Company on the terms hereof.

NOW, THEREFORE, in consideration of the premises, the agreements and mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENTS

ARTICLE I
DEFINITIONS

1.1 ***Definitions.*** In addition to the terms defined in the body of this Agreement, capitalized terms used herein shall have the meanings given to them in Exhibit A. The Glossary of Defined Terms, which follows the Table of Contents, sets forth the location in this Agreement of the definition for each capitalized term used herein.

1.2 ***Construction.*** Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine, and neuter; (b) each reference to an Article or Section refers to such Article or Section of this Agreement; (c) each reference to a Schedule or an Exhibit refers to such Schedule or Exhibit attached to this Agreement, which is made a part hereof for all purposes; (d) each reference to a Law refers to

** This Portion has been redacted pursuant to a confidential treatment request.

such Law as it may be amended from time to time, and each reference to a particular provision of a Law includes any corresponding provision of any succeeding Law; (e) the word "including" means "including, but not limited to"; and (f) each reference to money refers to the legal currency of the United States of America.

ARTICLE II
CONTRIBUTION

2.1 ***Contribution by Toshiba.*** Subject to and in accordance with the terms and conditions of this Agreement, at the Closing, Toshiba shall (a) contribute to the Company the Toshiba Initial Contribution (as defined in the Company LLC Agreement) of $50,000,000 and (b) be committed to contribute the subsequent cash investments of an additional $250,000,000 (for an aggregate investment of $300,000,000) described in Section 6.1 in exchange for 12% of the "Class A Membership Units" and 12% of the "Class B Membership Units" of the Company to be obtained by Toshiba or the Toshiba Member (as applicable) on execution of, and pursuant to the terms of, the Company LLC Agreement.

ARTICLE III
CLOSING

3.1 ***Closing.*** The consummation of the actions described in Article II (the "***Closing***") shall be held at a location selected by the Parties, or if not otherwise selected at the offices of South Texas at 1301 McKinney, Suite 2300, Houston, Texas 77010 on a date that is five (5) Business Days after satisfaction of the conditions set forth in Section 3.2, other than those that can only be satisfied as of the Closing Date (or such other date as the Parties may agree in writing) (the "***Closing Date***") and shall be deemed to have occurred at 11:59 p.m., central daylight time.

3.2 ***Closing Conditions.*** The obligation of each of the Parties to proceed with the Closing is subject to the following:

(a) Toshiba shall have completed its review and due diligence of the ST3&4 Project and the Contributed Assets and confirm the valuations implied by the transactions contemplated by this Agreement and shall not have timely provided to the Company in writing the notice contemplated by Section 3.4 that the foregoing conditions have not been satisfied;

(b) the Contributed Assets shall have been contributed to the Company in accordance with the terms of the NRG Contribution Agreement and there shall:

(i) be no then existing defaults by any party to the NRG Contribution Agreement, or

(ii) have been no breaches of any of the representations and warranties of any party to the NRG Contribution Agreement;

(c) there shall exist no agreements between (i) the Company and (ii) NRG Energy, Inc. ("***NRG***") or any Affiliates of NRG, other than this Agreement, the NRG Contribution Agreement and any other agreement expressly consented to by Toshiba in writing;

(d) Toshiba and the Toshiba Member (if applicable) shall have received a certificate, dated as of the Closing Date and duly executed by an officer of each of NRG and the Company as to the foregoing Section 3.2(c);

(e) Toshiba and the Toshiba Member (if applicable) shall have received a certificate, dated as of the Closing Date and duly executed by an officer of each of NRG and the Company that there:

(i) have been no amendments or modifications to the NRG Contribution Agreement by the parties thereto that would represent a breach of the representation and warranty set forth in Section 5.6 of this Agreement; and

(ii) have been no express or implied waivers of the NRG Contribution Agreement by any party thereto,

except in each case of (i) and (ii) those consented to by Toshiba;

(f) the accuracy in all material respects of the representations and warranties hereunder of the other Party hereto and the compliance by such other Party with its material obligations hereunder;

(g) the obtaining of all approvals and consents set forth on Schedule 4.3 or 5.3, or with respect to such matters that under the applicable Law do not require consent but require that the Parties wait an amount of time prior to the Closing, the passage of the applicable amount of time;

(h) there shall be no effective injunction, writ or preliminary restraining order or any order of any nature issued by a Governmental Authority of competent jurisdiction to the effect that the transactions contemplated hereby may not be consummated, no proceeding or lawsuit shall have been commenced by any Governmental Authority for the purpose of obtaining any such injunction, writ or preliminary restraining order and no written notice shall have been received from any Governmental Authority indicating an intent to restrain, prevent, materially delay or restructure the transactions contemplated hereby, in each case where the Closing would (or would be reasonably likely to) result in a material fine or penalty payable by a Party or a material restriction on a Party's operations as a result of such matter;

(i) The Company and Toshiba shall have agreed on the provisions of, and the Company shall have adopted, a management and employee profit participation incentive plan;

(j) The Company ** shall have agreed with Toshiba in writing on an interest **rate for the **;

(k) The Parties shall have submitted to the Committee on Foreign Investment in the United States of America ("***CFIUS***") a joint notification under the Exon-Florio Amendment to the Defense Production Act of 1950 ("***Exon-Florio***") and any other submissions under Exon-Florio that are required to be made in connection with this Agreement and the transactions contemplated hereby as soon as practicable following the execution of this Agreement, and CFIUS shall have notified the Parties in writing that a determination has been made that there are no issues of national security sufficient to warrant investigation under Exon-Florio, or, if applicable, the President of the United States of America shall have made a decision not to block the transaction;

(l) no fewer than 31 calendar days shall have elapsed from the Effective Date; and

(m) NRG and Toshiba shall have agreed on:

(i) with respect to the budget for the Company for the twenty-four (24) months following the Closing, to be attached as Exhibit D to the Company LLC Agreement, (A) prior to March 31, 2008, the general and administrative portion of such budget and (B) the remaining portion of such budget; and

(ii) the percentage margin over project costs (other than profit, contingency and general and administrative costs) that will cover collectively profit and contingency in the EPC contract for the ST3&4 Project no later than May 2, 2008; provided, however, the parties will work in good faith to reach agreement as early as March 31, 2008. For the avoidance of doubt, the percentage margin will not cover general and administrative costs.

3.3 ***Closing Deliveries.*** *(a)* At the Closing, Toshiba or the Toshiba Member (as applicable) shall execute and deliver, as applicable, to the Company the following documents, where the execution or delivery of documents is

** This portion has been redacted pursuant to a confidential treatment request.

contemplated, and shall take or cause to be taken the following actions, where the taking of action is contemplated:

(i) The Toshiba Initial Contribution paid to the Company by wire transfer of immediately available funds to an account of the Company specified in writing by the Company at least 5 Business Days prior to the Closing Date;

(ii) The Amended and Restated Operating Agreement of the Company in the form of Exhibit B (the "***Company LLC Agreement***"), duly executed by Toshiba or the Toshiba Member (as applicable);

(iii) A certificate, duly executed by authorized officer of Toshiba, certifying to the Company the truth as of the Closing of the representations and warranties of such entity as set forth in Article IV hereof; and

(iv) Such other instruments and documents as are reasonably necessary to effect the transactions contemplated hereby to occur at Closing.

(b) At the Closing, the Company shall execute and deliver, as applicable, to Toshiba the following documents, where the execution or delivery of documents is contemplated, and shall take or cause to be taken the following actions, where the taking of action is contemplated:

(i) The Company LLC Agreement, duly executed by each member of the Company that is an Affiliate of Genco;

(ii) A certificate, duly executed by authorized officer of the Company, certifying to Toshiba the truth as of the Closing of the representations and warranties of such entity as set forth in Article V hereof; and

(iii) Such other instruments and documents as are reasonably deemed necessary to effect the transactions contemplated hereby to occur at Closing.

3.4 ***Completion of Due Diligence.*** Toshiba shall undertake and complete its review of the matters described in Section 3.2(a) such that it shall provide to the Company on or before March 31, 2008 either (a) a notice in writing that the condition in Section 3.2(a) has been satisfied, or (b) a notice that it is not satisfied, in Toshiba's sole discretion, with the results of its review of the materials. If a notice is not timely sent under (a) or (b) above, then Toshiba will be deemed to have given the notice under (b) above.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF TOSHIBA

Toshiba hereby represents and warrants to the Company as of the date hereto and as of the Closing as follows (provided that such representations and warranties regarding the Toshiba Member shall only be made and deemed given if Toshiba invests in the Company through the Toshiba Member):

4.1 ***Organization; Power of Authority.*** Each of Toshiba and the Toshiba Member is (or, in the case of the Toshiba Member, shall be prior to Closing) duly formed (as applicable), validly existing, and (if applicable) in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, each of Toshiba and the Toshiba Member is (or, in the case of the Toshiba Member, shall be prior to Closing) duly qualified and (if applicable) in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and Toshiba and the Toshiba Member has (or, in the case of the Toshiba Member, shall have prior to Closing) full power and authority to execute and deliver this Agreement and the other Transaction Documents, in each case to which it is contemplated to be a party, and to perform its obligations hereunder and thereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, or beneficiaries, necessary for the due authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents (in each case to which it is contemplated to be a party) have been duly taken.

4.2 ***Execution and Delivery.*** Toshiba has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of Toshiba enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

4.3 ***Non-Contravention.*** Each of Toshiba's and the Toshiba Member's authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents to which it is contemplated to be a party does not and will not (a) conflict with, or result in a breach, default or violation of, (i) the Charter Documents of Toshiba or the Toshiba Member, (ii) any contract or agreement to which Toshiba or the Toshiba Member is a party or is otherwise subject or (iii) any Law to which Toshiba or the Toshiba Member is subject or (b) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person, unless in each case such requirement has already been satisfied or such matter is set forth in Schedule 4.3, except (other than with respect to clause

(a)(i)) any conflict, breach, default or violation that could not reasonably be expected to have a material adverse effect on the ability of Toshiba or the Toshiba Member to perform its obligations under this Agreement or any Transaction Document to which it is contemplated to be a party.

4.4 ***Brokers, Finders and Investment Bankers.*** Neither Toshiba nor any of its Affiliates, nor any of their respective partners, members, shareholders, directors, officers or employees has employed or retained any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby, in each case for which the Company has liability.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Toshiba as of the date hereof and as of the Closing as follows:

5.1 ***Organization; Power of Authority.*** The Company is duly formed, validly existing, and in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, the Company is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and the Company has full power and authority to execute and deliver this Agreement and the other Transaction Documents and to perform its obligations hereunder and thereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, or beneficiaries, necessary for the due authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents by the Company have been duly taken.

5.2 ***Execution and Delivery.*** The Company has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of the Company enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

5.3 ***Non-Contravention.*** The Company's authorization, execution, delivery, and performance of this Agreement and the other Transaction Documents does not and will not (a) conflict with, or result in a breach, default or violation of, (i) the Charter Documents of the Company, (ii) any contract or agreement to which the Company is a party or is otherwise subject or (iii) any Law to which the Company is subject or (b) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person, unless in each case such requirement has already been satisfied or such matter is set forth in Schedule 5.3, except, with respect to clause (a)(ii), any conflict, breach, default or violation that could not reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations under this Agreement or any Transaction Document to which it is contemplated to be a party.

5.4 ***Brokers, Finders and Investment Bankers.*** Neither the Company nor any of its Affiliates, nor any of their respective partners, members, shareholders, directors, officers or employees has employed or retained any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated hereby for which either of the Parties hereto has liability.

5.5 ***Legal Proceedings.*** Except as set forth on Schedule 5.5, there are no proceedings pending or, to the Knowledge of the Company, threatened seeking to restrain, prohibit, or obtain damages or other relief in connection with this Agreement or the transactions contemplated hereby.

5.6 ***NRG Contribution Agreement.*** A true and current copy of the fully executed NRG Contribution Agreement and all exhibits and schedules thereto has been provided to Toshiba. Except for the supplementing or amendment of the schedules thereto pursuant to Section 7.11 of the NRG Contribution Agreement that does not result in a Material Adverse Effect (as defined in the NRG Contribution Agreement), and except for waivers or amendments that have been provided to, and consented to by, Toshiba prior to the date of the satisfaction of the conditions set forth in Section 3.2, since such date there has been no amendment to, or waiver by the Company of, the obligations of Genco and South Texas under the NRG Contribution Agreement.

ARTICLE VI
ADDITIONAL AGREEMENTS AND COVENANTS

6.1 ***Capital Calls.*** Toshiba shall cause the Toshiba Member to contribute to the Company the Toshiba Committed Contributions in accordance with the Company LLC Agreement; provided, however, that the Toshiba Member shall not be obligated to make aggregate Capital Contributions pursuant to Section 6.2(b) of the Company LLC Agreement in excess of $150,000,000.00 until the following conditions are satisfied:

(a) Toshiba's receipt of task orders for layout work on additional ABWR units on fair market terms; and

(b) the Company having submitted to the NRC a written statement of intent to develop additional units using Toshiba ABWR technology and Toshiba as the EPC contractor.

6.2 ***Transaction Costs.*** Each Party shall bear and pay all of its own costs, fees and expenses, including any legal fees, brokerage commissions or finders' fees, if any, incurred by or on its behalf in connection with the transactions contemplated by this Agreement and the other Transaction Documents.

6.3 ***Indemnifications by Toshiba.*** Subject to the other terms of this Article VI, Toshiba shall indemnify, defend and hold harmless the Company and its directors, officers, employees, successors, assigns and representatives (collectively, "***Company Parties***") from and

against any and all Losses arising out of or resulting from (a) the failure of any of Toshiba's representations or warranties contained in this Agreement or the certificates to be delivered at Closing to be true and correct and (b) the failure of Toshiba to perform any of its covenants or obligations under this Agreement.

6.4 ***Indemnifications by the Company.*** Subject to the other terms of this Article VI, the Company shall indemnify, defend and hold harmless Toshiba and its directors, officers, employees, successors, assigns, and representatives (collectively, the "***Contributing Parties***") from and against any and all Losses arising out of or resulting from (a) the failure of any of the Company's representations or warranties contained in this Agreement or the certificates to be delivered at Closing to be true and correct or (b) the failure of the Company to perform any of its covenants or obligations under this Agreement.

6.5 ***Indemnification Procedure.***

(a) Promptly following receipt by either the Company Parties or the Contributing Parties (each an "***Indemnified Party***") of notice by a third party (including any Governmental Authority) of any complaint or the commencement of any audit, investigation, action or proceeding (in each case, a "***Claim***") with respect to which such Indemnified Party may be entitled to receive payment from the other Party for any Loss, such Indemnified Party shall notify Toshiba or the Company, as the case may be (the "***Indemnifying Party***"); provided, however, that the failure to so notify the Indemnifying Party shall relieve the Indemnifying Party from liability hereunder with respect to such Claim only if, and only to the extent that, such failure to so notify the Indemnifying Party results in the loss by the Indemnifying Party of (or other limitations to) rights and defenses otherwise available to the Indemnifying Party or the Indemnified Party with respect to such Claim. The Indemnifying Party shall have the right, upon written notice delivered to the Indemnified Party within twenty (20) days thereafter, to assume the defense of such Claim (which may be with a reservation of rights to deny liability under an indemnity), including the employment of counsel hired in consultation with the Indemnified Party ("***Litigation Counsel***") and the payment of the fees and disbursements of such Litigation Counsel and other costs of such defense. In the event, however, that the Indemnifying Party declines or fails to assume the defense of such Claim as provided above or to employ Litigation Counsel, in either case within such twenty (20) day period, then such Indemnified Party may employ counsel to represent or defend the Indemnified Party in any such Claim, and the Indemnifying Party shall promptly reimburse the Indemnified Party for all reasonable fees and disbursements of such counsel and other reasonable costs of such defense (which reimbursement obligation shall accrue from the first dollar of such costs as incurred by the Indemnified Party). In any event, the Indemnifying Party shall not be required to pay the fees and disbursements

of more than one counsel for all Indemnified Parties in any jurisdiction in connection with such Claim, unless Litigation Counsel determines that continued representation of the Indemnified Party is inappropriate due to a conflict of interest under applicable ethical rules resulting from its representation of both the Indemnifying Party and such Indemnified Party, in which case, the Indemnifying Party shall have the option of (i) appointing substitute counsel that does not believe it is subject to such a conflict of interest or (ii) employing and paying the fees and disbursements of different counsel to represent such Indemnified Party. Notwithstanding the Indemnifying Party's election to assume the defense of any third party Claim, the Indemnified Party shall have the right at its cost to employ separate counsel (including local counsel) to monitor (but not control) such defense. The Indemnifying Party or the Indemnified Party (as the case may be) shall at all times use commercially reasonable efforts to keep the Indemnifying Party or Indemnified Party (as the case may be) reasonably apprised of the status of the defense of any matter the defense of which it is maintaining and to cooperate in good faith with each other with respect to the defense of any such matter.

(b) No Indemnified Party may settle or compromise any Claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without the prior written consent of the Indemnifying Party, unless (i) the Indemnifying Party fails to assume and maintain the defense of such Claim pursuant to Section 6.5(a), (ii) such settlement, compromise or consent does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnifying Party and (iii) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party and its directors, officers, employees, successors, assigns and representatives from all liability arising out of such Claim. An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder unless such settlement, compromise or consent (x) includes an unconditional release of the Indemnified Party and its directors, officers, employees, successors, assigns and representatives from all liability arising out of such Claim, (y) does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnified Party and (z) does not contain any equitable order, judgment or term that in any material manner affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's Affiliates.

(c) If an Indemnified Party claims a right to payment pursuant hereto, such Indemnified Party shall send written notice of such Claim to the appropriate Indemnifying Party. Such notice shall specify the basis for

such Claim. The failure by any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party with respect to any Claim made pursuant to this Section 6.5(c). If the Indemnifying Party agrees it is liable for such Claim, it shall pay the amount of such liability to the Indemnified Party **, or, in the case of any notice in which the amount of the Claim (or any portion of the Claim) is estimated, ** after such later date when the amount of such Claim (or such portion of such Claim) becomes finally determined. In the event the Indemnifying Party does not respond to such Claim or disputes its liability with respect to such Claim, such Indemnified Party and the appropriate Indemnifying Party shall, as promptly as possible, establish the merits and amount of such Claim by making good faith efforts to come to an agreement or, failing** mutual agreement, by the exercise of such legal remedies as may be available, subject to Sections 6.6, 6.7 and 6.8.

6.6 ***Liability Limits.*** Except as expressly provided in the third sentence of Section 6.5(a), notwithstanding anything to the contrary set forth herein, in no event shall there be any liability under Section 6.3(a) or 6.4(a) until the aggregate amount of all Losses suffered arising from matters covered by the indemnity contained such Section exceeds ** (the "***Basket Amount***"). In no event shall any Company Party or Contributing Party be entitled to assert a claim under Section 6.3(a) or 6.4(a) (as applicable) unless such Claim is submitted in compliance with the other procedures of Section 6.5. The liability of the Indemnifying Party under Section 6.3(a) or 6.4(a) shall not exceed ** No claim for indemnification may be made under Section 6.3(a) or 6.4(a) if the Indemnified Party making the claim had actual knowledge of such breach prior to Closing and elected to consummate the Closing. In determining the amount of any Losses entitled to indemnification under Article VI, the gross amount thereof will be reduced by any insurance proceeds actually received by the claimant with respect to such Losses (net of any related deductibles and self insurance amounts).

6.7 ***Exclusive Remedy.*** Notwithstanding any other provision of this Agreement to the contrary or any remedies that might otherwise be available under Law (other than claims based on fraud), the remedies set forth in this Article VI and the specific performance remedy referenced in Section 7.11 shall constitute the sole and exclusive remedies of the Parties hereto (or any assignee of a Party to which conveyance is made as contemplated in connection herewith) for any claims arising under this Agreement, the certificates or any other documents executed pursuant to this Agreement to be delivered at Closing.

6.8 ***Consequential Damages.*** NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL ANY PARTY EVER BE LIABLE TO ANY OTHER PARTY OR THIRD PARTY WITH RESPECT TO ANY CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT FOR ANY LOST OR PROSPECTIVE PROFITS OR ANY OTHER SPECIAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL, OR INDIRECT LOSSES OR DAMAGES FROM ITS PERFORMANCE UNDER THIS AGREEMENT

** This portion has been redacted pursuant to a confidential treatment request.

OR FOR ANY FAILURE OR PERFORMANCE HEREUNDER OR RELATED HERETO, WHETHER ARISING OUT OF BREACH OF CONTRACT, NEGLIGENCE, TORT, STRICT LIABILITY, OR OTHERWISE AND WHETHER OR NOT ARISING FROM ANY OTHER PARTY'S SOLE, JOINT OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT.

6.9 ***Termination.*** This Agreement may be terminated:

(a) by mutual consent in writing of the Parties;

(b) automatically if a notice is given pursuant to Section 3.4(b) or such notice is deemed to have been given;

(c) by Toshiba at any time on or prior to the date that is 31 calendar days after the Effective Date for any reason or no reason, and in its sole and absolute discretion;

(d) by written notice by any Party to the other Party, as the case may be, in the event the matters described in Section 3.2(m) have not been agreed in writing on or prior to May 2, 2008; and

(e) by written notice by any Party to the other Party, as the case may be, in the event the Closing has not occurred on or prior to ** (but such termination shall not relieve a Party of any default under this Agreement arising prior thereto).

ARTICLE VII
GENERAL

7.1 ***Successors and Assigns.*** All of the terms, covenants, representations, warranties and conditions of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns (and in the case of indemnities to the benefit of all Persons indemnified). This Agreement and the rights and obligations hereunder shall not be assigned by either Party hereto without the prior written consent of the other Party, except that either Party may assign an interest in all of its rights and obligations hereunder to any Affiliate; *provided* that no assignment shall relieve a Party of its obligations hereunder. Nothing herein expressed or implied is intended or shall be construed to confer upon or to give any Person not a Party any rights or remedies under or by reason of this Agreement, except for (i) the Company, where so identified in this Agreement, and (ii) the indemnified parties expressly identified in this Agreement.

7.2 ***Amendments.*** This Agreement may be amended, modified or superseded, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by each of the Parties. No waiver by either Party of any breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any

such breach or a waiver of any other breach of any other term, covenant, representation or warranty.

7.3 ***No Merger.*** Notwithstanding the fact that the Transaction Documents are not intended to, and do not, contain representations and warranties beyond those made in this Agreement, the Parties agree that the representations and warranties of the Parties in this Agreement shall not be extinguished or limited in any respect by, or be merged into, the Transaction Documents.

7.4 ***Further Assurances.*** Each Party agrees to execute such further instruments or documents as the other Party may from time to time reasonably request in order to confirm or carry out the transactions contemplated in this Agreement; provided that no such instrument or document shall expand a Party's liability beyond that contemplated in this Agreement.**

7.5 ***Notices.*** Unless otherwise provided herein, all notices, requests, consents, approvals, demands and other communications to be given hereunder shall be in writing and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, (c) actual receipt or (d) the expiration of four Business Days after the day when mailed by registered or certified mail (postage prepaid, return receipt requested), addressed to the respective Parties at the following addresses (or such other address for a party hereto as shall be specified by like notice):

If to Toshiba, to:

**

and to:

**

If to the Company, to:

**

with a copy to:

**

Either Party may change its Notice address by giving written notice to the other in the manner specified above.

** This portion has been redacted pursuant to a confidential treatment request.

7.6 ***Entire Agreement.*** This Agreement, the other Transaction Documents, the attached schedules and exhibits and the agreements and documents to be executed pursuant to this Agreement constitute the entire agreement between the Parties as of the date of this Agreement and supersede any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

7.7 ***Governing Law.*** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF NEW YORK. The foregoing shall not apply to the conveyance instruments delivered pursuant to this Agreement to the extent the law of any state in which any particular asset or property is located mandates that the law of that state apply to the conveyance of the asset or property located there.

7.8 ***Dispute Resolution.***

(a) Each Party hereby agrees that any dispute, controversy or claim between the Parties arises under this Agreement or is connected with or related in any way to this Agreement or any right, duty or obligation arising hereunder or the relationship of the Parties hereunder may be so submitted to binding arbitration hereunder and pursuant to the procedures set forth in Exhibit C, and if so submitted, shall be resolved exclusively and finally through such binding arbitration. This Section 7.8 and Exhibit C constitute a written agreement by the Parties to submit to arbitration any Dispute arising under or in connection with this Agreement within the meaning of the Federal Arbitration Act, 9 U.S.C. §§ 1, et. seq.

(b) Prior to the appointment of the arbitration tribunal, either Party may seek provisional relief, including provisional injunctive relief, from any court of competent jurisdiction, and the application for such relief shall not be deemed inconsistent with, or a waiver of, the right to arbitrate the Dispute. With respect to any such application for provisional relief, the Parties irrevocably submit to the personal jurisdiction of the state and federal courts located in Washington, D.C., and waive objection to venue. Once the arbitration tribunal is appointed, all subsequent applications for provisional relief shall be made to the arbitration tribunal.

7.9 ***Severability.*** In the event any of the provisions hereof are held to be invalid or unenforceable under any Law, the remaining provisions hereof shall not be affected thereby. In such event, the Parties hereto agree and consent that such provisions and this Agreement shall be modified and reformed so as to effect the original intent of the Parties as closely as possible with respect to those provisions which were held to be invalid or unenforceable.

7.10 ***Counterparts.*** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one agreement.

7.11 ***Remedies.*** Each Party acknowledges that the remedies at law of the Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, either Party, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy that may then be available. Notwithstanding Section 7.8, either Party may seek a temporary restraining order or preliminary injunction from a court of competent jurisdiction pending mediation or arbitration.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first written above.

TOSHIBA CORPORATION

By: /s/ Hideo Kitamura
Name: Hideo Kitamura
Title: Executive Officer Corporate Vice President
President and CEO Power Systems Company

NRG NUCLEAR DEVELOPMENT COMPANY LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President

EXHIBIT A

Definitions

"***Affiliate***" means with respect to an entity, any other entity controlling, controlled by or under common control with such entity. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"***Business Day***" means any day other than a Saturday, a Sunday or a day on which banks in New York, New York or Tokyo, Japan are authorized or required by law to be closed.

"***Charter Documents***" means, with respect to any Person, the articles of incorporation or association and by-laws, the limited liability company agreement, or limited partnership agreement or other agreement or agreements that establish the legal personality of such Person.

"***Governmental Authority***" means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof).

"***Knowledge of the Company***" means the actual knowledge of the following individuals: **

"***Law***" means any statute, law, treaty, rule, code, ordinance, regulation, permit, or certificate of any Governmental Authority, any interpretation of any of the foregoing by any Governmental Authority, or any binding judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

"***Losses***" means damages, claims, liabilities, losses, costs and expenses (including reasonable fees and expenses of counsel and court costs).

"***NRC***" means the US Nuclear Regulatory Commission.

"***Participation Agreement***" means that Amended and Restated South Texas Project Participation Agreement, effective as of November 17, 1997, between City of San Antonio, City of Austin and South Texas (as successor in interest to Central Power and Light Company and Houston Lighting & Power Company).

"***Person***" means any natural person, corporation, company, partnership (general or limited), limited liability company, trust or other entity.

** This portion has been redacted pursuant to a confidential treatment request.

"***Project Land***" means the portion of the South Texas Plant Site, which shall be allocated for the exclusive use of the ST3&4 Project.

"***South Texas Plant Site***" has the meaning given such term in the Participation Agreement.

"***South Texas Project***" has the meaning given such term in the Participation Agreement.

"***ST3&4 Project***" means the units 3 and 4 of the South Texas Project contemplated to be developed by the Company.

"***Toshiba Member***" means a wholly-owned direct or indirect subsidiary of Toshiba through which Toshiba will hold its membership interest in the Company.

"***Transaction Documents***" means, collectively, this Agreement, the Company LLC Agreement, and the Contribution and Assumption Agreement (as defined in the NRG Contribution Agreement), in each case, as amended, and all certificates and other documents required to be delivered by the Parties at the Closing.

EXHIBIT B

Form of Company LLC Agreement

** This portion has been redacted pursuant to a confidential treatment request.

EXHIBIT C

Arbitration Procedures

1.1 ***Disputes***. Any and all claims, counterclaims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, or to the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship between the Parties created by this Agreement (whether extra-contractual in nature, sounding in contract, tort or otherwise, or provided for by federal or state statute, common law or otherwise) (hereafter a "***Dispute***") shall be finally resolved by binding arbitration under the Non-Administered Arbitration Rules of the International Institute for Conflict Prevention and Resolution (the "***Rules***") then in force to the extent such Rules are not inconsistent with the provisions of this Agreement.

1.2 ***Negotiation to Resolve Disputes***. If a Dispute arises out of or relates to this Agreement, a Party may give notice to all other Parties that it intends to initiate the dispute resolution procedures set forth herein. Promptly upon receipt of such notice, each Party that is a party to the Dispute (each, a "***Disputing Party***") shall refer such Dispute to a senior executive officer ("***SEO***") of each Disputing Party (or of Toshiba's Power Systems Company, in the case of Toshiba). The SEOs will meet in person or by teleconference as soon as mutually practicable in order to try and resolve the Dispute. If the SEOs are unable to resolve the Dispute on or before the 30th Day after such notice, any Disputing Party may commence an arbitration under this Appendix B by notifying each Party (an "***Arbitration Notice***").

1.3 ***Selection of Arbitrators***.

(a) Three Arbitrators. Any arbitration conducted under this Appendix B shall be heard by three arbitrators (each an "***Arbitrator***" and collectively the "***Tribunal***") selected in accordance with this Section 1.3. Each Disputing Party and any proposed Arbitrator shall, as soon as practicable, disclose to the other Disputing Parties any business, personal or other relationship or affiliation that may exist between any Party and the proposed Arbitrators. The Disputing Parties may then object to any of the proposed Arbitrators on the basis of such relationship or affiliation. The validity of any such objection shall be determined according to the Rules.

(b) Selection of Arbitrators. Except as provided for in this Section 1.3, the Tribunal shall be appointed according to the Rules. In the Arbitration Notice, the Disputing Party requesting arbitration shall nominate one Arbitrator. The Disputing Party named as respondent by the claimant shall nominate one Arbitrator. Within 30 Days of the appointment of the second Arbitrator, the two party-appointed Arbitrators shall appoint a third Arbitrator who shall chair the arbitration. Where the Dispute at issue involves more than two Disputing Parties, the International Institute for Conflict Prevention and Resolution ("***CPR***") shall provide a list of potential Arbitrators. Within seven (7) days of receiving this list, each Disputing Party shall provide to CPR a ranking of the potential Arbitrators on such list showing such Disputing Party's order of preference among such proposed Arbitrators, with any one or more Disputing Parties who are Affiliates of one another submitting one common ranked list. The CPR shall then

appoint all three Arbitrators as it shall determine in its discretion but taking into account to the extent practical the Disputing Parties' preferences.

1.4 ***Conduct of Arbitration***. The Tribunal shall expeditiously (and, if practicable, consistent with the Tribunal's primary responsibility to justly adjudicate the dispute before it, within 180 Days after the appointment of the third Arbitrator) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in Washington, D.C. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et. seq. Except as expressly provided to the contrary in this Agreement, the Tribunal shall have the power to gather such materials, information, testimony and evidence as it deems relevant to the dispute before it (and each Party will provide such materials, information, testimony and evidence requested by the Tribunal, subject to such protective orders as the Tribunal determines necessary for the protection of any information so requested that is proprietary, subject to a third-party confidentiality restriction or to an attorney-client or other privilege) and to grant injunctive relief and enforce specific performance. The Tribunal shall not have the power to award punitive or any other form of indirect or non-compensatory damages, even if such are available under the governing law and even if a court would otherwise be empowered to avoid this limitation on damages to make such an award. If it deems necessary, the Tribunal may propose to the Disputing Parties that one or more other experts be retained to assist it in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Disputing Parties, which shall not be unreasonably withheld. The decision of the Tribunal (which shall be rendered in writing) shall be final, nonappealable and binding upon the Parties and may be enforced in any court of competent jurisdiction. Each Party hereby consents to the non-exclusive personal jurisdiction and venue of the Washington D.C. courts for any proceedings in aid of arbitration under this Section, including any request for interim or injunctive relief. Notwithstanding the foregoing consent, the Parties may nevertheless seek interim or injunctive relief from any court of competent jurisdiction.

1.5 ***Arbitration Costs and Expenses***. The responsibility for paying the costs and expenses of the arbitration, including compensation to the Tribunal and any experts retained by the Tribunal, shall be borne by the Disputing Party or Disputing Parties who is or are the least successful in such process, which shall be determined by the Tribunal by comparing the position asserted by each Disputing Party on all disputed matters taken together to the final decision of the Tribunal on all disputed matters taken together, provided however, that each Disputing Party shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Tribunal determines that compelling reasons exist for allocating all or a portion of such costs and expenses to the other Disputing Parties.

Exhibit 10.3

MULTI-UNIT AGREEMENT

by and among

TOSHIBA CORPORATION,

NRG NUCLEAR DEVELOPMENT COMPANY LLC

and

NRG ENERGY, INC.

MULTI-UNIT AGREEMENT

by and among

TOSHIBA CORPORATION,

NRG NUCLEAR DEVELOPMENT COMPANY LLC

and

NRG ENERGY, INC.

TABLE OF CONTENTS

APPENDICES

MULTI-UNIT AGREEMENT

THIS MULTI-UNIT AGREEMENT is made and entered into effective as of the ** (the "Effective Date"), by and among TOSHIBA CORPORATION, a corporation formed under the laws of Japan ("Toshiba"), NRG ENERGY, INC., a corporation formed under the laws of the State of Delaware ("NRG"), and NRG NUCLEAR DEVELOPMENT COMPANY LLC, a limited liability company formed under the laws of the State of Delaware ("Nuclear DevCo"). Toshiba, NRG and Nuclear DevCo are also each referred to herein as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, affiliates of NRG have formed Nuclear DevCo for the purpose of developing and owning (i) interests in two units at the South Texas Nuclear Project in Matagorda County, Texas, referred to by the Parties as "STP 3&4" ("STP 3 & 4") and (ii) certain additional nuclear power generation projects, and in connection therewith have entered into the limited liability company agreement of Nuclear DevCo (the "Original Nuclear DevCo LLC Operating Agreement");

WHEREAS, pursuant to that certain Contribution Agreement (NRG) dated as of the **, among Texas Genco Holdings, Inc., NRG South Texas LP, and Nuclear DevCo, affiliates of NRG will contribute to Nuclear DevCo rights with respect to the development of STP 3 & 4 and such additional projects and certain other assets;

WHEREAS, it is anticipated that (i) Toshiba or an affiliate of Toshiba will be admitted to Nuclear DevCo as a member thereof (the date of such admission, the "Toshiba Closing Date"), and (ii) Toshiba (or such affiliate of Toshiba) and affiliates of NRG will execute an amendment and restatement of the Original Nuclear DevCo LLC Operating Agreement (the "Nuclear DevCo LLC Operating Agreement"), which will govern the joint ownership of Nuclear DevCo; and

WHEREAS, the Parties have determined to set forth in this Agreement certain terms of their agreements regarding the foregoing;

NOW, THEREFORE, in consideration of the respective covenants and agreements of the Parties herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties do hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions and Usage. Unless the context shall otherwise require, capitalized terms used in this Agreement shall have the meanings assigned to them below:

** This Portion has been redacted pursuant to a confidential treatment request.

"*Additional Units*" shall have the meaning given to it in Section 3.1(a) of this Agreement.

"*Affiliate*" means with respect to an entity, any other entity controlling, controlled by or under common control with such entity. As used in this definition, the term "control," including the correlative terms "controlling," "controlled by" and "under common control with," shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by contract or otherwise.

"*Agreed EPC Contract Form*" shall have the meaning given to it in Section 3.1(b) of this Agreement.

"*Agreed EPC Terms*" shall have the meaning given to it in Section 3.1(a) of this Agreement.

"*Agreement*" means this Multi-Unit Agreement and includes all Appendices hereto.

"*Dispute*" shall have the meaning given to it in Section 1.1 of Appendix B to this Agreement.

"*Effective Date*" shall have the meaning given to it in the first paragraph of this Agreement.

"*EPC Contract*" shall have the meaning given to it in Section 3.1(a) of this Agreement.

"*Government Approval*" means any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority.

"*Governmental Authority*" means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof), including the Nuclear Regulatory Commission.

"*Law*" means any statute, law, treaty, rule, code, ordinance, requirement, regulation, permit or certificate of any Governmental Authority, any interpretation of any of the foregoing by any Governmental Authority, or any binding judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

"*New Site"* shall have the meaning given to it in Section 3.2 of this Agreement.

"*NRG*" shall have the meaning given to it in the first paragraph of this Agreement.

"*Nuclear DevCo*" shall have the meaning given to it in the first paragraph of this Agreement.

"*Nuclear DevCo LLC Operating Agreement*" shall have the meaning given to it in the Recitals of this Agreement.

"*Offer Period*" means the period from Effective Date through the earlier of **

"*Party*" and "*Parties*" shall have the meanings given to them in the first paragraph of this Agreement.

"*Permitted Changes*" shall have the meaning given to it in Section 3.1(c) of this Agreement.

"*Permitted Designee*" means any Person in which Nuclear DevCo holds, directly or indirectly, **

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, limited liability company, unincorporated organization, Governmental Authority or any other form of entity.

"*Proceeding*" means any lawsuit, arbitration or other alternative resolution process, Governmental Authority investigation, hearing, audit, appeal, administrative proceeding or judicial proceeding.

"*Remaining Units*" shall have the meaning given to it in Section 3.1(b) of this Agreement.

"*STP 3 & 4*" shall have the meaning given to it in the Recitals of this Agreement.

"*Toshiba*" shall have the meaning given to it in the first paragraph of this Agreement.

"*Toshiba Closing Date*" shall have the meaning given to it in the Recitals of this Agreement.

Section 1.2 Rules as to Usage.

(a) The terms defined above have the meanings set forth above for all purposes, and such meanings are equally applicable to both the singular and plural forms of the terms defined.

(b) "Include," "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import.

(c) Any agreement, instrument or Law defined or referred to above means such agreement or instrument or Law as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of Laws) by succession of comparable successor Laws and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein.

(d) References to a Person include its successors and permitted assigns.**

** This portion has been redacted pursuant to a confidential treatment request.

(e) Any term defined above by reference to any agreement, instrument or Law has such meaning whether or not such agreement, instrument or Law is in effect.**

(f) "Hereof," "herein," "hereunder" and comparable terms refer, unless otherwise expressly indicated, to the entire agreement or instrument in which such terms are used and not to any particular article, Section or other subdivision thereof or attachment thereto.

(g) References to any gender include, unless the context otherwise requires, references to all genders.

(h) "Shall" and "will" have equal force and effect.

(i) References to "$" or to "dollars" shall mean the lawful currency of the United States of America.

ARTICLE II
TERM

This Agreement shall become effective on the Effective Date (provided that Article III of this Agreement shall be subject to the occurrence of, and become binding and effective as of, the Toshiba Closing Date) and shall continue in effect through the earlier of **

ARTICLE III
COMMITMENTS OF THE PARTIES

Section 3.1 EPC Terms and Conditions.

(a) Subject to and in accordance with the terms and conditions of this Section 3.1, Toshiba shall make available to Nuclear DevCo or its Permitted Designee the engineering, procurement, and construction contract ("EPC Contract") terms set forth on Appendix C (the "Agreed EPC Terms") for two single or double unit nuclear power generating projects on brownfield sites (i.e., sites at or adjacent to existing nuclear power projects) in the United States using Toshiba's ABWR design (which two projects will be in addition to STP 3 & 4) (the "Additional Units"). In furtherance of the foregoing, Toshiba agrees (i) at the request of Nuclear DevCo in connection with any specified Additional Unit, to negotiate with Nuclear DevCo (or its Permitted Designee) in good faith to agree on an EPC Contract containing the Agreed EPC Terms for such Additional Unit, and (ii) if such agreement is reached, to enter into such an EPC Contract.

(b) After the execution of the STP 3 & 4 EPC Contract, Toshiba and Nuclear DevCo shall negotiate in good faith to adapt the form of the STP 3 & 4 EPC Contract to conform it to the Agreed EPC Terms (as so adapted, the "Agreed EPC Contract Form"), and the Agreed EPC Contract Form shall replace the Agreed EPC Terms as the basis from which any EPC Contract

** This Portion has been redacted pursuant to a confidential treatment request.

will be negotiated for Additional Units with respect to which an EPC Contract has not then been agreed (the "Remaining Units"). Accordingly, at any time after the execution of the STP 3 & 4 EPC Contract, at the request of Nuclear DevCo in connection with a specified Remaining Unit, Toshiba agrees (i) to negotiate with Nuclear DevCo (or its Permitted Designee) in good faith to agree on the terms of the EPC Contract for such Remaining Unit based on the Agreed EPC Contract Form (subject only to changes contemplated by Section 3.1(c) below) and (ii) if the parties reach agreement, to enter into such EPC Contract. **

(c) The Parties acknowledge and agree that, in negotiating the EPC Contract for Remaining Units, no changes will be made to the Agreed EPC Contract Form other than the following (collectively, "Permitted Changes"): (i) changes to cost, schedule and unit performance; and (ii) changes to reflect the following: (1) any material site-specific differences between the relevant Additional Unit and STP 3 & 4; (2) changes in any applicable Law after the execution of the STP 3 & 4 EPC Contract; (3) changes in the Toshiba scope of work for the relevant Additional Unit as compared to the STP 3 & 4 EPC Contract; and (4) changes after the execution of the STP 3 & 4 EPC Contract in the risks covered by insurance. For the avoidance of doubt, the final contract price for any Additional Unit will include a margin over project costs (other than profit, contingency and general and administrative costs) of a percentage to be agreed, which margin will cover collectively profit, contingency, and general and administrative costs. However, the Parties agree that Toshiba may request changes to the Agreed EPC Terms or the Agreed EPC Contract Form other than those specified in this Section 3.1(c) when negotiating any EPC Contract, and that the other Parties will discuss with Toshiba and consider such requested changes in good faith.

(d) Notwithstanding anything in this Agreement to the contrary, in no event shall Toshiba or any affiliate thereof be required to perform any engineering, procurement or construction services unless such services are set forth in a written agreement executed by such Person. However, Toshiba acknowledges and agrees that it will be in breach of its obligation under this Agreement if it refuses to execute an EPC Contract for any Additional Units due to the fact that Nuclear DevCo or its Permitted Designee has not agreed to changes in the Agreed EPC Terms or, after the execution of the STP 3 & 4 EPC Contract, changes from the Agreed EPC Contract Form unless (i) such changes constitute Permitted Changes or (ii) either of the other Parties or Nuclear DevCo's Permitted Designee has not considered and discussed with Toshiba in good faith such changes after such changes were proposed by Toshiba.

Section 3.2 Development of New Sites. Nuclear DevCo agrees to use reasonable efforts to advance the development of at least one additional site for deployment of ABWR generating facilities in the United States (each a "New Site") such that Nuclear DevCo (or its affiliates) formally notifies the Nuclear Regulatory Commission on or before December 31, 2008, of its intention to file a combined construction and operating license application with regard to at least one such New Site. Nuclear DevCo and Toshiba agree to negotiate in good faith for the terms of and, on or before December 31, 2008, enter into a contract for the performance of site layout work at a New Site.

** This Portion has been redacted pursuant to a confidential treatment request.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations. Each Party represents and warrants to the other Party that:

(a) Due Organization. It is a duly organized, validly existing entity of the type described in the introduction to this Agreement and is in good standing under the laws of the jurisdiction of its formation.

(b) Power and Authority. It has full legal right, power and authority to enter into this Agreement and perform its obligations under this Agreement.

(c) Due Authorization. It has taken all appropriate and necessary action to authorize its execution, delivery and performance of this Agreement and the transactions contemplated hereunder.

(d) Consents. It has obtained all consents, approvals, authorizations and Governmental Approvals necessary for the valid execution, delivery and performance of this Agreement.

(e) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except to the extent enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting the rights of creditors generally or by general principles of equity.

(f) No Violation. The execution, delivery and performance by such Party of this Agreement, the compliance with the terms and provisions hereof, and the carrying out of the transactions contemplated hereby, (i) do not conflict with and will not result in a breach or violation of any of the terms or provisions of the organizational documents of such Party and (ii) do not conflict with and will not result in a breach or violation of any of the terms or provisions of any existing applicable law, rule or regulation, or any order, writ, injunction, judgment or decree by any court or Governmental Authority against such Party or by which it or any of its properties is bound, or any agreement or instrument to which such Party is a party or by which it or any of its properties is bound, or constitute or will constitute a default thereunder or will result in the imposition of any lien upon any of its properties, in each case that would have a material adverse effect on such Party's ability to perform its obligations hereunder.

(g) No Litigation. There is no litigation pending, or, to the best of its knowledge, threatened to which such Party or any of its affiliates is a party that, if adversely determined, would have a material adverse effect on such Party's ability to perform its obligations hereunder.

(h) Authorized Signatory. The representative executing this Agreement on behalf of such Party is duly authorized by action of the governing body of such Party to execute this Agreement on such Party's behalf and to bind such Party hereunder.

ARTICLE V
DISPUTE RESOLUTION

Section 5.1 Arbitration. Each Party hereby agrees that all Disputes shall be resolved as set forth in Appendix B. This Article V and Appendix B constitute a written agreement by the Parties to submit to arbitration any Dispute arising under or in connection with this Agreement within the meaning of the Federal Arbitration Act, 9.U.S.C. §§ 1, et. seq.

Section 5.2 Emergency Relief. Prior to the appointment of the arbitration tribunal, any Party may seek provisional relief, including provisional injunctive relief, from any court of competent jurisdiction, and the application for such relief shall not be deemed inconsistent with, or a waiver of, the right to arbitrate the Dispute. With respect to any such application for provisional relief, the Parties irrevocably submit to the personal jurisdiction of the state and federal courts located in Washington, D.C., and waive objection to venue. Once the arbitration tribunal is appointed, all subsequent applications for provisional relief shall be made to the arbitration tribunal.

ARTICLE VI
GENERAL PROVISIONS

Section 6.1 Notices. All notices, consents, approvals, requests, invoices or statements provided for or permitted to be given under this Agreement must be in writing. Notices to a Party must be delivered to such Party at the address for such Party set forth in Appendix A to this Agreement or at such other address as such Party shall designate by written notice to the other Party delivered in accordance with this Section 6.1. Notices may be (i) sent by registered or certified mail with return receipt requested, (ii) delivered personally (including delivery by private courier services) or (iii) sent by facsimile (with confirmation of such notice) to the Party entitled thereto. Each Party hereto shall have the right at any time and from time to time to specify additional Persons to whom notice thereunder must be given, by delivering to the other Party five (5) days notice thereof.

Section 6.2 Governing Law. This Agreement and the rights and duties of the Parties arising out of this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York, without reference to the conflict of laws rules thereof.

Section 6.3 Confidentiality. No Party shall disclose or otherwise make available to any other Person (other than such Party's affiliates, employees, officers, directors, legal advisors, financial advisors and accountants, and, in the case of each of the Parties, prospective lenders, provided each such Person agrees to maintain the confidentiality of such information) the terms, conditions or existence of this Agreement, including the contents of the Agreed EPC Terms without the prior written consent of each of the other Parties. In the event that disclosure is required by court order or a Governmental Authority, the Party subject to such requirement shall promptly notify the other Party and will use reasonable efforts to obtain protective orders or similar restraints with respect to such disclosure.

Section 6.4 Public Announcements. No Party shall, except as required by Law or the rules of any recognized national stock exchange, cause any public announcement to be made

regarding this Agreement without the consent of each other Party. In the event that a Party shall be required to cause such a public announcement to be made pursuant to any Law or the rules of any recognized national stock exchange, such Party shall endeavor to provide the other Parties at least forty-eight (48) hours prior written notice of such announcement and shall consider in good faith any comments to such announcement received from the other Parties.

Section 6.5 Relationship of Parties. Neither the execution nor delivery of this Agreement, nor the consummation of the transactions contemplated hereunder, shall create or constitute a partnership, joint venture, or any other form of business organization or arrangement between the Parties, except for the contractual arrangements specifically set forth in this Agreement and the other documents referred to herein if and when executed. Except as is expressly agreed to in writing in this Agreement, no Party (or any of its agents, officers or employees) shall be an agent or employee of any other Party or any of its affiliates, nor shall a Party (or any of its agents, officers or employees) have any power to assume or create any obligation on behalf of any other Parties or any of its affiliates.

Section 6.6 Third Party Beneficiaries. There are no third party beneficiaries to this Agreement, and the provisions of this Agreement shall not impart any legal or equitable right, remedy or claim enforceable by any person, firm or organization other than the Parties (and their permitted successors and permitted assigns).

Section 6.7 Further Assurances. Each Party agrees to do all acts and things and to execute and deliver such further written instruments, as may be from time to time reasonably required to carry out the terms and provisions of this Agreement.

Section 6.8 Binding Effect. The terms of this Agreement shall be binding upon, and inure to the benefit of, the Parties and their successors and permitted assigns.

Section 6.9 Amendment. This Agreement may not be modified or amended except by an instrument in writing signed by authorized representatives of each of the Parties.

Section 6.10 Headings; Table of Contents. The headings of the Articles and Sections of this Agreement are included for convenience only and shall not be deemed to constitute a part of this Agreement.

Section 6.11 Interpretation and Reliance. No presumption will apply in favor of any Party in the interpretation of this Agreement in the resolution of any ambiguity of any provisions thereof.

Section 6.12 Severability. In the event that any provision of this Agreement is held to be unenforceable or invalid by any court of competent jurisdiction, the Parties shall negotiate an equitable adjustment to the provisions of this Agreement with the view to effecting, to the extent possible, the original purpose and intent of this Agreement, and the validity and enforceability of the remaining provisions shall not be affected thereby.

Section 6.13 Complete Agreement. This Agreement, in conjunction with all Appendices attached hereto, constitutes the entire agreement of the Parties relating to the subject matter of this Agreement and supersede all prior contracts, agreements or understandings with respect to

the subject matter hereof and thereof, both oral or written, including the ** . Each Party agrees that (a) each other Party and its affiliates (and their respective agents and representatives) have not made any representation, warranty, covenant or agreement to or with such Party relating to the subject matter hereof and thereof other than as reduced to writing in this Agreement and (b) such Party has not relied upon any representation, warranty, covenant or agreement to or with any other Party or its affiliates relating to the subject matter hereof and thereof, other than those reduced to writing in this Agreement.

Section 6.14 Counterparts. This Agreement may be executed by the Parties in any number of separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts shall together constitute one and the same agreement. All signatures need not be on the same counterpart.

Section 6.15 Assignment. No Party may assign its rights or obligations hereunder to any other Person without the prior written consent of each of the other Parties.

[Remainder of page intentionally left blank; signature page follows]

** This Portion has been redacted pursuant to a confidential treatment request.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties as of the Effective Date.

TOSHIBA CORPORATION

By: /s/ Hideo Kitamura
Name: Hideo Kitamura
Title: Executive Officer
Corporate Vice President
President and CEO
Power Systems Company

NRG NUCLEAR DEVELOPMENT COMPANY LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President

NRG ENERGY, INC.

By: /s/ David Crane
Name: David Crane
Title: President and CEO

APPENDIX A

ADDRESSES FOR NOTICES

** This Portion has been redacted pursuant to a confidential treatment request.

APPENDIX B

ARBITRATION PROCEDURES

1.1 ***Disputes***. Any and all claims, counterclaims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, or to the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship between the Parties created by this Agreement (whether extra-contractual in nature, sounding in contract, tort or otherwise, or provided for by federal or state statute, common law or otherwise) (hereafter a "***Dispute***") shall be finally resolved by binding arbitration under the Non-Administered Arbitration Rules of the International Institute for Conflict Prevention and Resolution (the "***Rules***") then in force to the extent such Rules are not inconsistent with the provisions of this Agreement.

1.2 ***Negotiation to Resolve Disputes***. If a Dispute arises out of or relates to this Agreement, a Party may give notice to all other Parties that it intends to initiate the dispute resolution procedures set forth herein. Promptly upon receipt of such notice, each Party that is a party to the Dispute (each, a "***Disputing Party***") shall refer such Dispute to a senior executive officer ("***SEO***") of each Disputing Party (or of Toshiba's Power Systems Company, in the case of Toshiba). The SEOs will meet in person or by teleconference as soon as mutually practicable in order to try and resolve the Dispute. If the SEOs are unable to resolve the Dispute on or before the 30th Day after such notice, any Disputing Party may commence an arbitration under this Appendix B by notifying each Party (an "***Arbitration Notice***").

1.3 ***Selection of Arbitrators***.

(a) Three Arbitrators. Any arbitration conducted under this Appendix B shall be heard by three arbitrators (each an "***Arbitrator***" and collectively the "***Tribunal***") selected in accordance with this Section 1.3. Each Disputing Party and any proposed Arbitrator shall, as soon as practicable, disclose to the other Disputing Parties any business, personal or other relationship or affiliation that may exist between any Party and the proposed Arbitrators. The Disputing Parties may then object to any of the proposed Arbitrators on the basis of such relationship or affiliation. The validity of any such objection shall be determined according to the Rules.

(b) Selection of Arbitrators. Except as provided for in this Section 1.3, the Tribunal shall be appointed according to the Rules. In the Arbitration Notice, the Disputing Party requesting arbitration shall nominate one Arbitrator. The Disputing Party named as respondent by the claimant shall nominate one Arbitrator. Within 30 Days of the appointment of the second Arbitrator, the two party-appointed Arbitrators shall appoint a third Arbitrator who shall chair the arbitration. Where the Dispute at issue involves more than two Disputing Parties, the International Institute for Conflict Prevention and Resolution ("***CPR***") shall provide a list of potential Arbitrators. Within seven (7) days of receiving this list, each Disputing Party shall provide to CPR a ranking of the potential Arbitrators on such list showing such Disputing Party's order of preference among such proposed Arbitrators, with any one or more Disputing Parties who are Affiliates of one another submitting one common ranked list. The CPR shall then

appoint all three Arbitrators as it shall determine in its discretion but taking into account to the extent practical the Disputing Parties' preferences.

1.4 ***Conduct of Arbitration***. The Tribunal shall expeditiously (and, if practicable, consistent with the Tribunal's primary responsibility to justly adjudicate the dispute before it, within 180 Days after the appointment of the third Arbitrator) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in Washington, D.C. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et. seq. Except as expressly provided to the contrary in this Agreement, the Tribunal shall have the power to gather such materials, information, testimony and evidence as it deems relevant to the dispute before it (and each Party will provide such materials, information, testimony and evidence requested by the Tribunal, subject to such protective orders as the Tribunal determines necessary for the protection of any information so requested that is proprietary, subject to a third-party confidentiality restriction or to an attorney-client or other privilege) and to grant injunctive relief and enforce specific performance. The Tribunal shall not have the power to award punitive or any other form of indirect or non-compensatory damages, even if such are available under the governing law and even if a court would otherwise be empowered to avoid this limitation on damages to make such an award. If it deems necessary, the Tribunal may propose to the Disputing Parties that one or more other experts be retained to assist it in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Disputing Parties, which shall not be unreasonably withheld. The decision of the Tribunal (which shall be rendered in writing) shall be final, nonappealable and binding upon the Parties and may be enforced in any court of competent jurisdiction. Each Party hereby consents to the non-exclusive personal jurisdiction and venue of the Washington D.C. courts for any proceedings in aid of arbitration under this Section 1.4, including any request for interim or injunctive relief. Notwithstanding the foregoing consent, the Parties may nevertheless seek interim or injunctive relief from any court of competent jurisdiction.

1.5 ***Arbitration Costs and Expenses***. The responsibility for paying the costs and expenses of the arbitration, including compensation to the Tribunal and any experts retained by the Tribunal, shall be borne by the Disputing Party or Disputing Parties who is or are the least successful in such process, which shall be determined by the Tribunal by comparing the position asserted by each Disputing Party on all disputed matters taken together to the final decision of the Tribunal on all disputed matters taken together, provided however, that each Disputing Party shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Tribunal determines that compelling reasons exist for allocating all or a portion of such costs and expenses to the other Disputing Parties.

APPENDIX C

AGREED EPC TERMS

** This Portion has been redacted pursuant to a confidential treatment request.

Exhibit 10.4

Amended and Restated
Operating Agreement

of

Nuclear Innovation North America LLC

a Delaware Limited Liability Company

dated as of

May 1, 2008

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Exhibits:

Amended and Restated Operating Agreement

of

Nuclear Innovation North America LLC

A Delaware Limited Liability Company

This **Amended and Restated Operating Agreement** of NUCLEAR INNOVATION NORTH AMERICA LLC (the "***Company***"), dated effective as of May 1, 2008 (the "***Effective Date***"), is entered into by and among the Members (as defined below).

Recitals

Whereas, the Company was organized with the name "NRG Nuclear Development Company LLC" as a Delaware limited liability company by the filing of a Certificate of Formation (the "***Certificate***") on **(the "***Formation Date***"), with the Secretary of State of Delaware pursuant to the Act;

Whereas, the initial member of the Company has entered into the Operating Agreement of NRG Nuclear Development Company LLC, dated February 28, 2008 (the "***Original Agreement***");

Whereas, the name of the Company was changed to "Nuclear Innovation North America LLC", by the filing of to an amendment to the Certificate on March 25, 2008, with the Secretary of State of Delaware pursuant to the Act;

Whereas, on or prior to the Effective Date, pursuant to the Contribution Agreement (NRG) dated as of **, by and among Texas Genco Holdings, Inc., NRG South Texas LP, and the Company (the "***NRG Contribution Agreement***"), the NRG Member has contributed or caused to be contributed to the Company the NRG Contributed Assets, as more particularly set forth in the NRG Contribution Agreement;

Whereas, as of the Effective Date, pursuant to the Contribution Agreement (Toshiba) dated as of ** by and among Toshiba Corporation ("***Toshiba***"), the Toshiba Member, and the Company (the "***Toshiba Contribution Agreement***"), the Toshiba Member has contributed the Toshiba Initial Contribution to the Company and has committed to contribute the remainder of the Toshiba Committed Contributions to the Company, as more particularly set forth in the Toshiba Contribution Agreement;

Whereas, each Member executing this Agreement as of the Effective Date shall be issued the number of Class A Membership Units and Class B Membership Units and shall have the Class A Membership Percentage and the Class B Membership Percentage as of the Effective Date set forth opposite its name in Exhibit A; and

** This Portion has been redacted pursuant to a confidential treatment request.

Whereas, the Members desire to amend and restate the Original Agreement to admit the Toshiba Member as a Member and to reflect their agreement on joint ownership and operation of the Company;

Now, therefore, the Members hereby agree as follows:

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 ***Definitions***. Capitalized terms used in this Agreement shall have the meanings given to them in Exhibit B. Other terms defined herein have the meanings so given them.

1.2 ***Construction***. Unless the context requires otherwise: the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine, and neuter; each reference to an Article or Section refers to such Article or Section of this Agreement; each reference to an Exhibit refers to such Exhibit attached to this Agreement, which is made a part hereof for all purposes; each reference to a Law refers to such Law as it may be amended from time to time, and each reference to a particular provision of a Law includes any corresponding provision of any succeeding Law; the word "including" means "including, but not limited to"; and each reference to money refers to the legal currency of the United States of America.

ARTICLE II
ORGANIZATION

2.1 ***Formation***. The Company was organized as a Delaware limited liability company by the filing of the Certificate with the Delaware Secretary of State as of the Formation Date. The Members hereby continue the Company pursuant to the terms and conditions of this Agreement.

2.2 ***Name***. The name of the Company is "***Nuclear Innovations North America LLC***", and all Company business must be conducted in that name or such other names that comply with Law as the Board may select, subject to the prior written consent of the Toshiba Member.

2.3 ***Registered Office and Agent; Offices***. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Board may designate in the manner provided by Law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Board may designate in the manner provided by Law. The principal office of the Company in the United States shall be at such place as the Board may designate, which need not be in the State of Delaware, and the Company shall maintain records there or at such other place as the Board shall designate. The Company may have such other offices as the Board may designate.

2.4 ***Purposes***. The purposes of the Company are, directly or indirectly, through one or more subsidiaries, to engage in the business of the development, ownership, and operation of ABWR nuclear power generation facilities in North America and investments in ABWR

infrastructure and to engage in any other business or activity that now or in the future may be necessary, incidental, proper, advisable, or convenient to accomplish the foregoing purposes and that is not forbidden by applicable Law.

2.5 ***Foreign Qualification***. Prior to the Company's conducting business in any jurisdiction other than Delaware, the Board shall cause the Company to comply with all requirements of Law of such jurisdiction to permit the Company to conduct such business in such jurisdiction as a foreign limited liability company. At the request of the Board, each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments not inconsistent with this Agreement that are necessary or appropriate to permit the Company to conduct business in other jurisdictions as a foreign limited liability company or to qualify the Company as a foreign limited liability company in such jurisdiction and to continue and, when appropriate, terminate such qualification.

2.6 ***Term***. The period of existence of the Company (the "***Term***") commenced on the Formation Date and shall continue perpetually, unless and until its business and affairs are wound up and a certificate of cancellation is filed with the Secretary of State of Delaware in accordance with Section 11.4.

2.7 ***No State-Law Partnership***. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise.

ARTICLE III
MEMBERSHIP UNITS; MEMBERS

3.1 ***Membership Units***. The Company has two Classes of Membership Units: the Class A Membership Units and the Class B Membership Units. The "***Class A Membership Units***" represent a ** (the "***Class A Business***"). The "***Class B Membership Units***" **(the "***Class B Business***").

3.2 ***Members as of the Effective Date***. Each Member executing this Agreement as of the Effective Date has been or is hereby admitted as a Member of the Company on or prior to the Effective Date, each having been issued the number of Class A Membership Units and Class B Membership Units and having the Class A Membership Percentage and the Class B Membership Percentage as of the Effective Date as set forth opposite its name in Exhibit A.

3.3 ***Creation of Additional Membership Units***. Additional Class A Membership Units and Class B Membership Units may be created and issued to Persons other than Members, and such other Persons may be admitted to the Company as Members, with Required Manager Approval in accordance with Section 5.1(d)(i)(D) and subject to Section 3.7, on terms and conditions in accordance with such Required Manager Approval. Any admission of a new Member is effective only after the new Member has executed and delivered to the Members an agreement in form and substance satisfactory to the Board containing the notice address of the

** This Portion has been redacted pursuant to a confidential treatment request.

new Member and, if the new Member has a Parent, the name of the Parent, the new Member's ratification of this Agreement and agreement to be bound by it, and its confirmation that the representations and warranties in Section 3.5 are true and correct with respect to it as of the date it is admitted as a Member. The provisions of this Section 3.3 shall not apply to Dispositions of Membership Units or admissions of Assignees in connection therewith, such matters being governed by Article IV.

3.4 ***Ceasing to Be a Member***. Any Person admitted as a Member pursuant to Section 3.2 or 3.3 shall cease to be a Member, and shall cease to have the rights of a Member, under this Agreement at such time such Person no longer owns, beneficially and of record, any Membership Units, but such Person shall remain bound by the terms of Article X and Article XII.

3.5 ***Representations, Warranties and Covenants***. Each Member hereby represents and warrants to the Company and the other Members that the following statements are true and correct as of the Effective Date:

(a) Organization; Power and Authority. Such Member is duly formed (as applicable), validly existing, and (if applicable) in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, such Member is duly qualified and in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and such Member has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, or other applicable Persons necessary for the due authorization, execution, delivery, and performance of this Agreement by such Member have been duly taken. Such Member is Completely Controlled by its Parent as set forth opposite its name on Exhibit A.

(b) Execution and Delivery; Enforceability. Such Member has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of such Member enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

(c) Non-Contravention. Such Member's authorization, execution, delivery, and performance of this Agreement does not and will not (i) conflict with, or result in a breach, default or violation of, (A) the organizational documents of such Member, (B) any contract or agreement to which such Member is a party or is otherwise subject or (C) any Law, order, judgment, decree, writ, injunction or arbitral award to which such Member is subject or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person, unless such requirement has already been satisfied.

(d) Investment Purpose. Such Member is acquiring its Membership Units for its own account, for investment purposes only and with no current intention or plan to distribute, sell or otherwise dispose of the Membership Units and does not have any contract, undertaking, agreement or arrangement with any person to distribute, sell or otherwise dispose of the Membership Units.

3.6 ***Additional Terms Relating to Members***. No Member has the right or power to withdraw or resign from the Company without the prior consent of each other Member, no Member shall be liable for the debts, obligations or liabilities of the Company and no Member may be expelled from the Company (other than in the event that such Member ceases to hold any Membership Units).

3.7 ***Right of First Offer***. Subject to the terms and conditions specified in this Section 3.7, the Company hereby grants to each Member a right of first offer with respect to future sales by the Company of its Class A Membership Units and Class B Membership Units or other debt or equity securities of the Company convertible into or exchangeable or exercisable for any Class A Membership Units or Class B Membership Units (collectively, "***New Securities***"). Each time the Company proposes to offer any New Securities, the Company shall first make an offering of such New Securities to each Member in accordance with the following provisions:

(a) Issuance Notice. The Company shall deliver a notice (the "***Issuance Notice***") to the Members stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms upon which it proposes to offer such New Securities.

(b) Election. Each Member may elect, by notice to the Company on or before the 30th day after the Issuance Notice, to purchase or obtain, at the price and on the terms specified in the Issuance Notice, a percentage of the New Securities not greater than its Membership Percentage of the Class to which the New Securities belong.

(c) Expiration. If all New Securities that Members are entitled to purchase or obtain pursuant to Section 3.7(b) are not elected to be purchased or obtained as provided in Section 3.7(b) hereof, the Company may, during the **period following the expiration of the period provided in Section 3.7(b) hereof, offer the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, the price and terms specified in the Issuance Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within ** of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Members in accordance herewith.

(d) Exceptions. The right of first offer in this Section 3.7 shall not be applicable to the issuance or sale of Membership Units pursuant to the Contribution Agreements, to Capital Calls made in accordance with Article VI, or to the issuance or sale of New Securities in an IPO.

(e) Transfer of Rights. The right of first offer set forth in this Section 3.7 may not be assigned or transferred as a right separate from the Membership Units, except that such right is assignable by each Member to any Wholly-Owned Affiliate of such Member.

** This Portion has been redacted pursuant to a confidential treatment request.

ARTICLE IV
DISPOSITIONS OF MEMBERSHIP UNITS

4.1 ***Requirements for Dispositions***

(a) Compliance with Article IV. A Member may not Dispose of all or any portion of its Membership Units except in accordance with this Article IV. Any attempted Disposition of any Membership Units, other than in accordance with this Article IV, shall be, and is hereby declared, null and void ab initio.

(b) General Requirements for Dispositions. Any Member Disposing of all or any portion of its Membership Units (a "***Disposing Member***") and its Assignee shall cause the requirements in this Section 4.1(b) to be met in connection with such Disposition and, if applicable, the admission of such Assignee as a Member, and such Disposition (and admission, if applicable) shall not be effective unless such requirements are complied with:

(i) The following documents must be delivered to the Company and each Member other than the Disposing Member (each, a "***Nondisposing Member***") and must be satisfactory, in form and substance, to the Board: (A) a copy of the instrument pursuant to which the Disposition is effected; (B) an instrument, executed by the Disposing Member and its Assignee, containing the following information and agreements, to the extent they are not contained in the instrument described above: (1) the notice address of the Assignee; (2) if the Assignee has a Parent, the name of the Parent; (3) the Assignee's ratification of this Agreement and agreement to be bound by it, the Assignee's assumption of all obligations of the Disposing Member from and after the date of the Disposition and its confirmation that the representations and warranties in Section 3.5 are true and correct with respect to it; and (4) representations and warranties by the Disposing Member and its Assignee (a) that the Disposition and admission are being made in accordance with all applicable Laws (including that the Disposition does not require any approval of the NRC or that the Disposing Member or its Assignee have obtained any such approval at their own cost and expense without imposing any material regulatory burden or adverse regulatory consequences on the Company or the Nondisposing Members) and (b) that the matters covered in the legal opinions described in subsections 4.1(b)(i)(C) and (D) are true and correct; (C) unless the Membership Units subject to the Disposition are registered under the Securities Act and any applicable state securities Law, a favorable opinion of the Company's legal counsel, or of other legal counsel acceptable to the Board, to the effect that the Disposition and admission is being made pursuant to a valid exemption from registration under those Laws and in accordance with those Laws; and (D) a favorable opinion of the Company's legal counsel, or of other legal counsel acceptable to the Board, to the effect that the Disposition would not result in the Company's being considered to have terminated within the meaning of Code Section 708; provided, however, that the Board, in its sole and absolute discretion, may waive the foregoing subsections (C) and (D).

(ii) The Disposing Member and its Assignee shall pay, or reimburse the Company for, all reasonable costs and expenses incurred by the Company in connection with the Disposition and admission, including the legal fees incurred in connection with the legal opinions referred to in Sections 4.1(b)(i)(C) and (D), on or before the tenth Day after the receipt by that Person of the Company's invoice for the amount due. If payment is not made by the date

due, the Person owing that amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Rate (as determined on the date such amount became due and payable).

(c) Release of Disposing Member. Except as otherwise provided in Section 3.4 or Section 4.2(e), from and after the Disposition of any Membership Units in accordance with this Article IV, the Disposing Member shall be released from all obligations and liabilities arising hereunder on or after the date of the Disposition to the extent of the Membership Units Disposed of.

(d) Admission of Assignee as a Member. An Assignee has the right to be admitted to the Company as a Member, with the Membership Units so transferred to such Assignee, only if the Disposition complies with this Article IV and either the Disposing Member making the Disposition has expressly granted such right to the Assignee or the Board otherwise approves.

4.2 ***Certain Restrictions on Disposition***

(a) Dispositions to Non U.S. Persons. A Member may not Dispose of all or any portion of its Membership Units to any Non U.S. Person without the approval of the Board; provided, however, that this Section 4.2(a) shall not restrict a Disposition to a Wholly Owned Affiliate of the Toshiba Member in accordance with Section 4.2(e) so long as (i) such Disposition does not require any approval of the NRC or (ii) the Toshiba Member and/or such Wholly Owned Affiliate obtains any such approval at its or their own cost and expense without imposing any material regulatory burden or adverse regulatory consequences on the Company or the Nondisposing Members.

(b) Creditworthiness Standards. A Member may not Dispose of all or any portion of its Membership Units to any Person without the approval of the Board (acting by majority vote of the Managers other than the Manager appointed by the Disposing Member, based on their respective Voting Percentages determined based only on the Voting Percentages of the Managers(s) other than the Manager appointed by the Disposing Member, with such Voting Percentages determined under Section 5.1(c)(iii)) unless**.

(c) Transfers by the Toshiba Member Prior to STP 3 and 4 COD. The Toshiba Member may not Dispose of all or any portion of its Membership Units to any Person prior to the STP 3 and 4 COD without the approval of the Board.

(d) Bona Fide Disposition for Cash. **

(e) Assignments to Wholly Owned Affiliates. Notwithstanding Sections 4.2(a) (but only to the extent provided therein), 4.2(b), 4.2(c), and 4.2(d), a Member may assign all or any portion of its Membership Units to a Wholly Owned Affiliate of such Member; provided, however, that the Disposing Member shall not be released from its obligations under this Agreement without the approval of the Board.

** This Portion has been redacted pursuant to a confidential treatment request.

(f) Proportionate Transfers of Class A Membership Units and Class B Membership Units. A Member may not Dispose of all or any portion of its Class A Membership Units unless as part of the same Disposition it Disposes of a like proportion of its Class B Membership Units to the same Person. A Member may not Dispose of all or any portion of its Class B Membership Units unless as part of the same Disposition it Disposes of a like proportion of its Class A Membership Units to the same Person.

(g) Transfers to Prohibited Competitors **

(h) NRG Hold Requirement. **

(i) Encumbrances of Membership Units. A Member may Encumber its Membership Units to a Bona Fide Secured Party, and such secured party in respect of such Encumbrance may foreclose such Encumbrance and exercise other legal remedies in respect of such Encumbrance, free of any right of consent of any Member and free of the Preferential Right described in Section 4.3; provided, however, that such secured party and/or any Person that acquires such Membership Units as a consequence of such foreclosure or other exercise of remedies shall not be entitled to become a Member hereunder with rights under Section 5.1 and 5.2, unless and until approved by all of the other Members, and any further Disposition of such Membership Units shall thereafter be fully subject to the provisions of this Article IV.

4.3 ***Preferential Purchase Right; Change of Member Control***

(a) Preferential Purchase Right. Except for Dispositions permitted in accordance with Section 4.2(e) and Section 4.3(d), if a Member at any time proposes to Dispose of all or any portion of its Membership Units in a transaction that complies with the requirements of Section 4.2, then such Member shall promptly give notice of such proposed transaction (the "***Disposition Notice***") to the Company and each other Member. The Disposition Notice shall set forth all material terms of the proposed Disposition, including the name and address of the prospective acquirer, the fact that the prospective acquirer has agreed to purchase all or a specified part of the Membership Units owned by the Disposing Member, the price to be paid for such Membership Units, and the other material terms and conditions of the proposed Disposition. Each other Member shall have the preferential right (the "***Preferential Right***"), exercisable by notice (the "***Exercise Notice***" and each exercising Member a "***Purchasing Member***") to each other Member on or before the ** after the Disposition Notice is given, to acquire, for the same purchase price and on the same terms and conditions as are set forth in the Disposition Notice, such Purchasing Member's pro-rata portion, based on the Class A Membership Percentages and the Class B Membership Percentages, as applicable, of each Purchasing Member (for purposes of determining such pro-rata portion, including only the Membership Units of the Purchasing Member(s) and treating the Class A Membership Units and Class B Membership Units as separate classes and not together as a single class), of the Class A Membership Units and the Class B Membership Units included in such proposed Disposition in accordance with this Section 4.3. If the Purchasing Members fail to exercise their Preferential Right to purchase all of

** This Portion has been redacted pursuant to a confidential treatment request.

the Membership Units included in such proposed Disposition within such **, the Disposing Member shall give the Purchasing Members a second notice of the Membership Units which were not subscribed for. Unless on or before the ** after such second notice the Purchasing Members have either (i) each elected, by notice to the Disposing Member, to purchase its respective pro-rata share of all of the Membership Units not subscribed for by such other Members or (ii) collectively elected, by notice delivered by all Purchasing Members to the Disposing Member, to purchase all of the Membership Units not subscribed for by such other Members, allocated among the Purchasing Members as set forth in such notice, then the Nondisposing Members shall be deemed to have elected not to acquire the Membership Units of the Disposing Member. For purposes of the second election under this Section, the pro-rata share of the Purchasing Members shall be determined including only the Membership Percentages of the Purchasing Member(s) participating in such second election and shall treat the Class A Membership Units and Class B Membership Units as separate classes and not together as a single class. A Member that fails to exercise a Preferential Right during the applicable periods set forth in this Section 4.3(a) shall be deemed to have waived such Preferential Right with respect to the Disposition described in such Disposition Notice, but not any future Preferential Right with respect to any other Disposition described in any other Disposition Notice.

(b) Closing following Exercise Notice. If the Purchasing Members exercise the Preferential Right to acquire all of the Membership Units described in the Disposition Notice, the closing of the purchase of the Membership Units of the Disposing Member specified in such Disposition Notice shall occur at the principal place of business of the Company on the ** after the date on which the Disposition Notice is given, unless the Disposing Member and the Purchasing Members agree upon a different place or date. At the closing, (A) the Disposing Member shall execute and deliver to each Purchasing Member (1) an assignment of the Membership Units being transferred to such Purchasing Member, in form and substance reasonably acceptable to such Purchasing Member, containing a general warranty of title as to such Membership Units (including that such Membership Units are free and clear of all Encumbrances) and (2) any other instruments reasonably requested by such Purchasing Member to give effect to the purchase; and (B) such Purchasing Member shall deliver to the Disposing Member in immediately available funds its pro-rata portion, based on the Class A Membership Units and the Class B Membership Units, as applicable, actually being purchased by each Purchasing Member, of the purchase price for the Class A Membership Units and the Class B Membership Units included in such proposed Disposition as set forth in the Disposition Notice.

(c) Failure to Exercise. If no Member timely delivers an Exercise Notice (or if the Purchasing Members do not exercise the Preferential Right to acquire all of the Membership Units described in the Disposition Notice), then the Disposing Member shall have the right, subject to compliance with the provisions of this Article IV, to Dispose of its Membership Units or the portion thereof specified in the Disposition Notice on or before the ** after the date the Disposition Notice was given to the proposed Assignee strictly in accordance

** This Portion has been redacted pursuant to a confidential treatment request.

with the terms of the Disposition Notice. If, however, the Disposing Member fails to so Dispose of the Membership Units on or before such **, the proposed Disposition shall again become subject to the Preferential Right.

(d) Exception for NRG Transfer. **

(e) Change of Control.

(i) A Change of Control shall be deemed to be a Disposition of all of the Membership Units of the Member with respect to which the Change of Control occurs for purposes of this Section 4.3. The Member with respect to which such Change of Control occurs shall be the Disposing Member, and the Disposing Member shall give notice thereof (the "***Change of Control Notice***") to the Company and each other Member on or before the **after the earlier to occur of such Change of Control or the relevant Affiliate of the Disposing Member entering into a binding agreement to effect such Change of Control. Each other Member shall have the Preferential Right, exercisable by notice (the "***Change of Control Exercise Notice***" and each exercising Member a "***Change of Control Purchasing Member***") to each other Member on or before the ** after the Change of Control Notice is given (the period from the date on which the Change of Control Notice is given in respect of such Change of Control to such ** being herein called the "***Change of Control Election Period***"), to acquire such Change of Control Purchasing Member's pro-rata portion of all of the Class A Membership Units and the Class B Membership Units of the Disposing Member (A) **, or (B) **. Each Change of Control Purchasing Member's pro-rata portion shall be based on the Class A Membership Percentages and the Class B Membership Percentages, as applicable, of each Change of Control Purchasing Member**. If the Change of Control Purchasing Members fail to exercise their Preferential Right to purchase all of the Membership Units of the Disposing Member within such **, the Disposing Member shall give the Change of Control Purchasing Members a second notice of the Membership Units which were not subscribed for. Unless on or before the 15th Day after such second notice the Change of Control Purchasing Members have either (i) each elected, by notice to the Disposing Member, to purchase its respective pro-rata share of all of the Membership Units not subscribed for by such other Members or (ii) collectively elected, by notice delivered by all Change of Control Purchasing Members to the Disposing Member, to purchase all of the Membership Units not subscribed for by such other Members, allocated among the Purchasing Members as set forth in such notice, then the Nondisposing Members shall be deemed to have elected not to acquire the Membership Units of the Disposing Member. For purposes of the second election under this Section, the pro-rata share of the Change of Control Purchasing Members shall be determined including only the Membership Percentages of the Change of Control Purchasing Member(s) participating in such second election and shall treat the Class A

** This Portion has been redacted pursuant to a confidential treatment request.

Membership Units and Class B Membership Units as separate classes and not together as a single class. In any event, the Change of Control Purchasing Members may agree amongst themselves as to their respective shares of the Membership Units to be acquired by them.

(ii) If the Change of Control Purchasing Members exercise the Preferential Right to acquire all of the Membership Units described in the Disposition Notice, the closing of the purchase of the Membership Units of the Disposing Member following a Change of Control shall occur at the principal place of business of the Company on the 60th Day after the date on which the Change of Control Notice is given, unless the Disposing Member and the Change of Control Purchasing Members agree upon a different place or date. At the closing, (A) the Disposing Member shall execute and deliver to each Change of Control Purchasing Member the documents required by Section 4.3(b)(A), and (B) each such Change of Control Purchasing Member shall deliver to the Disposing Member in immediately available funds an amount equal to its pro-rata portion, based on the proportion of the Class A Membership Units and the Class B Membership Units, as applicable, actually being purchased by such Change of Control Purchasing Member, of the Change of Control Exercise Price.

(iii) If no Member exercises its Preferential Right following a Change of Control Notice in respect of a Change of Control that results in a Prohibited Competitor becoming the direct or indirect owner of the relevant Membership Units, or if the Change of Control Purchasing Members do not exercise the Preferential Right to acquire all of the Membership Units described in the Change of Control Notice relating to such Change of Control, then each Member shall have the right, exercisable by notice to each other Member on or before the **after the end of the Change of Control Election Period (such notice the "***Put Exercise Notice***", and each exercising Member a "***Put Exercising Member***"), to sell to the Disposing Member, and the Disposing Member shall purchase from each Put Exercising Member, the Class A Membership Units and Class B Membership Units of such Put Exercising Member at a price equal to (A) **.

(iv) The closing of the purchase of the Membership Units of the Put Exercising Member following a Change of Control that results in a Prohibited Competitor becoming the direct or indirect owner of the relevant Membership Units shall occur at the principal place of business of the Company on the **after the date on which the Put Exercise Notice of the last Member to give its Put Exercise Notice is given, unless the Disposing Member and the Put Exercising Members agree upon a different place or date. At the closing, **.

(v) "***Fair Market Value***", with respect to any Class A Membership Units or Class B Membership Units, means**, as applicable, as determined by the agreement of the Disposing Member and each Change of Control Purchasing Member or the Disposing Member and each Put Exercising Member, as applicable, or at the request of any of the Disposing Member or any Change of Control Purchasing Member, or any of the Disposing Member or any Put Exercising Member, as applicable, the price determined by an Appraisal

** This Portion has been redacted pursuant to a confidential treatment request.

procured by the Company in accordance with Section 4.6; *provided*, however, that in the case of a Change of Member Control in which the Member being acquired or the Affiliate of the Member being acquired has no material assets other than the Membership Units and the transaction constituting such Change of Member Control was for all cash consideration, the Fair Market Value of such Membership Units shall be deemed to be equal to the amount of such cash consideration.

4.4 ***Drag Along Rights***.

(a) Applicability. If, at any time at which the NRG Member has a Class A Membership Percentage of **and a Class B Membership Percentage of**, (i) the NRG Member delivers a Disposition Notice with respect to a Disposition of all of its Membership Units and (ii) either no Nondisposing Member elects to exercise its Preferential Right in respect of such Disposition in accordance with Section 4.3(a) or the Nondisposing Members do not exercise the Preferential Right with respect to all of the Membership Units described in the Disposition Notice, then the NRG Member shall have the right, exercisable by notice (the "***Drag Along Notice***") to each Nondisposing Member on or before the **after the Disposition Notice with respect to such Disposition is given (the period from the Day such Disposition Notice is given to such ** being the "***Drag Along Election Period***"), to require each Nondisposing Member to include all of the Membership Units of such Nondisposing Member in such Disposition (such Disposition, a "***Drag Along Sale***") in accordance with the provisions of this Section 4.4.

(b) Terms of Disposition. In connection with a Drag Along Sale, each Member shall enter into the same documentation relating to the Drag Along Sale as shall be entered into by the NRG Member (the "***Drag Along Sale Documentation***") and shall be liable, only on a several and pro-rata basis based on the proportion of the total cash consideration for the Drag Along Sale that shall be payable to it, for all liabilities of the sellers thereunder; provided, however, that such liability shall be effectively limited to ** of the amount of the cash consideration to be received by such Member from the Drag Along Sale. Each Member shall use all reasonable efforts to cause the satisfaction of all conditions to the closing of the Drag Along Sale and shall otherwise cooperate in good faith with the NRG Member and the Company in connection with consummating the Drag Along Sale. No Member shall be required to amend, extend or terminate any contractual or other relationship with the Company, the acquiring party or their respective Affiliates nor agree to any covenant not to compete or covenant not to solicit customers, employees or suppliers of the Company, the acquiring party or their respective Affiliates.

(c) Appraisal Rights. If on the date on which the Drag Along Notice is given any Member's Class A Membership Percentage is not equal to such Member's Class B Membership Percentage, upon the request of any Member on or before the ** after the Drag

** This Portion has been redacted pursuant to a confidential treatment request.

Along Notice is given, the Company shall procure an Appraisal of the Class A Business and the Class B Business, and for purposes of the distribution of the cash proceeds of the Drag Along Sale to the Members, the total cash proceeds shall, notwithstanding anything to the contrary in the Drag Along Sale Documentation, be allocated to the Class A Membership Units and the Class B Membership Units in proportion to the relative Fair Market Value of the Class A Business and the Class B Business as determined in such Appraisal.

(d) Payment of Consideration. All of the consideration payable to the Members in a Drag Along Sale, which shall include any consideration payable to the NRG Member or any of its Affiliates in connection with the Disposition of its Membership Units giving rise to the Drag Along Sale, shall be paid to the Members pro-rata based on their respective Class A Membership Percentages and Class B Membership Percentages.

(e) Power of Attorney. Each Member hereby makes, constitutes and appoints the secretary of the Company as its true and lawful attorney-in-fact for it and in its name, place, and stead and for its use and benefit to sign, execute, certify, acknowledge, swear to, file and record any instrument that is now or may hereafter be deemed necessary by the Company in its reasonable discretion to carry out fully the obligations of such Member set forth in this Section 4.4. Each Member hereby gives such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite or advisable to be done in connection with such Member's obligations and agreements pursuant to this Section 4.4 as fully as such Member might or could do personally, and hereby ratifies and confirms all that any such attorney-in-fact shall lawfully do or cause to be done by virtue of the power of attorney granted hereby. The power of attorney granted pursuant to the foregoing is a special power of attorney, coupled with an interest, and is irrevocable, and shall survive the bankruptcy, insolvency, dissolution or cessation of existence of such Member.

4.5 ***Tag Along Rights***.

(a) Applicability. If, at any time at which the NRG Member has a Class A Membership Percentage of **and a Class B Membership Percentage**, (i) the NRG Member delivers a Disposition Notice with respect to a Disposition of all of its Membership Units or a part of its Membership Units representing**, (ii) either no Nondisposing Member elects to exercise its Preferential Right in respect of such Disposition in accordance with Section 4.3(a) or the Nondisposing Members do not exercise the Preferential Right with respect to all of the Membership Units described in the Disposition Notice, and (iii) in the case of a Disposition of all of the Membership Units of the NRG Member, the NRG Member does not deliver a Drag Along Notice in accordance with Section 4.4(a), each Nondisposing Member shall have the right, exercisable by notice to the NRG Member (the "***Tag Along Notice***", and each Member delivering a Tag Along Notice being a "***Tag Along Member***") on or before the **after the end of the Drag Along Election Period (or the earlier waiver by the NRG Member, by notice given to all Members, of its right to deliver a Drag Along Notice), to include all or a like proportion of the

** This Portion has been redacted pursuant to a confidential treatment request.

Class A Membership Units and the Class B Membership Units owned by such Tag Along Member in the proposed Disposition (such Disposition, a "***Tag Along Sale***") in accordance with the provisions of this Section 4.5.

(b) Terms of Disposition. In connection with a Tag Along Sale, each Tag Along Member shall enter into the same documentation relating to the Tag Along Sale as shall be entered into by the NRG Member (the "***Tag Along Sale Documentation***") and shall be liable, only on a several and pro-rata basis based on the proportion of the total cash consideration for the Tag Along Sale that shall be payable to it, for all liabilities of the sellers thereunder; provided, however, that such liability shall be effectively limited to ** of the amount of the cash consideration to be received by such Member from the Tag Along Sale. Each Tag Along Member shall use all reasonable efforts to cause the satisfaction of all conditions to the closing of the Tag Along Sale and shall otherwise cooperate in good faith with the NRG Member and the Company in connection with consummating the Tag Along Sale. No Member shall be required to amend, extend or terminate any contractual or other relationship with the Company, the acquiring party or their respective Affiliates nor agree to any covenant not to compete or covenant not to solicit customers, employees or suppliers of the Company, the acquiring party or their respective Affiliates.

(c) Appraisal Rights. If, on the date on which the Tag Along Notice is given by the last Tag Along Member to deliver a Tag Along Notice, any Tag Along Member's or the NRG Member's Class A Membership Percentage is not equal to such Member's Class B Membership Percentage, upon the request of any Tag Along Member or the NRG Member given on or before the ** after such Tag Along Notice is given, the Company shall procure an Appraisal of the Class A Business and the Class B Business, and for purposes of the distribution of the cash proceeds of the Tag Along Sale to the Tag Along Members and the NRG Member, the total cash proceeds shall, notwithstanding anything to the contrary in the Tag Along Sale Documentation, be allocated to the Class A Membership Units and the Class B Membership Units of the NRG Member and each Tag Along Member in proportion to the relative values of the Class A Business and the Class B Business as determined in such Appraisal.

(d) Payment of Consideration. All of the consideration payable to the Members in a Tag Along Sale, which shall include any consideration payable to the NRG Member or any of its Affiliates in connection with the Disposition of its Membership Units giving rise to the Tag Along Sale, shall be paid to the Tag Along Members and the NRG Member pro-rata based on their respective Class A Membership Percentages and Class B Membership Percentages.

4.6 ***Appraisal Procedures***. If an Appraisal is requested by a Member pursuant to Section 4.3(e)(v), Section 4.4(c), Section 4.5(c), or Section 4.9, the Board shall cause an Independent Appraiser to carry out a valuation (an "***Appraisal***") to determine the value of the Class A Membership Units and Class B Membership Units owned by the Disposing Member or the Put Exercising Member (in the case of an Appraisal pursuant to Section 4.3(e)(v)) or of the

** This Portion has been redacted pursuant to a confidential treatment request.

Class A Business and the Class B Business (in the case of an Appraisal pursuant to Section 4.4(c), Section 4.5(c), or Section 4.9), in each case in accordance with this Section 4.6. Such value shall be based on the value of the Class A Business or the Class B Business, as applicable, as a whole as a going concern without any discount for minority interest or lack of marketability or any premium for control. An "***Independent Appraiser***" means ** or another internationally recognized investment banking firm agreed to by the Members purchasing or selling the relevant Membership Units.

4.7 ***Toshiba Exit***. The NRG Member agrees that, at the request of the Toshiba Member at any time **, provided that at such time the NRG Member has a Class A Membership Percentage and a Class B Membership Percentage of**, the NRG Member will use all reasonable efforts to assist the Toshiba Member in achieving a successful sale of its Membership Units or other exit of its position in the Company.

4.8 ***IPO***. The Members agree to cooperate in all reasonable respects to effect an IPO if duly approved by a Required Manager Approval, including executing such documents and agreements as shall reasonably be required to restructure or convert the Company in anticipation of an IPO.

4.9 ***Conversion of Membership Units***. In the event of an IPO or a proposed sale of all of the equity interests of the Company, including a Drag Along Sale, the Company shall have the right to convert the Class A Membership Units and the Class B Membership Units into a single class of membership interest based on the relative valuations of the Class A Business and the Class B Business. For purposes of such conversion the Company shall determine the value of the Class A Business and the Class B Business, and a proportion of the interests in the new single membership class equal to the proportion of the total value of the Company represented by the Class A Business shall be issued to the Members in proportion to their Class A Membership Percentages, and the remaining interests in the new single membership class shall be issued to the Members in accordance with their Class B Membership Percentages. In so doing the Company shall determine the value of the Class A Business and the Class B Business in its discretion and shall notify each Member of such determination. If a Member does not concur with the valuations by the Company it shall have the right, by notice to the Company and the other Members on or before the 5th Day after the notice of such valuation is given by the Company, to cause the Company to obtain an Appraisal in accordance with Section 4.6, in which case the conversion described above shall be made based on the valuations stated in such Appraisal

4.10 ***Remedies***. The Members agree that a breach of the provisions of this Article IV may cause irreparable injury to the Company and to the other Members for which monetary damages (or other remedy at law) are inadequate in view of (a) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Member to comply with such provisions and (b) the uniqueness of the Company business and

** This Portion has been redacted pursuant to a confidential treatment request.

the relationship between the Members. Accordingly, the Members agree that the provisions of this Article IV may be enforced by specific performance.

4.11 ***Toshiba as STP EPC Contractor*** **

ARTICLE V
MANAGEMENT

5.1 ***Managers***.

(a) Delegation of Authority. The management of the Company is fully vested in and is hereby delegated to a board (the "***Board***") of managers appointed by the Members in accordance with this Section 5.1 (each, a "***Manager***"). Decisions or actions taken by the Board in accordance with the provisions of this Agreement shall constitute decisions or actions by the Company and shall be binding on each Member and the Company. In addition to the powers that now or hereafter can be granted under the Act and to all other powers granted under any other provision of this Agreement, subject to Section 5.1(d) and the other terms of this Agreement, the Board shall have, and each Member hereby delegates to the Board, full power and authority to do all things on such terms as it may deem necessary or appropriate to conduct, or cause to be conducted, the business and affairs of the Company and to operate, or cause to be operated, the properties and assets of the Company, including: (i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, Indebtedness for Borrowed Money and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations; (ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Company; (iii) the merger or other combination of the Company with or into another Person or the conversion of the Company from a limited liability company to any other business entity; (iv) the use of the assets of the Company (including cash on hand) for any purpose consistent with the terms of this Agreement and the repayment of obligations of the Company; (v) the negotiation, execution and performance of any contracts, conveyances or other instruments; (vi) the distribution of Company cash or other property; (vii) the selection, engagement and dismissal of Officers or employees, if any, and agents, attorneys, accountants, engineers, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (viii) the maintenance of insurance for the benefit of the Company; (ix) the acquisition or disposition of assets; (x) the formation of, or acquisition of an interest in, or the contribution of property to, any Person; (xi) the control of any matters affecting the rights and obligations of the Company, including the commencement, prosecution and defense of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (xii) the indemnification of any Person against liabilities and contingencies to the extent permitted by Law and this Agreement; (xiii) the voting of equity interests of the Company in any other Person; (xiv) the approval of operating budgets and capital expenditure budgets; and (xv) the sale of all or substantially all of the Company's assets.

** This Portion has been redacted pursuant to a confidential treatment request.

(b) Appointment. Each Member shall have the right to appoint one Manager and shall have the right to remove, replace, and/or reappoint such Manager at any time and from time to time by notice to the other Members, which appointment, removal, replacement, or reappointment may be effective simultaneously with the giving of such notice or prospectively (but not retroactively).

(c) Voting Percentage. Each Manager shall have a voting percentage on the Board that is equal to (i) in the case of matters relating to the Class A Business, the Class A Membership Percentage of the Member appointing such Manager, (ii) in the case of matters relating to the Class B Business, the Class B Membership Percentage of the Member appointing such Manager, and (iii) in the case of or matters relating to the Company as a whole but not to the Business of either Class specifically, the Combined Membership Percentage of the Member appointing such Manager (in each case, such Manager's "***Voting Percentage***"). Except as specified in Section 5.1(d), all decisions of the Board of Managers shall require the affirmative vote or written consent of Managers having a majority of the relevant Voting Percentages.

(d) Required Manager Approval.

(i) Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions unless approved by the affirmative vote or written consent of one or more Managers having at least ** of the relevant Voting Percentages:

(A) incur any Indebtedness for Borrowed Money (but not including requirements for parent support of project companies that are customary in limited recourse project financing);

(B) sell all or substantially all of the assets of the Company or enter into any merger or similar transaction having the same effect;

(C) conduct, or permit any of its Subsidiaries to conduct, an initial public offering (an "***IPO***") of the equity interests of such Person or any successor entity to such Person (including by conversion);

(D) accept any Capital Contributions or issue, repurchase or redeem any equity interests in the Company except in accordance with Capital Calls made to the Members in accordance with this Agreement or in connection with an IPO of the Company approved with the requisite Required Manager Approval, unless all Members are offered the option to participate in such contributions or equity issuance pro-rata in accordance with their Class A Membership Percentages (for equity raised for the Class A Business) or their Class B Membership Percentages (for equity raised for other purposes);

(E) adopt or materially amend any plans or policies in respect of remuneration, employment terms, incentive arrangements (including any equity based incentive plans) or retirement benefits for employees, directors and consultants of the Company;

** This Portion has been redacted pursuant to a confidential treatment request.

(F) make any material acquisition, lease or investment including the acquisition by the Company of any material equity interest in another entity;

(G) adopt the annual financial statements of the Company, and appoint and remove the independent auditors of the Company; or

(H) make any material modification to the accounting methods, practices, policies and procedures adopted by the Company, including any change to the Company's fiscal year.

(ii) Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions unless approved by the affirmative vote or written consent of**:

(A) directly or indirectly, including through its Subsidiaries, carry on any business other than the businesses permitted by Section 2.4;

(B) incur, or permit any of its Subsidiaries to incur, any Indebtedness for Borrowed Money from any Member or any Affiliate of a Member, unless all Members are offered the option to provide such Indebtedness for Borrowed Money pro-rata in accordance with their Class A Membership Percentages (for Indebtedness for Borrowed Money in connection with the Class A Business) or Class B Membership Percentages (for any other Indebtedness for Borrowed Money);

(C) enter into, or permit any of its Subsidiaries to enter into, any transaction with a Member or an affiliate of a Member that is not (1) expressly permitted in this Agreement or the Contribution Agreements or (2) is not on arm's length terms, excluding any EPC contract with Toshiba or its affiliate that contains the agreed terms referred to in Section 3.1 of the Multi-Unit Agreement, or amend any such agreement in a manner not consistent with arm's length terms;

(D) change the rights of the Board to approve items set forth in this Section 5.1(d);

(E) amend this Agreement or any other organizational documents of the Company defining the rights and obligations of the Members;

(F) change the rights of the Members to appoint Managers to the Board; or

(G) liquidate or dissolve the Company, except following the sale of all or substantially all of such Person's assets.

** This Portion has been redacted pursuant to a confidential treatment request.

(iii) Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions unless approved by the affirmative vote or written consent of the Manager appointed by the Toshiba Member:

(A) **;

(B) **

(C) **.

(iv) The requirement for the approval of the Managers of the matters specified in Section 5.1(d)(i) through (iii) is herein referred to as the "***Required Manager Approval***".

(v) If any matter that requires a Required Manager Approval is approved by Managers having a majority of the relevant Voting Percentages but fails to receive Required Manager Approval, such matter shall be referred to the chief executive officers or the equivalent of the Members (or, in the case of the Toshiba Member, the chief executive officer of Toshiba's Power Systems Company) for consideration in good faith.

(vi) The Board shall have regular quarterly meetings to be held at the Company's principal office on the first Business Day of each February, May, August, and November. Special meetings of the Board may be called by any Manager on 5 Business Days' notice to each Member. Meetings of the Board may be held telephonically or using any other medium in which each meeting participant can hear the other meeting participants. The Board may adopt such other procedural rules as it may determine.

(e) Board Restructuring. The Members agree that, at any time (i) after the second anniversary of the Effective Date, (ii) at which there are four or more Members and (iii) the NRG Member so requests, the Members will negotiate in good faith to agree on amendments to this Section 5.1 to provide for either an advisory board or an expanded Board of Managers (which may include independent Managers) in which the number of representatives that can be appointed by each Member will be approximately proportionate to such Member's Combined Membership Percentage, with each such representative having a single vote and decisions being made by majority vote; *provided*, that the Required Manager Approval supermajority requirements shall be in substance preserved.

5.2 ***Officers***. The Board shall designate a nominee of the NRG Member to be the Chief Executive Officer and a nominee of the Toshiba Member to be the Chief Financial Officer, each of whom shall have the authority and perform duties customarily associated with such titles. The initial Chief Executive Officer to be appointed by the NRG Member shall be Steve Winn. At any time and from time to time, each Member shall have the right to remove, replace and/or reappoint the Officer that it nominates pursuant to the preceding sentence by notice to the Board, which removal, replacement, and/or reappointment may be effective simultaneously with the

** This Portion has been redacted pursuant to a confidential treatment request.

giving of such notice or prospectively (but not retroactively). The Board may designate one or more other natural persons to be other Officers of the Company, and any such Officers so designated shall have such titles and, subject to the other provisions of this Agreement, have such authority and perform such duties as the Board may delegate to them and shall serve at the pleasure of the Board. In addition to or in lieu of Officers, the Board may authorize any person to take any action or perform any duties on behalf of the Company (including any action or duty reserved to any particular Officer) and any such person may be referred to as an "authorized person." An employee or other agent of the Company shall not be an authorized person unless specifically appointed as such by the Board.

5.3 ***Limitation on Authority***. No Member or Manager in its capacity as such shall have the authority to bind the Company or to take any action on behalf of the Company. No Officer shall have the authority to bind the Company or to take any action on behalf of the Company except pursuant to authorization granted by the Board of Managers.

5.4 ***Waiver of Fiduciary Duties; Discretion of Managers***. Except for the implied covenant of good faith and fair dealing and except for such other duties as may be expressly set forth in this Agreement, no Member shall owe any fiduciary or other duties (including any duty of loyalty, duty of care, or duty of good faith and fair dealing) to the Company or the other Member. The Members acknowledge and agree that the foregoing is intended to comply with the provisions of the Act (including Section 18-1101 of the Act) permitting members of a limited liability company to eliminate fiduciary duties. Each Manager shall be entitled to exercise his or her voting and other rights as a Manager in his or her sole discretion and shall be free to consider solely the interests of the Member appointing such Manager in exercising such rights.

5.5 ***Limitation of Liability of Managers and Officers; Indemnity***. To the fullest extent permitted under the Act and applicable Law, the Managers and the Officers shall not be liable to the Company or any Member for any act or omission, and the Company shall indemnify the Managers and Officers against and save each Manager and Officer harmless from any liability incurred by such Manager or Officer, in connection with (a) the performance by such person of his or her duties as a Manager or Officer of the Company or (b) any action based on any act performed or omitted to be performed by any such person in connection with the business of the Company, including attorneys' fees incurred by such person in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, including all such liabilities under federal and state securities laws; provided, however, that no Manager or Officer shall be indemnified from any liability for fraud, intentional misconduct, bad faith or gross negligence. The Company's payment of such attorney's fees as incurred shall be subject to the Manager's or Officer's obligation to repay all such amounts if such Manager or Officer is ultimately determined not to be entitled thereto pursuant to this Section 5.5.

5.6 ***Other Business Ventures; Non-Compete***

(a) Non-Compete. No Member nor any of its Affiliates shall, directly or indirectly, own, develop, or **. In addition, notwithstanding any other provision hereof, the

** This Portion has been redacted pursuant to a confidential treatment request.

Toshiba Member or any Affiliate of the Toshiba Member may be**. The NRG Member and its Affiliates, including the Company, specifically may not, as long as the Toshiba Member or another Affiliate of Toshiba is a Member,**. Except as expressly provided in this Section 5.6 and notwithstanding any other provision of this Agreement, each Member, at any time and from time to time, may engage in and possess interests in other business ventures of any and every type and description, independently or with others, including ones in competition with the Company, with no obligation to offer to the Company or the other Member the right to participate in those activities.

(b) Enforcement; Remedies. The Members agree that the provisions of this Section 5.6 are necessary (i) to further the purposes, business and activities of the Company and (ii) to protect confidential and proprietary information regarding the Company to which the Members will have access pursuant to this Agreement. The Members agree that no adequate remedy at law exists for a breach of any of the provisions of this Section 5.6, the continuation of which unremedied will cause the Company and the other Members to suffer irreparable harm. Accordingly, the Members agree that the Company and the other Members shall be entitled, in addition to other remedies that may be available to them, to immediate injunctive relief from any breach or threatened breach of any of the provisions of this Section 5.6 and to specific performance of their rights hereunder, as well as to any other remedies available at Law or in equity.

5.7 ***Enforcement of NRG Contribution Agreement***. Notwithstanding anything to the contrary in this Agreement, the Members agree that the Members other than the NRG Member, acting by majority vote based on their respective Combined Membership Percentages, shall have the right**. Such right shall include the right**. Such Members shall have the right to appoint attorneys-in-fact to take any actions and execute any documents on behalf of the Company as shall be deemed appropriate by such Members for such purpose.

5.8 ***Budgets***. The Board shall adopt as the initial budget of the Company the budget attached hereto as Exhibit D.

5.9 ***Indemnification for Breach of Agreement***. Each Member (a "***Breaching Member***") shall indemnify, protect, defend, release and hold harmless each other Member and its Affiliates and each of their respective officers, directors, employees, representatives, attorneys and agents (the "***Indemnified Persons***") from and against any Claims asserted by or on behalf of any Person (including another Member) that arise out of, relate to or are otherwise attributable to, directly or indirectly, a breach by such Breaching Member of this Agreement.

** This Portion has been redacted pursuant to a confidential treatment request.

ARTICLE VI
CAPITAL CONTRIBUTIONS

6.1 ***Initial Capital Contributions***. On or prior to the date hereof, (a) pursuant to the NRG Contribution Agreement, the NRG Member has contributed to the Company the NRG Contributed Assets, and (b) pursuant to the Toshiba Contribution Agreement, the Toshiba Member has contributed to the Company the Toshiba Initial Contribution and has committed to the Company to contribute to the Company the remainder of the Toshiba Committed Contributions.

6.2 ***Subsequent Capital Contributions***.

(a) In General. Other than the NRG Contributed Assets, the Toshiba Committed Contributions, and any other committed contributions agreed to by any Member from time to time, but subject to the rights of the other Members to make contributions pursuant to Capital Calls in accordance with Section 6.2(c) and Section 6.2(e), no Member shall be obligated to make any contributions to the capital of the Company or to provide any guarantees of the Company's or any of its subsidiaries' obligations.

(b) Capital Contributions in Fulfillment of Toshiba Committed Contributions. The Toshiba Member shall make a Capital Contribution in the amount of $50,000,000.00 on **of each year (or on the next succeeding Business Day, if ** is not a Business Day), commencing 2009, until such time as the Toshiba Member has contributed an amount pursuant to this Section 6.2(b) which, together with the Toshiba Initial Contribution, equals the Toshiba Committed Contributions; provided, however, that (i) the Toshiba Member shall not be obligated to make aggregate Capital Contributions pursuant to this Section 6.2(b) in excess of $150,000,000.00, and the Company shall not be entitled to use any Capital Contributions made pursuant to this Section 6.2(b) in the Class B Business, until the conditions with respect thereto included in Section 6.1 of the Toshiba Contribution Agreement have been satisfied (or waived by the Toshiba Member), and (ii) the Company shall not be entitled to use any Capital Contributions made pursuant to this Section 6.2(b) for a purpose other than a Permitted Use.

(c) Excess Cash Needs Prior to Fulfillment of Toshiba Committed Contributions. If, prior to the contribution in full in cash of the Toshiba Committed Contributions, the Company determines that it has cash needs (including cash needs for the Class B Business) in excess of the amounts that the Toshiba Member is obligated to contribute in accordance with Section 6.2(b), the Company shall make a Capital Call to the Toshiba Member for the amount of such excess cash required, and the Toshiba Member may (but shall not be obligated to) elect to make a contribution to provide such excess cash to the Company and reduce any of its remaining scheduled Toshiba Committed Contributions by the contributed amount. If the Toshiba Member does not make a capital contribution pursuant to this Section 6.2(c) on or before the ** after such Capital Call, then the Company may make a Capital Call to all Members (including the Toshiba Member), who will have the right to fund such contribution pro-rata to their Class A Membership Percentages or Class B Membership Percentages, as

** This Portion has been redacted pursuant to a confidential treatment request.

applicable (with the result that the Class A Membership Percentage or the Class B Membership Percentage of the non-contributing Members will be diluted on a dollar-for-dollar basis), which Capital Call shall be carried out in the manner set forth in Section 6.2(e); provided that any contribution made by the Toshiba Member in response to such Capital Call shall not reduce the Toshiba Committed Contributions.

(d) No Additional Membership Units. No additional Membership Units shall be issued to the Toshiba Member as a result of any Toshiba Committed Contributions, as the Membership Units in respect of such Toshiba Committed Contributions are being issued to Toshiba as of the Effective Date. To the extent that Toshiba Committed Contributions in excess of $150,000,000.00 are used to pay costs or expenses of or invested in the Class A Business, then the number of Toshiba's Class B Membership Units shall be reduced by one Membership Unit for each $** of such cash, the number of Toshiba's Class A Membership Units shall be increased by one Membership Unit for each $** of such cash, and the NRG Member's Class B Membership Units shall be decreased and its Class A Membership Units increased proportionately.

(e) Capital Calls After Fulfillment of Toshiba Committed Contributions. The Company will have the right from time to time and at any time by notice to the applicable Members to call for the Members to make contributions to the capital of the Company in a stated amount (each such call a "***Capital Call***"). In connection with each such Capital Call the Company will specify if the Capital Call is for the Class A Business or the Class B Business. After the Toshiba Committed Contributions have been fully contributed to the Company in cash, Capital Calls shall be made to all Members, and each Member may (but shall not be obligated to), on or before the **after such Capital Call, pay to the Company in cash such Member's Class A Membership Percentage or Class B Membership Percentage, as applicable, of the amount for which the Capital Call is made. If any Member elects not to make a contribution in response to a Capital Call, the other Members shall have the right, pro-rata in accordance with their respective Class A Membership Percentages or Class B Membership Percentages, as applicable, to make such contributions to the capital of the Company (with the result that the Class A Membership Percentage or the Class B Membership Percentage of the non-contributing Members will be diluted on a dollar-for-dollar basis). An additional Membership Unit of the applicable Class shall be issued to each Member for each $** of each Capital Contribution made in respect of such Class in accordance with this Section 6.2(e).

6.3 ***Failure to Contribute***.

(a) Noncontributing Member. If the Toshiba Member does not contribute on the date required a Toshiba Committed Contribution or if any other Member does not contribute on the date required all or any portion of a Capital Contribution that such Member has committed to make in accordance with this Agreement, the Company may exercise, on notice to such Member (the "***Noncontributing Member***"), one or more of the following remedies:

** This Portion has been redacted pursuant to a confidential treatment request.

(i) taking such action (including court proceedings) as the Company may deem appropriate to obtain payment by the Noncontributing Member of the portion of the Noncontributing Member's Capital Contribution that is in default, together with interest thereon at the Default Rate from the date that the Capital Contribution was due until the date that it is made, all at the cost and expense of the Noncontributing Member;

(ii) permitting the other Members to advance the portion of the Noncontributing Member's Capital Contribution that is in default;

(iii) exercising the rights of a secured party under the Uniform Commercial Code of the State of Delaware, as more fully set forth in Section 6.3(b); or

(iv) exercising any other rights and remedies available at Law or in equity.

(b) Pledge. The Toshiba Member grants to the Company, as security for the payment of the Toshiba Committed Contributions, and each other Member that at any time commits to the Company to make a Capital Contribution grants to the Company, as security, for the payment of such Capital Contributions, a security interest in and a general lien on its Class A Membership Units and its Class B Membership Units and the proceeds thereof, all under the Uniform Commercial Code of the State of Delaware. On any default in the payment of a Capital Contribution, the Company is entitled to all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Delaware with respect to the security interest granted in this Section 6.3(b). The Toshiba Member and each other Member at any time granting such security interest shall execute and deliver to the Company all financing statements and other instruments that the Company may reasonably request to effectuate and carry out the preceding provisions of this Section 6.3(b).

6.4 ***Return of Contributions***. Except as expressly provided herein, a Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Accounts or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

6.5 ***Capital Accounts***. Both a Class A Capital Account and a Class B Capital Account shall be established and maintained for each Member. In connection with the contribution by the NRG Member to the Company of the NRG Committed Contributions, the NRG Member's Class A Capital Account and Class B Capital Account have each been credited with a contribution to the capital of the Company equal to $**and $**, respectively. In connection with the contribution by the Toshiba Member to the Company of the Toshiba Initial Contribution, the Toshiba Member's Class A Capital Account has been credited with a contribution to the capital of the Company equal to the Toshiba Initial Contribution. In connection with the further Toshiba Committed Contributions to be made on May 1 of each year in accordance with Section 6.2(b), such Capital Contributions shall be allocated by the Company

** This Portion has been redacted pursuant to a confidential treatment request.

and credited to the Toshiba Member's Class A Capital Account and/or Class B Capital Account in accordance with the Company's expected application of such Capital Contributions to budgeted expenditures of the Company. To the extent that Toshiba Committed Contributions in excess of $**are used to pay costs or expenses of or invested in the Class A Business, the Class A Capital Accounts and Class B Capital Accounts of the Toshiba Member and the NRG Member shall be adjusted to reflect**. After giving effect to the foregoing credits and adjustments to the Class A Capital Account and the Class B Capital Account of the Toshiba Member and the NRG Member, each Member's Capital Account for each Class shall be increased by the amount of money contributed by that Member to the Business of that Class, the fair market value of property contributed by that Member to the Business of that Class (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code) in respect of the Business of that Class, and allocations to that Member of income and gain (or items thereof) of the Business of that Class, including income and gain exempt from tax and income and gain described in Treasury Regulation Section 1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation Section 1.704-1(b)(4)(i), and shall be decreased by the amount of money distributed to that Member by the Company in respect of the Business of that Class, the fair market value of property distributed to that Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Section 752 of the Code) in respect of the Business of that Class, allocations to that Member of expenditures of the Company described (or treated as described) in Section 705(a)(2)(B) of the Code in respect of the Business of that Class, and allocations of Company loss and deduction (or items thereof) in respect of the Business of that Class, including loss and deduction described in Treasury Regulation Section 1.704-1(b)(2)(iv)(g), but excluding items loss or deduction described in Treasury Regulation Sections 1.704-1(b)(4)(i) or 1.704-1(b)(4)(iii). The Members' Class A Capital Accounts and Class B Capital Accounts shall also be maintained and adjusted (and the items allocated pursuant to Section 7.4 will be calculated) as permitted by the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(f) and as required by the other provisions of Treasury Regulation Sections 1.704-1(b)(2)(iv) and 1.704-1(b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for book purposes rather than the allocation of the corresponding items as computed for tax purposes, as required by Treasury Regulation Section 1.704-1(b)(2)(iv)(g). A Member shall have a single Class A Capital Account or Class B Capital Account, as applicable, that reflects all Membership Units of that Class held by such Member, regardless of the time or manner in which such Membership Units were acquired. Upon the Disposition of all or a portion of the Class A Membership Units or Class B Membership Units owned by a Member, the Capital Account of the Disposing Member that is attributable to such Class A Membership Units or Class B Membership Units, as applicable, shall carry over to the Assignee in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(l).

** This Portion has been redacted pursuant to a confidential treatment request.

ARTICLE VII
DISTRIBUTIONS AND ALLOCATIONS

7.1 ***Tax Distributions***. Prior to making distributions pursuant to Section 7.2, on each Tax Distribution Date, the Company shall, subject to the availability of funds, distribute to each Member in cash an amount equal to such Member's Assumed Tax Liability, if any. "***Tax Distribution Date***" means any date that is two Business Days prior to the date for the income tax return of a corporate calendar year taxpayer (without regard to extensions). "***Assumed Tax Liability***" of each Member means an amount equal to (i) the cumulative amount of federal income taxes (including any applicable estimated taxes), determined taking into account the character of income and loss allocated as it affects the applicable tax rate, that the Board estimates would be due from such Member as of such Tax Distribution Date, (x) assuming such Member were a corporation who earned solely the items of income, gain, deduction, loss, and/or credit allocated to such Member pursuant to Section 7.4, (y) after taking proper account of loss carryforwards available to corporate taxpayers resulting from losses allocated to the Members by the Company, to the extent not taken into account in prior periods, and (z) assuming that such Member is subject to tax at the highest applicable rate, reduced by (ii) all previous distributions made to such Member pursuant to this Section 7.1. Distributions pursuant to this Section 7.1 shall be treated as an advance distribution under Section 7.2 and shall offset future distributions that such Member would otherwise be entitled to receive pursuant to Section 7.2.

7.2 ***Regular Distributions***. The Board may from time to time distribute to the Members of each Class, pro-rata in accordance with their Membership Percentages with respect to such Class, such amounts as the Board may determine from the funds on hand of the Business of that Class, after the payment of all then-due obligations of the Company relating to the Business of that Class and the establishment of reasonable reserves for such Business's liabilities, obligations, working capital and other anticipated needs, to the extent the Board determines that the Company is not restricted by contract or Law from making a distribution to the Members from such funds.

7.3 ***Member Withdrawals***. Notwithstanding anything in this Article VII to the contrary, if a Member withdraws or resigns from the Company, such Member shall not have any right to any distributions or allocations upon the dissolution and winding up of the Company.

7.4 ***Allocations***.

(a) In General. For accounting and income tax purposes, except as provided in Sections 7.4(a)(ii) and 7.5 and subject to Section 11.2,

(i) Each item of income, gain, loss, deduction and credit of the Business of each Class shall be allocated among the Members in accordance with their Membership Percentages with respect to such Class; and

(ii) With respect to any period during which an event occurs that results in an adjustment of the Class A Membership Percentages and all subsequent periods, prior to making any allocations pursuant to Section 7.4(a)(i) relating to the Class A Business, items of income, gain, loss and deduction relating to the Class A Business will be allocated in a

manner that results in the Adjusted Capital Accounts of the Members in respect of the Class A Business to be in proportion to their Class A Membership Percentages. With respect to any period during which an event occurs that results in an adjustment of the Class B Membership Percentages and all subsequent periods, prior to making any allocations pursuant to Section 7.4(a)(i) relating to the Class B Business, items of income, gain, loss and deduction relating to the Class B Business will be allocated in a manner that results in the Adjusted Capital Accounts of the Members in respect of the Class B Business to be in proportion to their Class A Membership Percentages.

(b) Special Allocations. Notwithstanding any other provisions of Section 7.4(a), the following special allocations shall be made for each taxable period:

(i) Notwithstanding any other provision of this Section 7.4, if there is a net decrease in Company Minimum Gain for a Business during any Company taxable period, each Member shall be allocated items of income and gain from that Business for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Section 1.704-2(f)(6),(g)(2), and (j)(2)(i). For purposes of this Section 7.4(b)(i), the Capital Account of each Member for each Class shall be determined and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 7.4 with respect to such taxable period. This Section 7.4(b)(i) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Notwithstanding the other provisions of this Section 7.4(b)(ii) (other than 1.1(b)(i) above), if there is a net decrease in Member Nonrecourse Debt Minimum Gain with respect to a Class during any Company taxable period, any Member with a share of Member Nonrecourse Debt Minimum Gain with respect to such Class at the beginning of such taxable period shall be allocated items of income and gain from the Business of that Class for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Section 1.704-2(i)(4) and (j)(2)(ii). For purposes of this Section 7.4(b)(ii) the balance of each Member's Adjusted Capital Account with respect to that Class shall be determined, and the allocation of income and gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 7.4(b)(ii), other than Section 7.4(b)(i) with respect to such taxable period. This Section 7.4(b)(ii) is intended to comply with the Member Nonrecourse Debt Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Except as provided in Section 7.4(b)(i) and Section 7.4(b)(ii), in the event that any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6) in respect of its Membership Units of a Class, items of income and gain from the Business of that Class shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by such Treasury Regulation, the deficit balance, if any, in its Adjusted Capital Account of that Class created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 7.4(b)(i) and Section 7.4(b)(ii).

(iv) If any Member has a deficit balance in its Adjusted Capital Account for a Class at the end of any Company taxable period, such Member shall be specially allocated items of gross income and gain from the Business of that Class in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 7.4(b)(iv) shall be made only if and to the extent that such Member would have a deficit balance in its Adjusted Capital Account for that Class after all other allocations provided in this Section 7.4(b)(iv) have been tentatively made as if this Section 7.4(b)(iv) were not in this Agreement.

(v) Nonrecourse Deductions attributable to the Business of a Class for any taxable period shall be allocated to the Members in accordance with their Membership Percentages in respect of that Class.

(vi) Member Nonrecourse Deductions relating to the Business of a Class for any taxable period shall be allocated 100% to the Member that bears the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Member bears the Economic Risk of Loss with respect to a Member Nonrecourse Debt, Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members in accordance with the ratios in which they share such Economic Risk of Loss. This Section 7.4(b)(vi) is intended to comply with the provisions of Treasury Regulation 1.704-2(i) and shall be interpreted consistently therewith.

(vii) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such provisions.

(viii) Notwithstanding any other provision of this Section 7.4(b)(viii), other than the Required Allocations, the Required Allocations shall be taken into account in making the Agreed Allocations so that, to the extent possible, the net amount of items of income, gain, loss and deduction allocated to each Member pursuant to the Required Allocations and Agreed Allocations, together, shall be equal to the net amount of such items that would have been allocated to each such Member under the Agreed Allocations if the Required Allocations had not otherwise been provided for in this Section 7.4(b)(viii).

7.5 ***Tax Allocations.*** For income tax purposes, income, gain, loss, and deduction with respect to property contributed to the Company by a Member or revalued pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) shall be allocated among the Members in a manner that takes into account the variation between the adjusted tax basis of such property and its book value, as required by Section 704(c) of the Code and Treasury Regulation Section 1.704-1(b)(4)(i), using an allocation method (other than the Remedial Method with respect to the NRG Contributed Assets) determined by the Tax Matters Member and with prior consent of the Toshiba Member, which consent shall not be unreasonably withheld.

7.6 ***Allocation Mechanics***. A time and expenses system will be implemented to track employee time and out-of-pocket expenses attributable to the Class A Business and the Class B Business. Such time and expenses attributable to the Class A Business shall be charged to the Class A Business. General and administrative costs and expenses not attributable directly to either the Class A Business or the Class B Business shall be allocated 25% to the Class A Business and 75% to the Class B Business from and after the Effective Date, with adjustments to such allocation to reflect changes in the Company's activities to be made on a basis to be mutually agreed.

7.7 ***Varying Interests***. All items of income, gain, loss, deduction or credit allocable to any Membership Units that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning those Membership Units; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Code and the regulations under it.

ARTICLE VIII
TAXES

8.1 ***Tax Returns***. By April 1 of each year, or as soon thereafter as is practicable, the Company shall furnish each Member for its review an Internal Revenue Service Schedule K-1 and any similar form required for the filing of state or local income tax returns for such Member for such fiscal year. The Company shall prepare and timely file all federal, state and local tax returns required to be filed by the Company. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall bear the costs of the preparation and filing of its returns.

8.2 ***Tax Elections***. The Company shall make the following elections on the appropriate tax returns: to adopt the calendar year as the Company's fiscal year; to adopt the accrual method of accounting; if a distribution of the Company's property as described in Code Section 734 occurs or upon a transfer of Membership Units as described in Code Section 743 occurs, on request by notice from any Member, to elect, pursuant to Code Section 754, to adjust the basis of the Company's properties; and any other election the Board may deem necessary or appropriate that is otherwise consistent with the provisions of this Agreement. Neither the Company nor any Member shall make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law and no provision of this Agreement (including Section 2.7) shall be construed to sanction or approve such an election.

8.3 ***Tax Matters Member***.

(a) Appointment; Duties. The NRG Member shall be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the "***Tax Matters Member***"). The Tax Matters Member shall take such action as may be necessary to cause, to the extent possible, each other Member to become a "notice partner" within the meaning of Section 6223 of the Code. The Tax Matters Member shall inform each other Member of all

significant matters that may come to its attention in its capacity as Tax Matters Member by giving notice thereof on or before the fifth Business Day after becoming aware thereof and, within that time, shall forward to each the Member copies of all significant written communications it may receive in that capacity. Any cost or expense incurred by the Tax Matters Member in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Company.

(b) Settlements. The Tax Matters Member shall not bind any Member to a settlement agreement without obtaining the consent of such Member. Any Member that enters into a settlement agreement with respect to any Company item (as described in Code Section 6231(a)(3)) shall notify the other Member of such settlement agreement and its terms within 15 Days from the date of the settlement.

(c) Administrative Adjustments. No Member shall file a request pursuant to Code Section 6227 for an administrative adjustment of Company items for any taxable year without first notifying the other Member. If the Board consents to the requested adjustment, the Tax Matters Member shall file the request for the administrative adjustment on behalf of the Members. If such consent is not obtained within 30 Days from such notice, or within the period required to timely file the request for administrative adjustment, if shorter, any Member, including the Tax Matters Member, may file a request for administrative adjustment on its own behalf. Any Member intending to file a petition under Code Sections 6226, 6228 or other Code Section with respect to any item involving the Company shall notify the other Member of such intention and the nature of the contemplated proceeding. In the case where the Tax Matters Member is the Member intending to file such petition on behalf of the Company, such notice shall be given within a reasonable period of time to allow the other Member to participate in the choosing of the forum in which such petition will be filed.

(d) Notice of Inconsistent Treatment. If any Member intends to file a notice of inconsistent treatment under Code Section 6222(b), such Member shall give reasonable notice under the circumstances to the other Members of such intent and the manner in which the Member's intended treatment of an item is (or may be) inconsistent with the treatment of that item by the other Members.

ARTICLE IX
BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

9.1 ***Maintenance of Books***. The Company shall keep or cause to be kept at the principal office of the Company, or at such other location approved by the Board, complete and accurate books and records of the Company and each Business, supporting documentation of the transactions with respect to the conduct of the Company's business and minutes of the proceedings of its Members and Board of Managers, and any other books and records that are required to be maintained by applicable Law. The books of account of the Company shall be maintained on the basis of a fiscal year that is the calendar year, maintained on an accrual basis in accordance with GAAP, consistently applied and audited by certified public accountants chosen by the Board at the end of each calendar year.

9.2 ***Reports***. The Company shall deliver to each Member the reports and information set forth in this Section 9.2; provided that the Company may refuse to deliver to any such Member any of the reports or other information otherwise required by this Section 9.2 if such Member violates the confidentiality obligations set forth in Section 12.1.

(a) Annual Reports. As soon as available, and in any event within 90 Days after the end of each fiscal year, the Company shall deliver (i) a balance sheet of the Company as of the end of such fiscal year and the related statements of operations, members' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited by independent public accountants of national recognized standing selected by the Board as fairly presenting the financial condition and results of operations of the Company and as having been prepared in accordance with GAAP applied on a consistent basis and (ii) a written report prepared by the Company's chief executive officer and chief financial officer, principal accounting officer or similar accounting officer analyzing the operating and financial results for the Company's prior year and reporting on any material developments in respect of the ongoing business, operations and prospects of the Company; and

(b) Quarterly Financial Reports. As soon as available, but in any event within 45 Days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the Company shall deliver a balance sheet of the Company as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year and the related statements of operations, members' equity and cash flows for such fiscal quarter, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by the Company's chief executive officer and chief financial officer as fairly presenting the financial condition and results of operations of the Company and as having been prepared in accordance with GAAP applied on a consistent basis and a written report prepared by the Company's chief executive officer and chief financial officer analyzing the operating and financial results for the Company's prior quarter and reporting on any material developments in respect of the ongoing business, operations and prospects of the Company.

(c) Monthly Reports. As soon as available, but in any event on or before the last calendar day of each month, the Company shall deliver a written report prepared by the Company's chief executive officer and chief financial officer covering the immediately preceding calendar month and reporting on any material developments in respect of the ongoing business and operations of the Company occurring in such immediately preceding calendar month.

9.3 ***Bank Accounts***. Funds of the Company shall be deposited in such banks or other depositories as shall be designated from time to time by the Board. All withdrawals from any such depository shall be made only as authorized by the Board and shall be made only by check, wire transfer, debit memorandum or other written instruction.

ARTICLE X
DISPUTE RESOLUTION

10.1 ***Disputes***. Any and all claims, counterclaims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, or to the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship between the Members created by this Agreement (whether extra-contractual in nature, sounding in contract, tort or otherwise, or provided for by federal or state statute, common law or otherwise) (hereafter a "***Dispute***") shall be finally resolved by binding arbitration under the Non-Administered Arbitration Rules of the International Institute for Conflict Prevention and Resolution (the "***Rules***") then in force to the extent such Rules are not inconsistent with the provisions of this Agreement.

10.2 ***Negotiation to Resolve Disputes***. If a Dispute arises out of or relates to this Agreement, a Member may give notice to all other Members that it intends to initiate the dispute resolution procedures set forth herein. Promptly upon receipt of such notice, each Member that is a party to the Dispute (each, a "***Disputing Member***") shall refer such Dispute to a senior executive officer ("***SEO***") of each Disputing Member (or of Toshiba's Power Systems Company, in the case of the Toshiba Member). The SEOs will meet in person or by teleconference as soon as mutually practicable in order to try and resolve the Dispute. If the SEOs are unable to resolve the Dispute on or before the 30th Day after such notice, any Disputing Member may commence an arbitration under this Article X by notifying each Member (an "***Arbitration Notice***").

10.3 ***Selection of Arbitrators***.

(a) Three Arbitrators. Any arbitration conducted under this Article X shall be heard by three arbitrators (each an "***Arbitrator***" and collectively the "***Tribunal***") selected in accordance with this Section 10.3. Each Disputing Member and any proposed Arbitrator shall, as soon as practicable, disclose to the other Disputing Members any business, personal or other relationship or affiliation that may exist between any Member and the proposed Arbitrators. The Disputing Members may then object to any of the proposed Arbitrators on the basis of such relationship or affiliation. The validity of any such objection shall be determined according to the Rules.

(b) Selection of Arbitrators. Except as provided for in this Section 10.3, the Tribunal shall be appointed according to the Rules. In the Arbitration Notice, the Disputing Member requesting arbitration shall nominate one Arbitrator. The Disputing Member named as respondent by the claimant shall nominate one Arbitrator. Within 30 Days of the appointment of the second Arbitrator, the two party-appointed Arbitrators shall appoint a third Arbitrator who shall chair the arbitration. Where the Dispute at issue involves more than two Disputing Members, the International Institute for Conflict Prevention and Resolution ("***CPR***") shall provide a list of potential Arbitrators. Within seven (7) days of receiving this list, each Disputing Member shall provide to CPR a ranking of the potential Arbitrators on such list showing such Disputing Member's order of preference among such proposed Arbitrators, with any one or more Disputing Members who are Affiliates of one another submitting one common ranked list. The CPR shall then appoint all three Arbitrators as it shall determine in its discretion but taking into account to the extent practical the Disputing Members' preferences.

10.4 ***Conduct of Arbitration***. The Tribunal shall expeditiously (and, if practicable, consistent with the Tribunal's primary responsibility to justly adjudicate the dispute before it, within 180 Days after the appointment of the third Arbitrator) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in Washington, D.C. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et. seq. Except as expressly provided to the contrary in this Agreement, the Tribunal shall have the power to gather such materials, information, testimony and evidence as it deems relevant to the dispute before it (and each Member will provide such materials, information, testimony and evidence requested by the Tribunal, subject to such protective orders as the Tribunal determines necessary for the protection of any information so requested that is proprietary, subject to a third-party confidentiality restriction or to an attorney-client or other privilege) and to grant injunctive relief and enforce specific performance. The Tribunal shall not have the power to award punitive or any other form of indirect or non-compensatory damages, even if such are available under the governing law and even if a court would otherwise be empowered to avoid this limitation on damages to make such an award. If it deems necessary, the Tribunal may propose to the Disputing Members that one or more other experts be retained to assist it in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Disputing Members, which shall not be unreasonably withheld. The decision of the Tribunal (which shall be rendered in writing) shall be final, nonappealable and binding upon the Members and may be enforced in any court of competent jurisdiction. Each Member hereby consents to the non-exclusive personal jurisdiction and venue of the Washington, D.C., courts for any proceedings in aid of arbitration under this Section, including any request for interim or injunctive relief. Notwithstanding the foregoing consent, the Members may nevertheless seek interim or injunctive relief from any court of competent jurisdiction.

10.5 ***Arbitration Costs and Expenses***. The responsibility for paying the costs and expenses of the arbitration, including compensation to the Tribunal and any experts retained by the Tribunal, shall be borne by the Disputing Member or Disputing Members who is or are the least successful in such process, which shall be determined by the Tribunal by comparing the position asserted by each Disputing Member on all disputed matters taken together to the final decision of the Tribunal on all disputed matters taken together, provided however, that each Disputing Member shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Tribunal determines that compelling reasons exist for allocating all or a portion of such costs and expenses to the other Disputing Members.

ARTICLE XI
DISSOLUTION, WINDING-UP AND TERMINATION

11.1 ***Dissolution***. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following events (each a "***Dissolution Event***"): the unanimous consent of the Members and the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act. No other event shall cause a dissolution of the Company.

11.2 ***Winding-Up and Termination***

(a) Actions of Liquidator. On the occurrence of a Dissolution Event, the Board shall act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the

Company and make final distributions as provided herein and in the Act. The costs of winding up shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Members. The steps to be accomplished by the liquidator are as follows:

(i) as promptly as possible after dissolution and again after final winding up, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets (including any outstanding unpaid amounts of the Toshiba Committed Contributions), liabilities, and operations through the last calendar Day of the month in which the dissolution occurs or the final winding up is completed, as applicable;

(ii) the liquidator shall discharge from Company funds all of the indebtedness and other debts, liabilities and obligations of the Company (including all expenses incurred in winding up) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(iii) all remaining assets of the Company shall be distributed to the Members as follows:

(A) the liquidator may sell any or all property of the Business or a Class, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members for such Class in a manner to cause the Capital Accounts of the Members for such Class to equal, as nearly as possible, the amounts that would be distributable to the Members under the provisions of Section 7.2;

(B) with respect to all property of the Business of a Class that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members of such Class shall be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in such Capital Accounts previously would be allocated between the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution in the manner described in Section 11.2(a)(iii)(A); and

(C) Property (including cash) of a Business of a Class shall be distributed to the Members in accordance with their Membership Percentages with respect to such Class and such distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, 90 Days after the date of the liquidation).

(b) Return on Capital Contributions. The distribution of cash or property to a Member in accordance with the provisions of this Section 11.2 constitutes a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its Membership Units and all the Company's property and constitutes a compromise to which all Members have consented pursuant to Section 18-502(b) of the Act. To the extent that a Member returns funds to the Company, it has no claim against the other Member for those funds.

11.3 ***Deficit Capital Accounts***. No Member will be required to pay to the Company, to the other Member or to any third party any deficit balance that may exist from time to time in any Capital Account of a Member.

11.4 ***Certificate of Cancellation***. On completion of the distribution of Company assets as provided herein, the Board (or such other Person or Persons as the Act may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to Section 2.5, and take such other actions as may be necessary to terminate the existence of the Company. Upon the filing of such certificate of cancellation, the existence of the Company shall terminate (and the Term shall end), except as may be otherwise provided by the Act or other applicable Law.

ARTICLE XII
GENERAL PROVISIONS

12.1 ***Confidential Information***

(a) Non-Disclosure; Non-Use. Each Member shall keep confidential (and shall not disclose to any Person) all Confidential Information that is furnished by any other Member or its Affiliates, except that the foregoing restrictions shall not apply to any Confidential Information that (i) is in the public domain at the time of its disclosure or thereafter, other than as a result of a disclosure directly or indirectly by a Member or its Affiliates in contravention of this Agreement, (ii) as to any Member, was known, free of any obligation of confidentiality, by such Member or its Affiliates prior to the execution of this Agreement or (iii) has been independently acquired or developed by a Member or its Affiliates without violating any of the obligations of such Member or its Affiliates under this Agreement. A Member may disclose Confidential Information to the extent that it relates to the Company to its financial and other advisors, lenders or potential acquirers who need to know such Confidential Information for the purpose of evaluating any proposed financing or acquisition transaction (it being understood that such Persons shall be informed by such Member of the confidential nature of the Confidential Information and shall be directed to treat such Confidential Information confidentially and in accordance with this Section 12.1).

(b) Specific Performance. The Members agree that no adequate remedy at law exists for a breach of any of the provisions of this Section 12.1, the continuation of which unremedied will cause the furnishing Member to suffer irreparable harm. Accordingly, the Members agree that the furnishing Member shall be entitled, in addition to other remedies that may be available to them, to immediate injunctive relief from any breach or threatened breach of any of the provisions of this Section 12.1 and to specific performance of their rights hereunder, as well as to any other remedies available at law or in equity.

(c) Survival. The obligations of the Members under this Section 12.1 shall terminate on the second anniversary of the end of the Term.

12.2 ***Notices***. Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or permitted to be given under this Agreement must be in writing and must be delivered to the recipient in person, by courier or mail or by facsimile (if

followed by courier or mail). A notice, request or consent given under this Agreement is effective on receipt by the Member to receive it; provided, however, that a facsimile that is transmitted after the normal business hours of the recipient shall be deemed effective on the next Business Day. All notices, requests and consents to be sent to a Member must be sent to or made at the addresses or fax number given for that Member on Exhibit A or in the instrument described in Section 3.3 or Section 4.1(b)(i), or such other address or fax number as that Member may specify by notice to the other Member. Any notice, request or consent to the Company must be given to each other Member. Whenever any notice is required to be given by Law, the Certificate or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

12.3 ***Entire Agreement; Superseding Effect***. This Agreement and the Contribution Agreements constitute the entire agreement of the Members and their Affiliates relating to the Company and the transactions contemplated hereby and supersede all provisions and concepts contained in all prior contracts or agreements between the Members or any of their Affiliates with respect to the Company (including the Original Agreement) and the transactions contemplated hereby, whether oral or written.

12.4 ***Effect of Waiver or Consent***. Except as otherwise provided in this Agreement, a waiver or consent, express or implied, to or of any breach or default by any Member in the performance by that Member of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Member of the same or any other obligations of that Member with respect to the Company. Except as otherwise provided in this Agreement, failure on the part of a Member to complain of any act of any other Member or to declare any other Member in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Member of its rights with respect to that default until the applicable statute-of-limitations period has run.

12.5 ***Amendment or Restatement***. This Agreement or the Certificate may be amended or restated only by a written instrument executed (or, in the case of the Certificate, approved) by all of the Members.

12.6 ***Binding Effect***. Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement is binding on and shall inure to the benefit of the Members and their respective successors and permitted assigns.

12.7 ***Governing Law; Severability***. This Agreement is governed by and shall be construed in accordance with the law of the State of Delaware, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the law of another jurisdiction. If there is a direct conflict between the provisions of this Agreement and any mandatory, non-waivable provision of the Act, such provision of the Act shall control. If any provision of the Act provides that it may be varied or superseded in a limited liability company agreement (or otherwise by agreement of the members or managers of a limited liability company), such provision shall be deemed superseded and waived in its entirety if this Agreement contains a provision addressing the same issue or subject matter. If any provision of this Agreement or the application thereof to any Member or circumstance is held invalid or

unenforceable to any extent, the remainder of this Agreement and the application of that provision to the other Member or circumstances is not affected thereby and the Members shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Members in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

12.8 ***Further Assurances***. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

12.9 ***Waiver of Certain Rights***. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

12.10 ***Counterparts***. This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

[*Remainder of Page Intentionally Left Blank*]

In Witness Whereof, the Members have executed this Agreement effective as of the Effective Date.

Members:

TEXAS GENCO HOLDINGS, INC.

By: /s/ Steve Winn
Steve Winn, Vice President

TOSHIBA CORPORATION

By: /s/ Yasuharu Igarashi
Yasuharu Igarashi
Attorney in Fact, Toshiba Corporation President and CEO,
Toshiba Power Systems Company, Toshiba Corporation

Exhibit A

Initial Members

Name/Address of Members	Initial Class A Membership Percentage	Initial Class A Membership Units	Initial Class B Membership Percentage	Initial Class B Membership Units	Name of Parent
Texas Genco Holdings, Inc. c/o NRG Energy, Inc. 211 Carnegie Center Princeton, NJ 08540-6213 Attn: President & CEO 609.524.4500 (ofc) 609.524.4501 (fax) with a copy to NRG Energy, Inc. 211 Carnegie Center Princeton, NJ 08540-6213 Attn: General Counsel 609.524.5115 (ofc) 609.524.4589 (fax)	88%	**	88%	**	NRG Energy, Inc.
Toshiba Corporation Toshiba Corporation Power Systems Company Nuclear Energy Systems & Services Division, Overseas Project Promotion Department 1-1, Shibaura 1-chome Minato-ku, Tokyo 105-8001	12%	**	12%	**	Toshiba Corporation

** This Portion has been redacted pursuant to a confidential treatment request.

Name/Address of Members	Initial Class A Membership Percentage	Initial Class A Membership Units	Initial Class B Membership Percentage	Initial Class B Membership Units	Name of Parent
JAPAN Attn: Senior Manager Facsimile : + (81)-3-54 44-9192 with a copy to: Morrison & Foerster LLP Shin Marunouchi Building, 29th Floor, 5-1 Marunouchi 1-Chome, Chiyoda-Ku, Tokyo 100-6529 JAPAN Attn: Dale Caldwell Facsimile: + (81)-3-3214-6512					
TOTALS	100%	**	100%	**	N/A

** This Portion has been redacted pursuant to a confidential treatment request.

Exhibit B

Definitions

"***ABWR***" means advanced boiling water reactor.

"***Act***" means the Delaware Limited Liability Company Act.

"***Adjusted Capital Account***" means the Capital Account for each Class maintained for each Member as of the end of each fiscal year of the Company, (a) increased by any amounts that such Member is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Member in subsequent years under Sections 704(e)(2) and 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Member in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Member's Capital Account for that Class that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 7.4(b)(i) or 7.4(b)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"***Affiliate***" means with respect to any Person, (a) each entity that such Person Controls; (b) each Person that Controls such Person, including, in the case of a Member, such Member's Parent; and (c) each entity that is under common Control with such Person, including, in the case of a Member, each entity that is Controlled by such Member's Parent.

"***Agreed Allocation***" means any allocation, other than a Required Allocation, of an item of income, gain, loss, deduction or credit pursuant to the provisions of Sections 7.4(a)(i) and 7.4(a)(ii).

"***Agreement***" means this Amended and Restated Limited Liability Company Agreement of the Company, as amended, modified, supplemented or restated from time to time.

"***Appraisal***" has the meaning assigned to such term in Section 4.6.

"***Arbitration Notice***" has the meaning assigned to such term in Section 10.2.

"***Arbitrator***" has the meaning assigned to such term in Section 10.3(a).

"***Assignee***" means any Person that acquires any Membership Units through a Disposition; provided, however, that, an Assignee shall have no right to be admitted to the Company as a Member except in accordance with Article IV.

"***Assumed Tax Liability***" has the meaning assigned to such term in Section 7.1.

"***Board***" has the meaning assigned to such term in Section 5.1(a).

"***Bona Fide Secured Party***" of any Member means a financial institution, investment bank, or other Person primarily in the business of lending and who is not an Affiliate, director, officer, employee or other agent of such Member or a Prohibited Competitor or an Affiliate, director, officer, employee or other agent of a Prohibited Competitor.

"***Bona Fide Third Party Purchaser***" means a Person who has agreed in a legally enforceable agreement to purchase any Membership Units who is not an Affiliate, director, officer, employee or other agent of the Disposing Member and who is a Person financially capable of carrying out the terms of such offer.

"***Breaching Member***" has the meaning assigned to such term in Section 5.9.

"***Business***" means the Class A Business or the Class B Business.

"***Business Day***" means any Day other than a Saturday, a Sunday, or a holiday on which national banking associations in California, New York, or Texas are closed.

"***Capital Account***" means the Class A Capital Account and the Class B Capital Account of a Member.

"***Capital Call***" has the meaning assigned to such term in Section 6.2(e).

"***Capital Contribution***" means with respect to any Member, the amount of money and the net agreed value of any property (other than money) contributed to the Company by the Member. Any reference in this Agreement to the Capital Contribution of a Member shall include a Capital Contribution of its predecessors in interest.

"***Certificate***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Change of Control***" means a Change of Member Control or a Change of Parent Control, as applicable.

"***Change of Control Election Period***" has the meaning assigned to such term in Section 4.3(e)(i).

"***Change of Control Exercise Notice***" has the meaning assigned to such term in Section 4.3(e)(i).

"***Change of Control Exercise Price***" has the meaning assigned to such term in Section 4.3(e)(i).

"***Change of Control Notice***" has the meaning assigned to such term in Section 4.3(e)(i).

"***Change of Control Purchasing Member***" has the meaning assigned to such term in Section 4.3(e)(i).

"***Change of Member Control***" means, with respect to any Member,**.

"***Change of Parent Control***" means, with respect to any Member,**.

"***Claim***" means any judgment, claim, cause of action, demand, lawsuit, suit, proceeding, investigation or audit, loss, assessment, fine, penalty, administrative order, obligation, cost, expense, liability or damage (whether actual, consequential or punitive), including interest, penalties, reasonable attorney's fees, disbursements and costs of investigations, deficiencies, levies, duties and imposts.

"***Class***" means (a) with respect to a Business, the Class A Business or the Class B Business, (b) with respect to the Capital Account of a Member, the Class A Capital Account or the Class B Capital Account of that Member, (c) with respect to the Membership Units of a Member, the Class A Membership Units or the Class B Membership Units of such Member, and (d) with respect to the Membership Percentage of a Member, the Class A Membership Percentage or the Class B Membership Percentage of such Member.

"***Class A Business***" has the meaning assigned to such term in Section 3.1.

"***Class A Capital Account***" means the Capital Account to be maintained for each Member in respect of the Class A Business in accordance with Section 6.5.

"***Class A Membership Percentage***" means with respect to each Member a fraction, expressed as a percentage, the numerator of which is the number of Class A Membership Units of such Member and the denominator is the total number of Class A Membership Units of all Members.

"***Class A Membership Units***" has the meaning assigned to such term in Section 3.1.

"***Class B Business***" has the meaning assigned to such term in Section 3.1.

"***Class B Capital Account***" means the Capital Account to be maintained for each Member in respect of the Class B Business in accordance with Section 6.5.

"***Class B Membership Percentage***" means with respect to each Member a fraction, expressed as a percentage, the numerator of which is the number of Class B Membership Units owned by such Member, and the denominator is the total number of Class B Membership Units of all Members.

"***Class B Membership Units***" has the meaning assigned to such term in Section 3.1.

** This Portion has been redacted pursuant to a confidential treatment request.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Combined Membership Percentage***" means with respect to a Member a fraction, expressed as a percentage, the numerator of which is number of Class A Membership Units and Class B Membership Units of such Member, and the denominator of which is the total number of Class A Membership Units and Class B Membership Units of all Members.

"***Company***" has the meaning assigned to such term in the introductory paragraph of this Agreement.

"***Company Minimum Gain***" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

"***Competing Supplier***" has the meaning assigned to such term in Section 4.2(g).

"***Complete Control***" means the ownership, directly or indirectly, through one or more intermediaries, of both of the following: (a) (i) in the case of a corporation, all of the outstanding voting securities thereof; (ii) in the case of a limited liability company, partnership, limited partnership or venture, the right to all of the distributions therefrom (including liquidating distributions); (iii) in the case of a trust or estate, including a business trust, all of the beneficial interest or the power of a trustee therein; and (iv) in the case of any other entity, all of the economic or beneficial interest therein; and (b) in the case of any entity, the power and authority to completely control the management of the entity, and "Completely Controls" has the correlative meaning.

"***Confidential Information***" means information regarding the business, assets, customers, processes and methods of a Member or its Affiliates.

"***Contribution Agreements***" means the NRG Contribution Agreement and the Toshiba Contribution Agreement.

"***Control***" means the possession, directly or indirectly, through one or more intermediaries, of either of the following with respect to another Person: (a) the right to more than 50% of the distributions from such Person (including liquidating distributions) or more than 50% of the economic or beneficial interest in such Person and (b) the power or authority, through ownership of voting securities, by contract or otherwise, to exercise a controlling influence over the management of the entity, and "Controls" and "Controlled" have the correlative meanings.

"***CPR***" has the meaning assigned to such term in Section 10.3(b).

"***Day***" means a calendar day; provided, however, that, if any period of Days referred to in this Agreement shall end on a Day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the first succeeding Business Day.

"***Default Rate***" means a rate per annum equal to the lesser of (a) a varying rate per annum equal to the sum of (i) the prime rate as published in The Wall Street Journal, with

adjustments in that varying rate to be made on the same date as any change in that rate is so published, plus (ii) 3% per annum and (b) the maximum rate permitted by Law.

"***Disposing Member***" has the meaning assigned to such term in Section 4.1(b).

"***Disposition***" means with respect to any asset (including any Membership Units), a sale, assignment, transfer, conveyance, gift, exchange or other disposition of such asset, whether such disposition be voluntary, involuntary or by operation of Law, including a disposition in connection with, or in lieu of, a foreclosure of an Encumbrance (but such terms shall not include the creation of an Encumbrance), and "Dispose", "Disposes", "Disposed" and "Disposing" have the correlative meanings.

"***Disposition Notice***" has the meaning assigned to such term in Section 4.3(a).

"***Dispute***" has the meaning assigned to such term in Section 10.1.

"***Disputing Member***" has the meaning assigned to such term in Section 10.2.

"***Dissolution Event***" has the meaning assigned to such term in Section 11.1.

"***Drag Along Election Period***" has the meaning assigned to such term in Section 4.4(a).

"***Drag Along Notice***" has the meaning assigned to such term in Section 4.4(a).

"***Drag Along Sale***" has the meaning assigned such term in Section 4.4(a).

"***Drag Along Sale Documentation***" has the meaning assigned to such term in Section 4.4(b).

"***Economic Risk of Loss***" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"***Effective Date***" has the meaning assigned to such term in the introductory paragraph of this Agreement.

"***Encumbrance***" means the creation of a security interest, lien, pledge, mortgage or other encumbrance, whether such encumbrance be voluntary, involuntary or by operation of Law, and "Encumber" and "Encumbered" have the correlative meanings.

"***Exercise Notice***" has the meaning assigned to such term in Section 4.3(a).

"***Fair Market Value***" has the meaning assigned to such term in Section 4.3(e)(v).

"***Formation Date***" has the meaning assigned to such term in the Recitals to this Agreement.

"***GAAP***" means generally accepted accounting principles in the United States of America as in effect from time to time.

"***Governmental Authority***" means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof).

"***Indebtedness for Borrowed Money***" of any Person means, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, (iii) all obligations of such Person issued or assumed for deferred purchase price payments, (iv) all obligations of such Person under leases required to be capitalized in accordance with GAAP, as consistently applied by such Person, (v) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, guarantees or similar credit transaction, in each case, that has been drawn or claimed against, (vi) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency, (vii) all obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (viii) all obligations of such Person or another Person secured by an Encumbrance on any asset of such first Person, whether or not such Indebtedness is assumed by such first Person and (ix) any guaranty of any Indebtedness for Borrowed Money of any other Person.

"***Indemnified Persons***" has the meaning assigned to such term in Section 5.9.

"***Independent Appraiser***" has the meaning assigned to such term in Section 4.6.

"***IPO***" has the meaning assigned to such term in Section 5.1(d)(i)(C).

"***Issuance Notice***" has the meaning given such term in Section 3.7(a).

"***Law***" means any statute, law, treaty, rule, code, ordinance, regulation, permit, or certificate of any Governmental Authority, any interpretation of any of the foregoing by any Governmental Authority, or any binding judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

"***Manager***" has the meaning assigned to such term in Section 5.1.

"***Member***" means each Person executing this Agreement as of the Effective Date as a member or hereafter admitted to the Company as a member in accordance with this Agreement, but such term does not include any Person who has ceased to be a member of the Company.

"***Member Nonrecourse Debt***" has the meaning set forth in Treasury Regulation Section 1.704-2(b)(4).

"***Member Nonrecourse Debt Minimum Gain***" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"***Member Nonrecourse Deductions***" means any and all items of loss, deduction or expenditure (including, without limitation, any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Member Nonrecourse Debt.

"***Membership Percentage***" means the Class A Membership Percentage or the Class B Membership Percentage of a Member.

"***Membership Units***" means the Class A Membership Units or the Class B Membership Units of a Member.

"***Multi-Unit Agreement***" means the Multi-Unit Agreement dated as of **, among NRG Energy, Inc., Toshiba Corporation, and the Company.

"***New Securities***" has the meaning given such term in Section 3.7.

"***Noncontributing Member***" has the meaning assigned to such term in Section 6.3(a).

"***Nondisposing Member***" has the meaning assigned to such term in Section 4.1(b)(i).

"***Nonrecourse Deductions***" means any and all items of loss, deduction or expenditures (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(b), are attributable to a Nonrecourse Liability.

"***Nonrecourse Liability***" has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

"***Non U.S. Person***" means a Person owned, controlled, or dominated by an alien, a foreign corporation, or a foreign government for purposes of Section 103 of the Atomic Energy Act of 1954 of the United States.

"***NRC***" means the Nuclear Regulatory Commission of the United States or any successor thereto.

"***NRG Contributed Assets***" means the "Contributed Assets" as defined in the NRG Contribution Agreement.

"***NRG Contribution Agreement***" has the meaning assigned to such term in the Recitals to this Agreement.

"***NRG Member***" means Texas Genco Holdings, Inc., a Texas corporation.

** This Portion has been redacted pursuant to a confidential treatment request.

"***Officer***" means any Person (that is a natural person) designated as an officer of the Company as provided in Section 5.2, but such term does not include any Person who has ceased to be an officer of the Company.

"***Original Agreement***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Parent***" means the Person that Controls a Member and that is not itself Controlled by any other Person. The Parents of all of the Members as of the Effective Date are set forth on Exhibit A.

"***Permitted Use***" means (i) in the case of a Capital Call with respect to the Class A Business, only costs and expenses of and investments in the Class A Business (including general and administrative expenses of the Company allocated thereto), (ii) in the case of a Capital Call with respect to the Class B Business, only (A) costs and expenses of and investments in ABWR projects in the United States in which the Toshiba Member or an Affiliate thereof is the EPC contractor, (B) general and administrative expenses of the Company in accordance with an approved budget, (C) costs and expenses of and investments in the Class A Business (with adjustments to the Members' Class A Capital Accounts and Class B Capital Accounts in accordance with Section 6.5), and (D) other costs, expenses, and investments to which the Toshiba Member has consented, and (iii) distribution to Members of any excess of cash on hand (including the proceeds of such Capital Contribution) exceeding 125% of the projected cash needs of the Company over the following 12-month period pursuant to the Company's then-current budget for such period.

"***Person***" means the meaning assigned that term in Section 18-101(12) of the Act.

"***Preferential Right***" has the meaning assigned to such term in Section 4.3(a).

"***Prohibited Competitor***" has the meaning assigned to such term in Section 4.2(g).

"***Purchasing Member***" has the meaning assigned to such term in Section 4.3(a).

"***Put Exercise Notice***" has the meaning assigned to such term in Section 4.3(e)(iii).

"***Put Exercising Member***" has the meaning assigned to such term in Section 4.3(e)(iii).

"***Required Allocations***" means any allocation (or limitation imposed on any allocation) of an item of income, gain, deduction, credit or loss pursuant to Sections 7.4(b)(i) – 7.4(b)(viii), such allocations being directly or indirectly required by the Treasury Regulations promulgated under Section 704(b) of the Code.

"***Required Manager Approval***" has the meaning assigned to such term in Section 5.1(d)(iv).

"***Rules***" has the meaning assigned to such term in Section 10.1.

"***Securities Act***" means the Securities Act of 1933, as amended, of the United States.

"***SEO***" has the meaning assigned to such term in Section 10.2.

"***STP 3 and 4***" means Units 3 and 4 of the South Texas Nuclear Project.

"***STP 3 and 4 COD***" means the later to occur of the commercial operations date of Unit 3 of the South Texas Nuclear Project and the commercial operations date of Unit 4 of the South Texas Nuclear Project.

"***STP Investment***" means STP 3 & 4 Investments LLC, a Delaware limited liability company, the sole member of which is the Company, which holds all of the Company's interests in STP 3 and 4.

"***Subsidiary***" means a Person controlled by the Company.

"***Tag Along Member***" has the meaning assigned to such term in Section 4.5(a).

"***Tag Along Notice***" has the meaning assigned to such term in Section 4.5(a).

"***Tag Along Sale***" has the meaning assigned to such term in Section 4.5(a).

"***Tag Along Sale Documentation***" has the meaning assigned to such term in Section 4.5(b).

"***Tax Distribution Date***" has the meaning assigned to such term in Section 7.1.

"***Tax Matters Member***" has the meaning assigned to such term in Section 8.3(a).

"***Term***" has the meaning assigned to such term in Section 2.6.

"***Third Party Owner***" has the meaning assigned to such term in Section 5.6(a).

"***Toshiba***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Toshiba Committed Contributions***" means the sum of $300,000,000.00, comprised of the Initial Toshiba Contribution and five annual contributions of $50,000,000.00 each (each, a "***Toshiba Committed Contribution***") to be made in accordance with Section 6.2(b).

"***Toshiba Contribution Agreement***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Toshiba Initial Contribution***" means the sum of $50,000,000.00 contributed to the Company by the Toshiba Member on the Effective Date in accordance with the Toshiba Contribution Agreement.

"***Toshiba Member***" means Toshiba Corporation, a Japanese corporation.

"***Treasury Regulations***" means the regulations (including temporary regulations) promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Treasury Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute, temporary or final Treasury Regulations.

"***Tribunal***" has the meaning assigned to such term in Section 10.3(a).

"***Unregulated Market***" means one of the markets listed on Exhibit E hereto**.

"***Voting Percentage***" has the meaning assigned to such term in Section 5.1(c).

"***Wholly-Owned Affiliate***" means with respect to any Person, (a) each entity that such Person Completely Controls, (b) each Person that Completely Controls such Person, including, in the case of a Member as of the Effective Date, such Member's Parent, and (c) each entity that is under common Complete Control with such Person, including, in the case of a Member, each entity that is Completely Controlled by such Member's Parent.

** This Portion has been redacted pursuant to a confidential treatment request.

Exhibit C

Prohibited Competitors

**

** This Portion has been redacted pursuant to a confidential treatment request.

Exhibit D

Initial Budget

**

** This Portion has been redacted pursuant to a confidential treatment request.

Exhibit E

Unregulated Markets

**

** This Portion has been redacted pursuant to a confidential treatment request.

EXHIBIT 10.5

AMENDMENT AGREEMENT

This Amendment Agreement (this "**Amendment**") is made as of this 27th day of February 2008 among NRG Common Stock Finance I LLC, a Delaware limited liability company ("**Issuer**"), Credit Suisse International (together with its successor and assigns, "**Purchaser**") and Credit Suisse Securities (USA) LLC ("**Agent**"), solely in its capacity as agent for Purchaser and Issuer (Issuer, Purchaser and Agent, collectively, the "**Parties**").

W I T N E S S E T H

WHEREAS, the Parties have heretofore entered into a Note Purchase Agreement dated as of August 4, 2006 (the "**Note Purchase Agreement**") pursuant to which Issuer issued to Purchaser Note No. 1 thereunder (the "**Note**") on August 4, 2006;

WHEREAS, the Parties have heretofore entered into an Agreement with respect to the Note Purchase Agreement dated as of September 8, 2006 (and, for the avoidance of doubt, references to the Note Purchase Agreement herein shall mean the Note Purchase Agreement as modified or amended by such Agreement with respect to the Note Purchase Agreement);

WHEREAS, the Parties hereto desire to amend the Note Purchase Agreement as set forth herein;

NOW, THEREFORE, in consideration of their mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby mutually covenant and agree as follows:

Section 1 . *Defined Terms; References.* Unless otherwise specifically defined herein, each capitalized term used herein and not otherwise defined herein has the meaning assigned to such term in the Note Purchase Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Note Purchase Agreement" or "this Agreement" and each other similar reference contained in the Note Purchase Agreement shall, after this Amendment becomes effective, refer to the Note Purchase Agreement as amended hereby.

Section 2 . *Amendment Hedging Period.* The Company may provide notice to the Purchaser (the "**Amendment Hedging Start Notice**") on any Business Day prior to March 31, 2008 specifying a Designated Effective Date, which shall be a Trading Day no earlier than one Trading Day following the Business Day on which the Company delivers such Amendment Hedging Start Notice to Purchaser. During the Amendment Hedging Period, Purchaser or its affiliate will establish Purchaser's initial hedge of the additional exposure to the NRG Common Stock resulting from this Amendment by selling shares of NRG Common Stock pursuant to Underwriting Agreement No. 2. Promptly following

the last Trading Day of the Amendment Hedging Period (the "**Hedge Execution Notification Date**"), the Calculation Agent shall notify the parties in writing of the Hedge Execution Price and the number of Additional Shares.

Section 3 . *Amendments*. The Note Purchase Agreement and the Note are hereby amended as follows, with such amendments taking effect as of the Effective Date. If the Effective Date does not occur, then the amendments set forth in this Section 3 shall not become effective.

(a) Section 1(a) of the Note Purchase Agreement is amended by:

(i) Adding a definition of "**Additional Share Ownership Date**", which means the date that is one Business Day following the Hedge Execution Notification Date.

(ii) Adding a definition of "**Additional Shares**", which means the number of shares of NRG Common Stock determined by the Calculation Agent by reference to Annex A hereto using the Hedge Execution Price. If the precise Hedge Execution Price does not appear on Annex A, the number of Additional Shares will be determined by linear interpolation between the amounts set forth on Annex A for the two prices set forth on Annex A nearest the Hedge Execution Price.

(iii) Adding a definition of "**Amendment Double Print Period**", which means the period beginning on and including the first Exchange Business Day of the Amendment Hedging Period and ending on and including the later of (x) the last day of the Amendment Hedging Period and (y) the Exchange Business Day on which Purchaser or its affiliate has completed registered sales of a number of shares of NRG Common Stock, in the manner contemplated by Underwriting Agreement No. 2, equal to the number of Additional Shares.

(iv) Adding a definition of "**Amendment Fee Agreement**", which means the letter agreement dated the date hereof among the Company, Purchaser, Credit Suisse Capital LLC and Credit Suisse Securities (USA) LLC.

(v) Adding a definition of "**Amendment Hedging Period**", which means the period beginning on the Effective Date and ending on the date on which Purchaser or its affiliate completes Purchaser's initial hedge of the additional exposure to the NRG Common Stock resulting from this Amendment as described in Section 2 of this Amendment; *provided* that if on the Trading Day immediately prior to the Effective Date the VWAP Price is greater than $46.20, there shall be no Amendment Hedging Period.

(vi) Adding a definition of "**Amendment Hedging Start Notice**", which has the meaning set forth in Section 2 hereof.

(vii) Adding a definition of "**Amendment Structuring Fee**", which means the fee payable by the Company as set forth in the Amendment Fee Agreement.

(viii) Amending the definitions of "**Blackout**" and "**Suspension Day**" by adding at the end thereof "or Underwriting Agreement No. 2, as the context requires".

(ix) Amending the definition of "**Cash Condition**" to read in its entirety as follows:

"**Cash Condition**" means contribution by the Company to Issuer of Cash, and delivery by Issuer of such Cash to the Collateral Account, such that as of 8:00 AM, New York City time, on the Initial Valuation Date the Collateral includes Cash in an amount equal to the sum of (i) the expected aggregate Principal Amount as of the Final Settlement Date, as reasonably determined by the Calculation Agent, of all Components of all Notes issued hereunder and (ii) the expected aggregate Preferred Base Liquidation Preference as of the Final Settlement Date, as reasonably determined by the Calculation Agent, of all Components (as defined in the Exchangeable Preferred Interests issued by Issuer) of all Exchangeable Preferred Interests issued by Issuer.

(x) Adding a definition of "**Certificate of Amendment to Certificate of Designations**", which means the amended Certificate of Designations filed with the Delaware Secretary of State on the date hereof specifying the terms of the Exchangeable Preferred Interests issued by Issuer.

(xi) Adding a definition of "**Collateral Requirement**", which means the aggregate Number of Underlying Shares for all Notes issued hereunder and the Additional Shares.

(xii) Adding a definition of "**Current Number of Shares**", which means 11,646,470.

(xiii) Adding a definition of "**Designated Effective Date**", which means the date specified as such by the Company in the Amendment Hedging Start Notice as provided in Section 2 hereof.

(xiv) Adding a definition of "**Effective Date**", which means, (i) if on the Trading Day immediately prior to the Designated Effective Date the VWAP Price is greater than $46.20, then the first Business Day on or after the Designated Effective Date on which the conditions set forth in

paragraphs (a) through (f) of Section 6 hereof are satisfied; otherwise (ii) the first Trading Day on or after the Designated Effective Date on which all of the conditions set forth in Section 6 hereof are satisfied; *provided* that if the Effective Date does not occur on or prior to March 31, 2008, then the Effective Date shall not occur.

(xv) Adding a definition of "**Hedge Execution Notification Date**", which has the meaning set forth in Section 2 hereof.

(xvi) Adding a definition of "**Hedge Execution Price**", which means the volume weighted average price per share at which Purchaser or its affiliate establishes Purchaser's initial hedge of the additional exposure to the NRG Common Stock resulting from this Amendment as described in Section 2 of this Amendment.

(xvii) Adding a definition of "**Initial Net Settlement Valuation Date**", which means November 14, 2008; *provided* that if such date is not an Exchange Business Day, the Initial Net Settlement Valuation Date shall be the immediately following Exchange Business Day.

(xviii) Amending the definition of "**Initial Principal Amount**" by replacing the word "thirtieth" in the last line thereof with the words "twenty fifth".

(xix) Amending the definition of "**Initial Valuation Date**" by replacing the phrase "the date that follows the Exchange Business Day corresponding to the final Funding Date by two years" in the first and second lines thereof with "May 13, 2010".

(xx) Amending the definition of "**Issuer Preferred Interest Purchase Agreement**" by adding the phrase ", as amended from time to time" after the word "agent" in the last line thereof.

(xxi) Amending the definition of "**Net Settlement Amount**" by adding the words "Net Settlement" before the word "Valuation" in the third line thereof.

(xxii) Adding a definition of "**Net Settlement Date**", which means, for any Component of any Note, the Exchange Business Day immediately following the Net Settlement Valuation Date for such Component.

(xxiii) Adding a definition of "**Net Settlement Valuation Date**", which means, for the first Component of each Note, the Initial Net Settlement Valuation Date, and, for each subsequent Component of such Note, the Exchange Business Day immediately following the Net Settlement Valuation Date for the previous Component, provided that if

any such Exchange Business Day is a Disrupted Day, then such Exchange Business Day shall not be a Net Settlement Valuation Date, and such Net Settlement Valuation Date shall be the first succeeding Exchange Business Day that is not a Disrupted Day and on which another Net Settlement Valuation Date does not or is not deemed to occur. If such first succeeding Exchange Business Day has not occurred as of the eighth Exchange Business Day immediately following the day that, but for the occurrence of another Net Settlement Valuation Date or Disrupted Day, would have been the final Net Settlement Valuation Date, then (1) that eighth Exchange Business Day shall be deemed the Net Settlement Valuation Date for all Components for which the Net Settlement Valuation Date has not yet occurred, and (2) the VWAP Price on that Net Settlement Valuation Date shall be deemed to be the prevailing market value of the NRG Common Stock as reasonably determined by the Calculation Agent.

(xxiv) Adding a definition of "**Preferred Interest Amendment Agreement**", which means the Preferred Interest Amendment Agreement dated as of the date hereof among Issuer, Purchaser and Agent.

(xxv) Adding a definition of "**Transaction Amendment Documents**", which means, (i) this Amendment, (ii) the Preferred Interest Amendment Agreement, (iii) the Certificate of Amendment to Certificate of Designations, (iv) Underwriting Agreement No. 2 and (v) the Amendment Fee Agreement.

(xxvi) Amending the definition of "**Transaction Documents**" by adding the phrase, "as each document or agreement in subclauses (i) through (xiv) may be amended from time to time" in the last line after the word "Agreement".

(xxvii) Adding a definition of "**Underwriting Agreement No. 2**", which means the Underwriting Agreement dated as of the date hereof among Issuer, Purchaser, Credit Suisse Capital LLC and Credit Suisse Securities (USA) LLC.

(b) Section 2(b) of the Note Purchase Agreement is amended by replacing the number "30" in the first line with the number "25".

(c) Section 4(b) of the Note Purchase Agreement is amended by (i) replacing the words "Initial Valuation Date" in the fifth line thereof with the words "Initial Net Settlement Valuation Date", (ii) replacing the words "Maturity Date" in the fifth line thereof with the words "Net Settlement Date" and (iii) deleting the parenthetical in the sixth and seventh lines thereof.

(d) Section 4(c) of the Note Purchase Agreement is amended by replacing the words "Initial Valuation Date" in the second line thereof with the words "Initial Net Settlement Valuation Date".

(e) Section 8 of the Note Purchase Agreement is amended by:

(i) amending clause (p) by replacing the words of such clause after the word "Note" in the first line thereof with the phrase, "(i) under Section 4(a) hereof on or after the Initial Valuation Date using Cash not held in the Collateral Account as of 8:00 AM, New York City time, on the Initial Valuation Date, or (ii) under Section 4(b) hereof on or after the Initial Net Settlement Valuation Date using Cash not held in the Collateral Account as of 8:00 AM, New York City time, on the Initial Net Settlement Valuation Date".

(ii) adding a new clause (q) that reads in its entirety as follows:

(q) in connection with the delivery of any shares of NRG Common Stock in satisfaction of Issuer's obligations pursuant to Section 4(b) of the Note Purchase Agreement, (1) Issuer will convey, and, on any date that Issuer delivers such shares of NRG Common Stock, represents that it has conveyed, good title to the shares of NRG Common Stock it is required to deliver, free from (i) any lien, charge, claim or other encumbrance (other than a lien routinely imposed on all securities by the relevant clearance system) and any other restrictions whatsoever, including any restrictions under applicable securities laws, without any obligation on the part of the Noteholder in connection with such Noteholder's subsequent sale of such shares to deliver an offering document, or comply with any volume or manner of sale restrictions, (ii) any and all restrictions that any sale, assignment or other transfer of such shares be consented to or approved by any person or entity, including without limitation, the Company or any other obligor thereon, (iii) any limitations on the type or status, financial or otherwise, of any purchaser, pledgee, assignee or transferee of such shares, (iv) any requirement of the delivery of any certificate, approval, consent, agreement, opinion of counsel, notice or any other document of any person or entity to the Company of, any other obligor on or any registrar or transfer agent for, such shares, prior to the sale, pledge, assignment or other transfer of such shares, and (v) any registration or qualification requirement or prospectus delivery requirement for such shares pursuant to applicable securities laws and (2) accordingly, Issuer agrees that any certificates representing such shares shall not bear any restrictive legends.

(f) Section 14(a) of the Note Purchase Agreement is amended by adding the words "and the Collateral Requirement" after the word "Shares" in the ninth line thereof.

(g) Section 17 of the Note Purchase Agreement is amended by adding the phrase "or pursuant to Underwriting Agreement No. 2 during the Amendment Double Print Period" after the words "Double Print Period" at the end of the second line thereof.

(h) Section 21(a) of the Note Purchase Agreement is amended by replacing the phrase "at least equal to the aggregate Number of Underlying Shares for all notes issued hereunder" that begins on the sixth line thereof with the phrase "and/or Cash at least equal to the Collateral Requirement".

(i) Section 26 of the Note Purchase Agreement is amended by adding the phrase ", Net Settlement Date" after the words "Maturity Date" in the second line thereof.

(j) Each reference to a "Transaction Document" or "Transaction Documents" in (i) the definitions of "Hedging Disruption," "Increased Cost of Hedging" and "Permitted Liabilities" in Section 1(a) and (ii) Sections 6(s), 8(g), 8(o)(iv), 8(o)(xii), 8(o)(xiii), 9(c), 11(a), 11(c)-(e), 11(g), 11(h), 12(c), 17, 18, 21, 37 and 42(d) of the Note Purchase Agreement shall be deemed to be references to a Transaction Document or Transaction Amendment Document.

Section 4 . *Delivery of Collateral*. On the first day that Issuer owns the Additional Shares, Issuer shall deliver to Purchaser in pledge hereunder and under the Note Purchase Agreement the Additional Shares. Such delivery to Purchaser shall be effected in accordance with the second paragraph of Section 19 of the Note Purchase Agreement. For the avoidance of doubt, the Additional Shares shall be Collateral under the Note Purchase Agreement.

Section 5 . *Representations, Warranties and Agreements.*

(a) Issuer and Purchaser each represent and warrant to the other that its representations and warranties contained in Sections 6 and 7, respectively, of the Note Purchase Agreement are true and correct on the date hereof as if made on the date hereof, except that for purposes of this Section 5(a), the reference in Section 6(ee) of the Note Purchase Agreement to the "Registration Statement or Prospectus" shall be to the Registration Statement or Prospectus as each such term is defined in Underwriting Agreement No. 2.

(b) Issuer represents and warrants to and for the benefit of, and agrees with, Purchaser as follows:

(i) it has the power to execute this Amendment and any other Transaction Amendment Document, to deliver this Amendment and each other Transaction Amendment Document and to perform its obligations under this Amendment and any other Transaction Amendment Document and has taken all necessary action to authorize such execution, delivery and performance;

(ii) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of

government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iii) all governmental and other consents that are required to have been obtained by it with respect to the execution and delivery of and the performance of its obligations under this Amendment have been obtained and are in full force and effect and all conditions of any such consents have been complied with;

(iv) its obligations under this Amendment and each other Transaction Amendment Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general equitable principles;

(v) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would reasonably be expected to occur as a result of its entering into or performing its obligations under this Amendment or any other Transaction Amendment Document;

(vi) there is not pending or, to its knowledge, threatened against it or any of its affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Amendment or any other Transaction Amendment Document to which it is a party or its ability to perform its obligations under this Amendment or any other Transaction Amendment Document;

(vii) it is acting for its own account, and has made its own independent decision to enter into this Amendment and each other Transaction Amendment Document to which it is a party and as to whether this Amendment and such other Transaction Amendment Documents are appropriate or proper for it based upon its own judgment and upon advice of such advisors as it deems necessary; Issuer acknowledges and agrees that it is not relying, and has not relied, upon any communication (written or oral) of Purchaser or any Affiliate of Purchaser with respect to the legal, accounting, tax or other implications of this Amendment or any other Transaction Amendment Document and that it has conducted its own analyses of the legal, accounting, tax and other implications hereof and thereof (it being understood that information and explanations related to the terms and conditions of this Amendment or any other Transaction Amendment Document shall not be considered investment advice or a recommendation to enter into this Amendment or any such Transaction Amendment Document); it further acknowledges

and confirms that it has taken independent tax advice with respect to this Amendment and each other Transaction Amendment Document;

(viii) it is entering into this Amendment and the other Transaction Amendment Documents to which it is a party with a full understanding of all of the terms and risks hereof and thereof (economic and otherwise) and is capable of evaluating and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks; it is also capable of assuming (financially and otherwise), and assumes, those risks;

(ix) it acknowledges that neither Purchaser nor any Affiliate of Purchaser is acting as a fiduciary for or an advisor to Issuer in respect of this Amendment or any other Transaction Amendment Document;

(x) it is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended; and

(xi) each of it and the Company are, and shall be as of the date of any payment or delivery by it hereunder, solvent and able to pay its debts as they come due, with assets having a fair value greater than liabilities and with capital sufficient to carry on the businesses in which it engages.

(c) Purchaser represents and warrants to and for the benefit of, and agrees with, Issuer as follows:

(i) it has the power to execute this Amendment, to deliver this Amendment and to perform its obligations under this Amendment and has taken all necessary action to authorize such execution, delivery and performance;

(ii) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iii) all governmental and other consents that are required to have been obtained by it with respect to this Amendment have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(iv) its obligations under this Amendment constitute its legal, valid and binding obligations, enforceable in accordance with their

respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general equitable principles.

Section 6 . *Conditions to Occurrence of Effective Date*. The following conditions shall apply as provided in the definition of Effective Date:

(a) each Transaction Amendment Document shall have been duly executed and delivered by the parties thereto and shall be in full force and effect, and each of the Company and Issuer shall have complied with all agreements and all conditions to be performed or satisfied by it under each Transaction Amendment Document to which it is a party;

(b) each of the representations and warranties of Issuer contained in this Amendment and each Transaction Amendment Document to which it is a party shall be true and correct;

(c) the Company shall have paid the Amendment Structuring Fee as provided in the Amendment Fee Agreement;

(d) Purchaser shall have received an opinion (in form and substance satisfactory to Purchaser and its counsel), dated as of the Effective Date, of Kirkland & Ellis LLP, counsel for Issuer, substantially in the form attached hereto as Exhibit A;

(e) Purchaser shall have received "non-consolidation" and "true contribution" opinions, in form and substance reasonably satisfactory to Purchaser and its counsel, dated as of the Effective Date, of Kirkland & Ellis LLP, counsel for Issuer;

(f) no Default under the Agreement shall have occurred and be continuing; and

(g) each of the conditions set forth in Section 5 of Underwriting Agreement No. 2 shall have been satisfied.

Section 7 . *Additional Event of Default*. It shall constitute an Event of Default under the Note Purchase Agreement and under each Note if, as of the third calendar day following the Additional Share Ownership Date, Issuer does not own a number of shares of NRG Common Stock equal to or greater than the sum of (i) the Current Number of Shares plus (ii) the Additional Shares.

Section 8 . *Counterparts.* This Amendment may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

Section 9 . *Governing Law; Jurisdiction.* THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE

LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

Section 10 . *Note Purchase Agreement.* Except as otherwise specified in this Amendment, the Note Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

ISSUER:

NRG COMMON STOCK FINANCE I LLC

By: /s/ Robert C. Flexon
Name: Robert C. Flexon
Title: Executive Vice President and Chief Financial Officer

PURCHASER:

CREDIT SUISSE INTERNATIONAL

By: /s/ Timothy Bock
Name: Timothy Bock
Title: Managing Director

By: /s/ Tobias Schraven
Name: Tobias Schraven
Title: Director

AGENT:

CREDIT SUISSE SECURITIES (USA) LLC

By: /s/ Ray Henger
Name: Ray Henger
Title: Managing Director

EXHIBIT 10.6

PREFERRED INTEREST AMENDMENT AGREEMENT

This Preferred Interest Amendment Agreement (this "**Amendment**") is made as of this 27th day of February 2008 among NRG Common Stock Finance I LLC, a Delaware limited liability company ("**Issuer**"), Credit Suisse Capital LLC (together with its successor and assigns, "**Purchaser**") and Credit Suisse Securities (USA) LLC ("**Agent**"), solely in its capacity as agent for Purchaser and Issuer (Issuer, Purchaser and Agent, collectively, the "**Parties**").

W I T N E S S E T H

WHEREAS, the Parties have heretofore entered into a Preferred Interest Purchase Agreement dated as of August 4, 2006 (the "**Preferred Interest Purchase Agreement**") pursuant to which Issuer issued to Purchaser Issuer's Series 1 Exchangeable Limited Liability Company Preferred Interests (the "**Preferred Interests**") on August 4, 2006;

WHEREAS, the Parties hereto desire to amend the terms and provisions of the Preferred Interests and the Preferred Interest Purchase Agreement as set forth herein;

NOW, THEREFORE, in consideration of their mutual covenants herein contained, the parties hereto, intending to be legally bound, hereby mutually covenant and agree as follows:

Section 1 . *Defined Terms; References.* Unless otherwise specifically defined herein, each capitalized term used herein and not otherwise defined herein has the meaning assigned to such term in the Preferred Interest Purchase Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Preferred Interest Purchase Agreement" or "this Agreement" and each other similar reference contained in the Preferred Interest Purchase Agreement shall, after this Amendment becomes effective, refer to the Preferred Interest Purchase Agreement as amended hereby.

Section 2 . *Amendment Hedging Period*. The Company may provide notice to the Purchaser (the "**Amendment Hedging Start Notice**") on any Business Day prior to March 31, 2008 specifying a Designated Effective Date, which shall be a Trading Day no earlier than one Trading Day following the Business Day on which the Company delivers such Amendment Hedging Start Notice to Purchaser. During the Amendment Hedging Period, Purchaser or its affiliate will establish Purchaser's initial hedge of the additional exposure to the NRG Common Stock resulting from this Amendment by selling shares of NRG Common Stock pursuant to Underwriting Agreement No. 2. Promptly following the last Trading Day of the Amendment Hedging Period (the "**Hedge Execution Notification Date**"), the Calculation Agent shall notify the parties in writing of the Hedge Execution Price and the number of Additional Shares.

Section 3 . *Amendments*. The Preferred Interest Purchase Agreement and Certificate No. 1 for the Preferred Interests dated as of August 4, 2006 ("**Certificate No. 1**") are hereby amended as follows, with such amendments taking effect as of the Effective Date. If the Effective Date does not occur, then the amendments set forth in this Section 3 shall not become effective:

(a) The second "Whereas" clause of the Preferred Interest Purchase Agreement is amended by adding the words ", as amended from time to time" in the third line thereof after the word "hereof."

(b) Section 1 of the Preferred Interest Purchase Agreement is amended by:

(i) Adding a definition of "**Amendment Hedging Period**", which means the period beginning on the Effective Date and ending on the date on which Purchaser or its affiliate completes Purchaser's initial hedge of the additional exposure to the NRG Common Stock resulting from this Amendment as described in Section 2 of this Amendment; *provided* that if on the Trading Day immediately prior to the Effective Date the VWAP Price is greater than $46.20, there shall be no Amendment Hedging Period.

(ii) Adding a definition of "**Amendment Hedging Start Notice**", which has the meaning set forth in Section 2 hereof.

(iii) Adding a definition of "**Designated Effective Date**", which means the date specified as such by the Company in the Amendment Hedging Start Notice as provided in Section 2 hereof.

(iv) Adding a definition of "**Effective Date**", which means, (i) if on the Trading Day immediately prior to the Designated Effective Date the VWAP Price is greater than $46.20, then the first Business Day on or after the Designated Effective Date on which the conditions set forth in paragraphs (a) through (g) of Section 5 hereof are satisfied; otherwise (ii) the first Trading Day on or after the Designated Effective Date on which all of the conditions set forth in Section 5 hereof are satisfied; provided that if the Effective Date does not occur on or prior to March 31, 2008, then the Effective Date shall not occur.

(v) Adding a definition of "**Hedge Execution Notification Date**", which has the meaning set forth in Section 2 hereof.

(vi) Adding a definition of "**Hedge Execution Price**", which means the volume weighted average price per share at which Purchaser or its affiliate establishes Purchaser's initial hedge of the additional exposure to the NRG Common Stock resulting from this Amendment as described in Section 2 of this Amendment.

(vii) Amending the definition of "**Note Purchase Agreement**" in Section 1 of the Preferred Interest Purchase Agreement by adding the phrase ", as amended from time to time" after the word "agent" in the last line thereof.

(c) Each reference to a "Transaction Document" or "Transaction Documents" in Sections 6(g), 6(o)(iv), 6(o)(xii), 6(o)(xiii), 7(c), 8(c), 9, 14(d) and 18 of the Preferred Interest Purchase Agreement shall be deemed to be references to a Transaction Document or Transaction Amendment Document.

Section 4 . *Representations, Warranties and Agreements.*

(a) Issuer and Purchaser each represent and warrant to the other that its representations and warranties contained in Sections 4 and 5, respectively, of the Preferred Interest Purchase Agreement are true and correct on the date hereof as if made on the date hereof except that for purposes of this Section 4(a), the reference in Section 4(x) of the Preferred Interest Purchase Agreement to the "Registration Statement or Prospectus" shall be to the Registration Statement or Prospectus as each such term is defined in Underwriting Agreement No. 2.

(b) Issuer represents and warrants to and for the benefit of, and agrees with, Purchaser as follows:

(i) it has the power to execute this Amendment and any other Transaction Amendment Document, to deliver this Amendment and each other Transaction Amendment Document and to perform its obligations under this Amendment and any other Transaction Amendment Document and has taken all necessary action to authorize such execution, delivery and performance;

(ii) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iii) all governmental and other consents that are required to have been obtained by it with respect to the execution and delivery of and the performance of its obligations under this Amendment have been obtained and are in full force and effect and all conditions of any such consents have been complied with;

(iv) its obligations under this Amendment and each other Transaction Amendment Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar

laws affecting creditors' rights generally and to general equitable principles;

(v) no Early Redemption Event with respect to the Preferred Interests has occurred and is continuing and no such event or circumstance would reasonably be expected to occur as a result of its entering into or performing its obligations under this Amendment or any other Transaction Amendment Document;

(vi) there is not pending or, to its knowledge, threatened against it or any of its affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Amendment or any other Transaction Amendment Document to which it is a party or its ability to perform its obligations under this Amendment or any other Transaction Amendment Document;

(vii) it is acting for its own account, and has made its own independent decision to enter into this Amendment and each other Transaction Amendment Document to which it is a party and as to whether this Amendment and such other Transaction Amendment Documents are appropriate or proper for it based upon its own judgment and upon advice of such advisors as it deems necessary; Issuer acknowledges and agrees that it is not relying, and has not relied, upon any communication (written or oral) of Purchaser or any Affiliate of Purchaser with respect to the legal, accounting, tax or other implications of this Amendment or any other Transaction Amendment Document and that it has conducted its own analyses of the legal, accounting, tax and other implications hereof and thereof (it being understood that information and explanations related to the terms and conditions of this Amendment or any other Transaction Amendment Document shall not be considered investment advice or a recommendation to enter into this Amendment or any such Transaction Amendment Document); it further acknowledges and confirms that it has taken independent tax advice with respect to this Amendment and each other Transaction Amendment Document;

(viii) it is entering into this Amendment and the other Transaction Amendment Documents to which it is a party with a full understanding of all of the terms and risks hereof and thereof (economic and otherwise) and is capable of evaluating and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks; it is also capable of assuming (financially and otherwise), and assumes, those risks;

(ix) it acknowledges that neither Purchaser nor any Affiliate of Purchaser is acting as a fiduciary for or an advisor to Issuer in respect of this Amendment or any other Transaction Amendment Document;

(x) it is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended; and

(xi) each of it and the Company are, and shall be as of the date of any payment or delivery by it hereunder, solvent and able to pay its debts as they come due, with assets having a fair value greater than liabilities and with capital sufficient to carry on the businesses in which it engages.

(c) Purchaser represents and warrants to and for the benefit of, and agrees with, Issuer as follows:

(i) it has the power to execute this Amendment, to deliver this Amendment and to perform its obligations under this Amendment and has taken all necessary action to authorize such execution, delivery and performance;

(ii) such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iii) all governmental and other consents that are required to have been obtained by it with respect to this Amendment have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(iv) its obligations under this Amendment constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally and to general equitable principles.

Section 5 . *Conditions to Occurrence of Effective Date.* The following conditions shall apply as provided in the definition of Effective Date*:*

(a) each Transaction Amendment Document shall have been duly executed and delivered by the parties thereto and shall be in full force and effect, and each of the Company and Issuer shall have complied with all agreements and all conditions to be performed or satisfied by it under each Transaction Amendment Document to which it is a party;

(b) each of the representations and warranties of Issuer contained in this Amendment and each Transaction Amendment Document to which it is a party shall be true and correct;

(c) the Company shall have paid the Amendment Structuring Fee as provided in the Amendment Fee Agreement;

(d) Purchaser shall have received an opinion (in form and substance satisfactory to Purchaser and its counsel), dated as of the Effective Date, of Kirkland & Ellis LLP, counsel for Issuer, substantially in the form attached hereto as Exhibit A;

(e) Purchaser shall have received "non-consolidation" and "true contribution" opinions, in form and substance reasonably satisfactory to Purchaser and its counsel, dated as of the Effective Date, of Kirkland & Ellis LLP, counsel for Issuer;

(f) no event that constitutes an Early Termination Event or Potential Early Termination Event under the Preferred Interests shall have occurred and be continuing;

(g) Issuer shall have filed the Amendment to the Certificate of Designations with the Delaware Secretary of State, substantially in the form of Exhibit B hereto, and such other documents as Purchaser may reasonably require, and Purchaser shall have received original copies thereof, duly executed by Issuer; and

(h) each of the conditions set forth in Section 5 of Underwriting Agreement No. 2 shall have been satisfied.

Section 6 . *Counterparts.* This Amendment may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

Section 7 . *Governing Law; Jurisdiction.* THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

Section 8 . *Preferred Interest Purchase Agreement.* Except as otherwise specified in this Amendment, the Preferred Interest Purchase Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

ISSUER:

NRG COMMON STOCK FINANCE I LLC

By: /s/ Robert C. Flexon
Name: Robert C. Flexon
Title: Executive Vice President and Chief Financial Officer

PURCHASER:

CREDIT SUISSE CAPITAL LLC

By: /s/ Timothy Bock
Name: Timothy Bock
Title: Managing Director

By: /s/ Tobias Schraven
Name: Tobias Schraven
Title: Director

AGENT:

CREDIT SUISSE SECURITIES (USA) LLC

By: /s/ Ray Henger
Name: Ray Henger
Title: Managing Director

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: May 1, 2008

EXHIBIT 31.2

CERTIFICATION

I, Clint Freeland, 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/ CLINT C. FREELAND
Clint C. Freeland
Chief Financial Officer
(Principal Financial Officer)

Date: May 1, 2008

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: May 1, 2008

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, 2008, 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: May 1, 2008

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

/s/ CLINT C. FREELAND
Clint C. Freeland,
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.