

nrg[®]
ANALYST DAY
2018





INVESTOR RELATIONS

KEVIN L. COLE

ANALYST DAY 2018

Kevin Cole

Investor Relations

8:30 AM

Mauricio Gutierrez

President and Chief Executive Officer

8:32 AM

Elizabeth Killinger

Retail

9:30 AM

Break

10:15 AM (10 Minutes)

Robert Gaudette

Business Solutions

10:25 AM

Chris Moser

Generation

10:45 AM

Break

11:30 AM (10 Minutes)

Kirk Andrews

Chief Financial Officer

11:40 AM

Q & A

12:00 PM - 1:00 PM



SAFE HARBOR

In addition to historical information, the information presented in this presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as "may," "should," "could," "objective," "projection," "forecast," "goal," "guidance," "outlook," "expect," "intend," "seek," "plan," "think," "anticipate," "estimate," "predict," "target," "potential" or "continue" or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements about the Company's future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated herein include, among others, general economic conditions, hazards customary in the power industry, weather conditions, competition in wholesale power markets, the volatility of energy and fuel prices, failure of customers to perform under contracts, changes in the wholesale power markets, changes in government regulations, the condition of capital markets generally, our ability to access capital markets, unanticipated outages at our generation facilities, adverse results in current and future litigation, failure to identify, execute or successfully implement acquisitions, repowerings or asset sales, our ability to implement value enhancing improvements to plant operations and companywide processes, our ability to implement and execute on our publicly announced transformation plan, including any cost savings, margin enhancement, asset sale, and net debt targets, our ability to proceed with projects under development or the inability to complete the construction of such projects on schedule or within budget, risks related to project siting, financing, construction, permitting, government approvals and the negotiation of project development agreements, our ability to progress development pipeline projects, the timing or completion of GenOn's emergence from bankruptcy, the inability to maintain or create successful partnering relationships, our ability to operate our businesses efficiently, our ability to retain retail customers, our ability to realize value through our commercial operations strategy, the ability to successfully integrate businesses of acquired companies, our ability to realize anticipated benefits of transactions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, our ability to close the Drop Down transactions with NRG Yield, and our ability to execute our Capital Allocation Plan. Debt and share repurchases may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The adjusted EBITDA and free cash flow guidance are estimates as of March 27, 2018. These estimates are based on assumptions the company believed to be reasonable as of that date. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements included in this presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG's future results included in NRG's filings with the Securities and Exchange Commission at www.sec.gov.



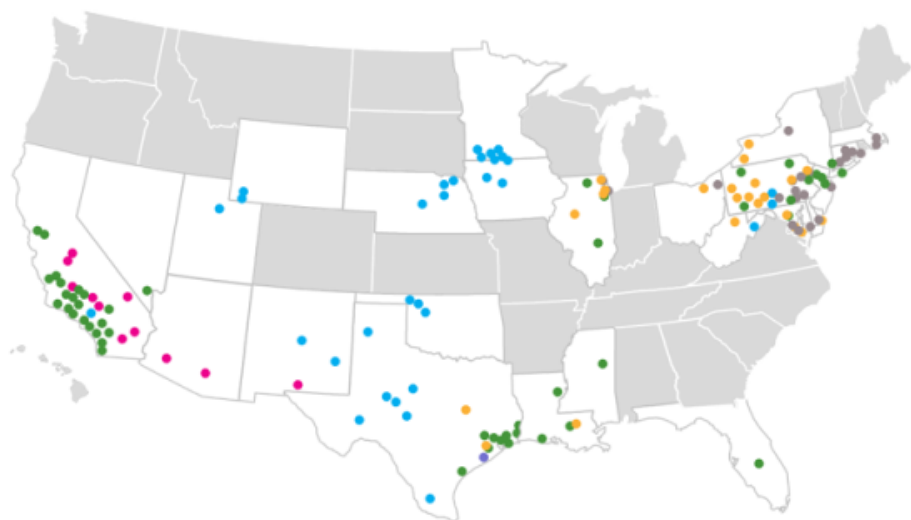
NRG: REDEFINING POWER

MAURICIO GUTIERREZ

PRESIDENT AND CHIEF EXECUTIVE OFFICER

ANALYST DAY 2018

2015 Analyst Day



53 GW

GENERATION
CAPACITY

2.8 MM

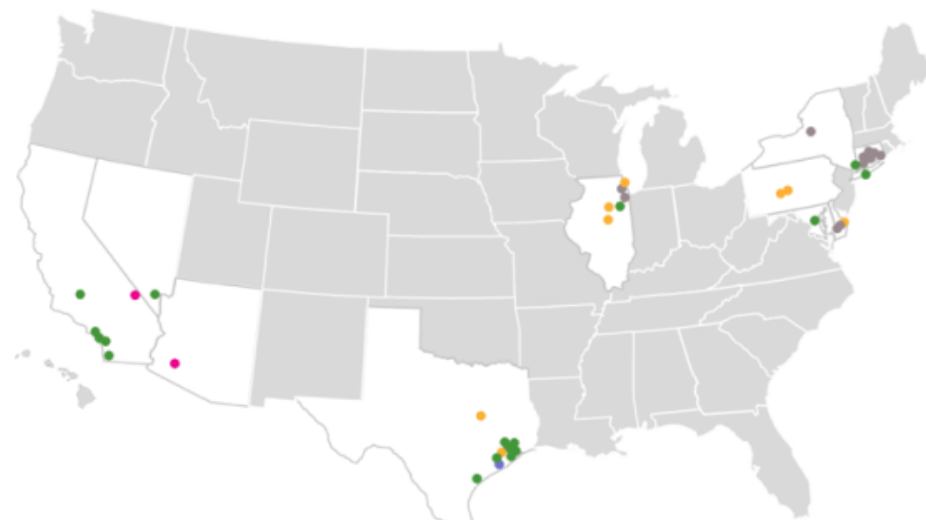
RETAIL
CUSTOMERS

~100

PLANTS



2018 Analyst Day



23 GW

GENERATION
CAPACITY

2.9 MM

RETAIL
CUSTOMERS

~40

PLANTS



KEY TAKEAWAYS



ANALYST DAY 2018

1

**Moving to a customer-driven
integrated power model**

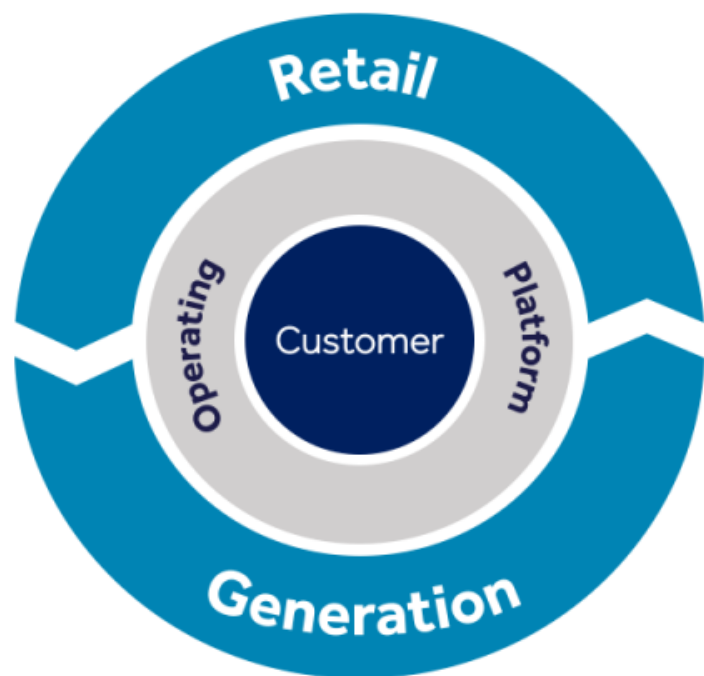
2

**Generating robust and
stable cash flows**

3

**Committed to disciplined, transparent
capital allocation principles**

An Integrated Business Model...



...With A Strong Financial Profile

>\$1.9 Bn¹
Adj. EBITDA
2020+ Pro Forma

> \$1.3 Bn
FCFbG
2020+ Pro Forma

3.0x
Net Debt/
Adj. EBITDA

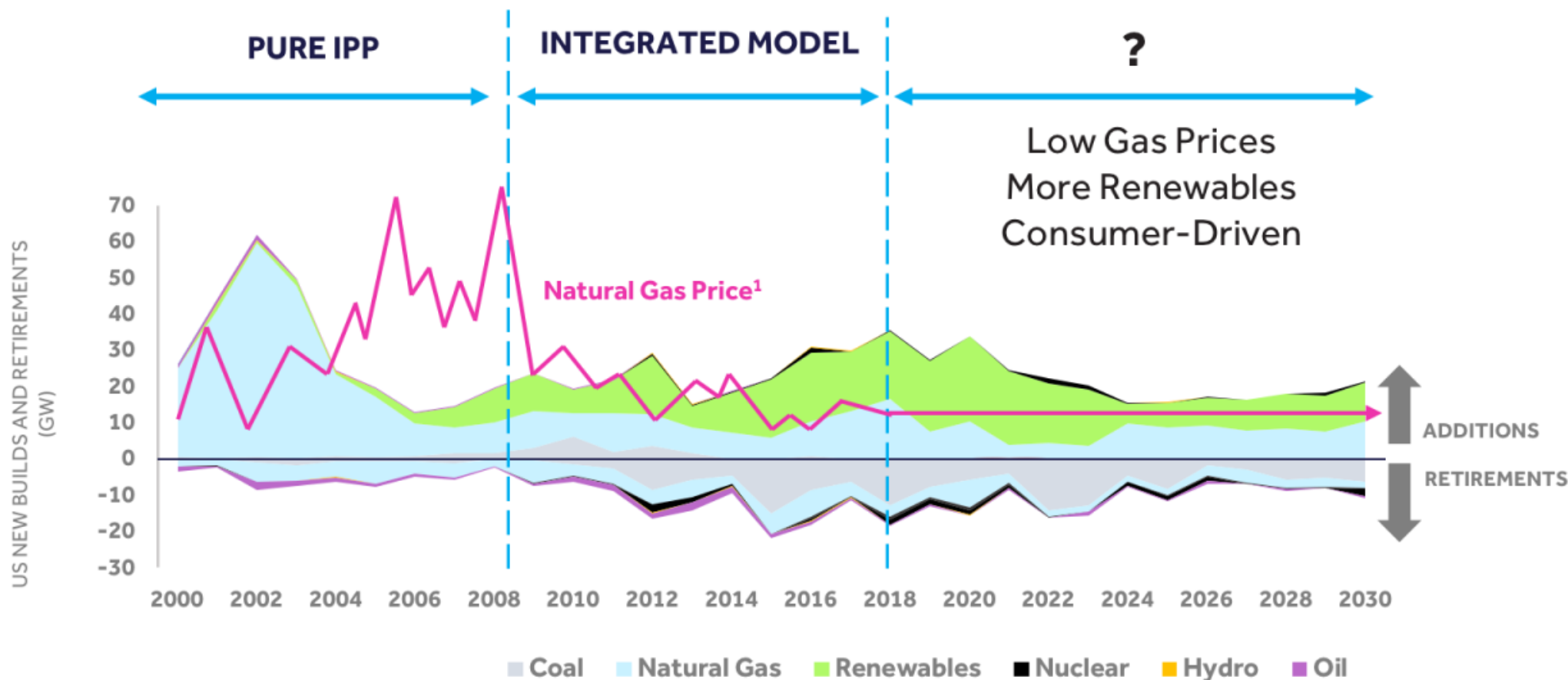
~\$8 Bn²
Excess Cash
Through 2022

CUSTOMER-DRIVEN INTEGRATED POWER COMPANY BUILT ON A PORTFOLIO OF LEADING RETAIL BRANDS AND DIVERSE GENERATION ASSETS

¹ Please refer to slide 8 of the 2018 NRG Analyst Day Finance presentation; ² Includes \$1 Bn of excess cash allocated to share buybacks

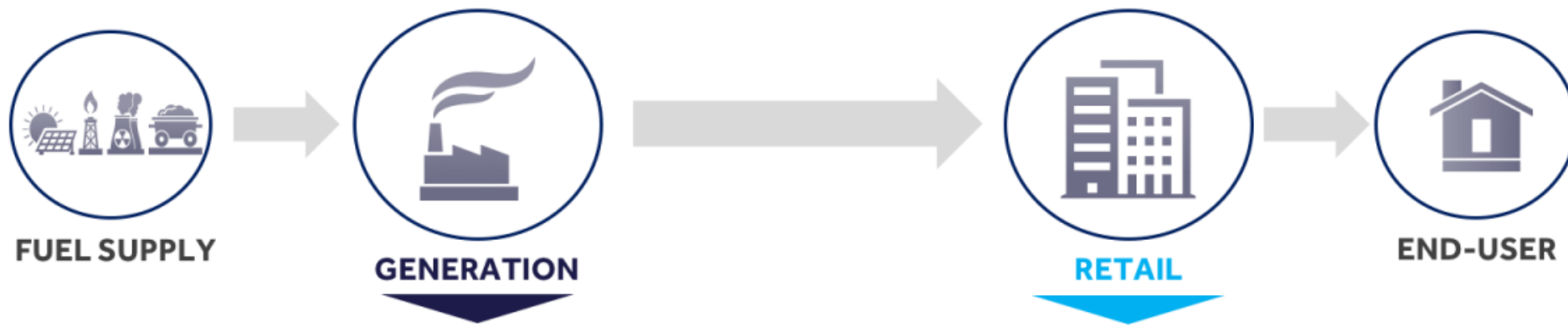
STRATEGY

VALUE IN OUR INDUSTRY MOVING FROM POWER PLANTS...



...TO CUSTOMERS GIVEN LOW COMMODITY PRICE FUTURE

¹ Prompt 12-month rolling average (MMBtu)

**Trends**

- Asset retirements
- Market reforms
- Low natural gas prices
- Renewables build out
- New disruptive technologies (e.g. batteries)

Trends

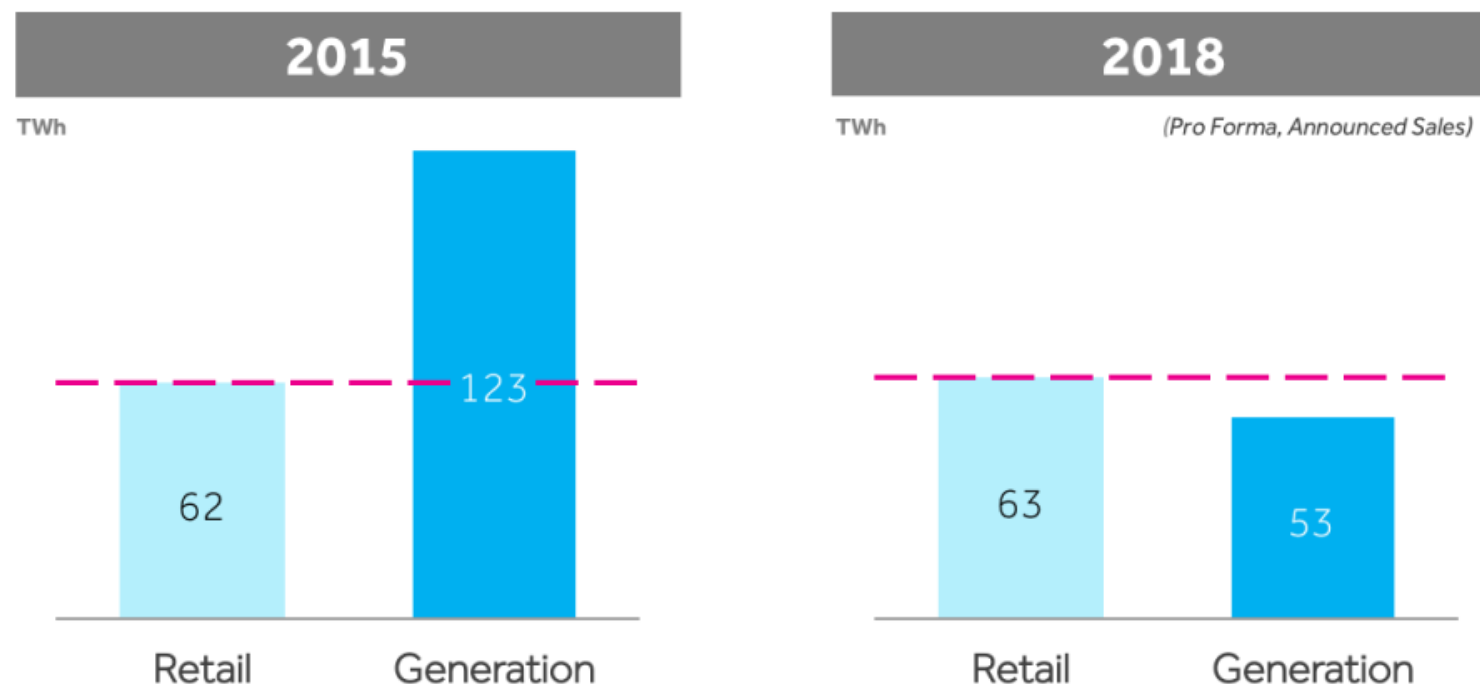
- Consumer choice
- Smart devices and digital technology
- On-site reliability
- Distributed generation
- New competitors

...BUT FAVOR RETAIL IN THE LONG TERM

**RATIONALIZED
GENERATION
FLEET**

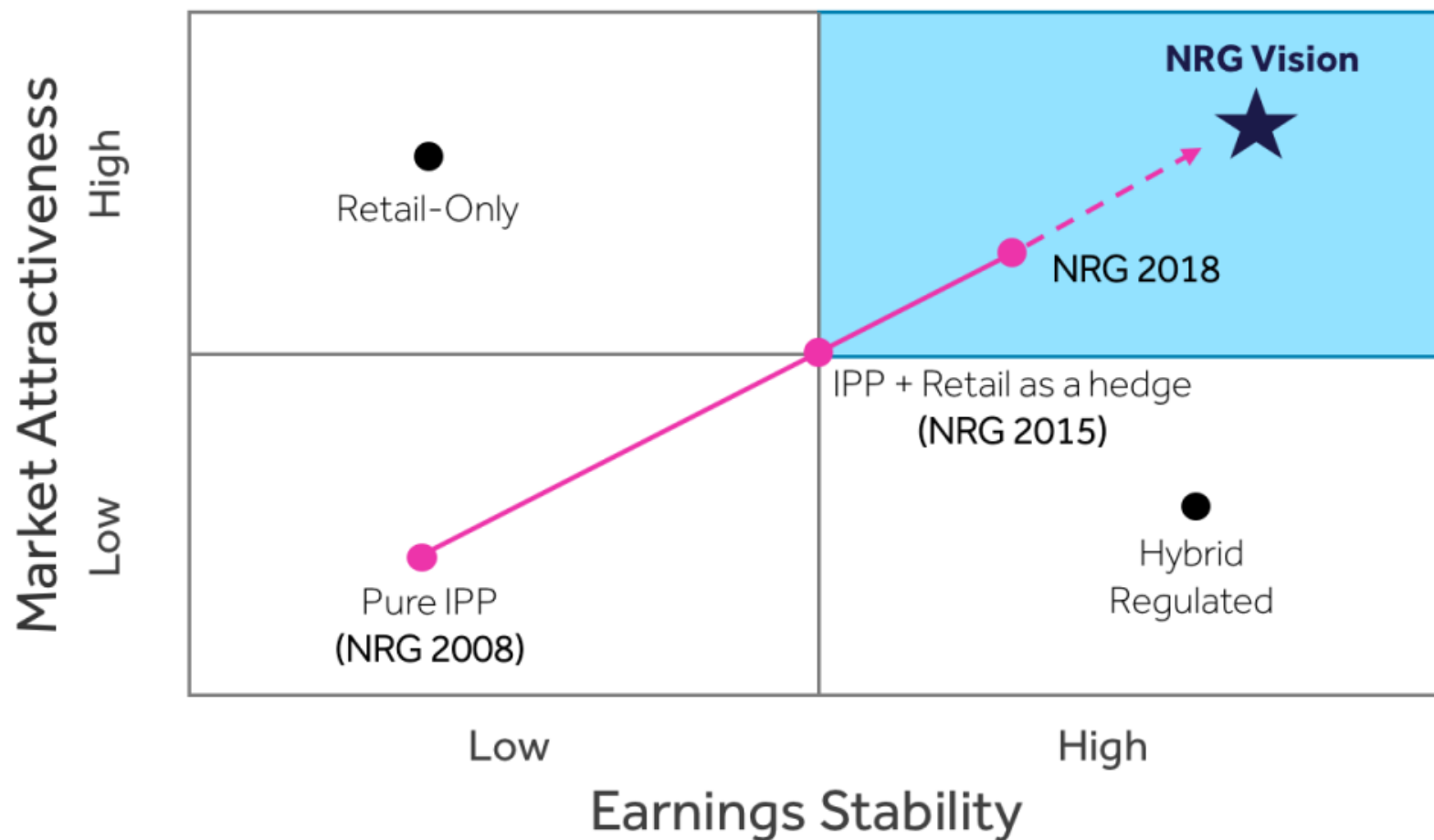
**STEADY GROWTH
IN RETAIL**

REBALANCED AND BETTER-MATCHED PORTFOLIO



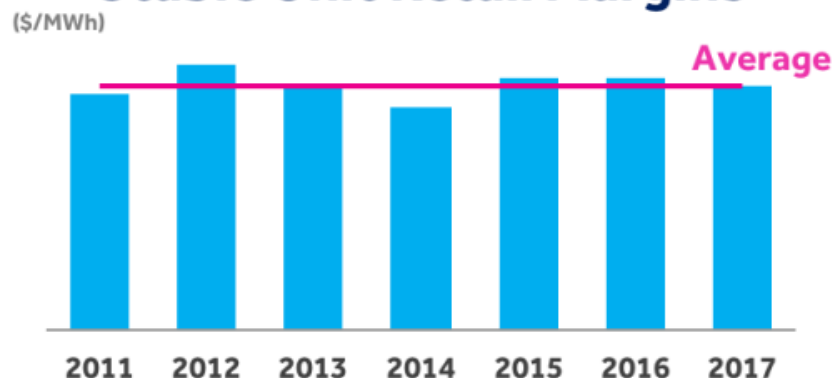
...AND POSITIONS US TO FURTHER ENHANCE OUR BUSINESS

THE WINNING PLATFORM PROVIDES BOTH STABILITY AND FLEXIBILITY TO GROW...

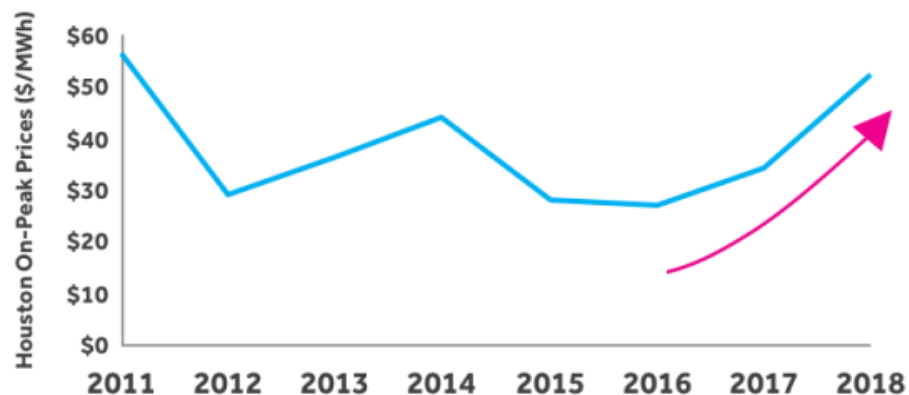


...AND IS INCREASINGLY CUSTOMER-DRIVEN

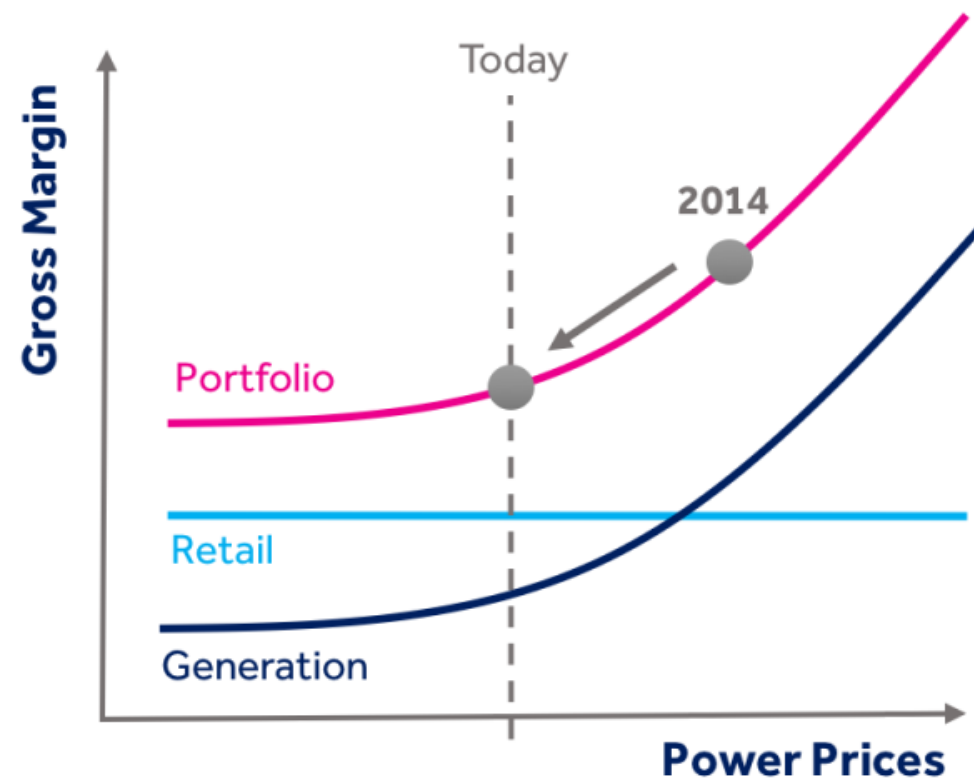
Stable Unit Retail Margins



Rising Power Prices in ERCOT



Gross Margin vs Power Prices



Indicative Chart

Retail

Segment	Market Size: Core Markets ¹	NRG Share Today
C&I Retail	530 TWh Annual Load	4%
Demand Response	19 GW Demand	13%
Mass Retail	45 MM Customers	6%

Mass Retail: Core Market Opportunity¹:
**1% Increase in Market Share =
~\$70 MM EBITDA**

Generation

- Generation assets located in attractive ERCOT market and premium locations in the East
- ERCOT: Portfolio benefits from tighter reserve margins and matched retail portfolio
- East: Portfolio benefits from premium prices, potential market reforms, and improving fundamentals from asset retirements

ERCOT – Shrinking Reserve Margins



¹ Represents current opportunity in core markets (East, Texas)



EXECUTION

OUR ROADMAP HAS THREE DISTINCT PHASES

	1 Stabilize (2015-2016)	2 Right-Size (2017-2020)	3 Redefine (2019+)
Cost Savings	<input checked="" type="checkbox"/> \$539 MM Cost Reduction (forNRG)	<input type="checkbox"/> \$590 MM Recurring, EBITDA-Accretive Savings <input type="checkbox"/> \$215 MM EBITDA-Margin Enhancement <input type="checkbox"/> \$50 MM FCFbG-Accretive Maintenance Capex Savings	Customer-Focused Business Model <input type="checkbox"/> Continue rebalancing portfolio
Asset Sales	<input checked="" type="checkbox"/> \$550 MM Conventional Asset Sales <input checked="" type="checkbox"/> Exited eVgo, Home Solar	<input type="checkbox"/> \$3.2 Bn Asset Sale Target <input type="checkbox"/> GenOn Resolution	<input type="checkbox"/> Reorganize to support customer demand
Balance Sheet Strengthening	<input checked="" type="checkbox"/> Reduced \$1.3 Bn Debt ¹ <input checked="" type="checkbox"/> Extended \$6 Bn Near-Term Maturities	<input type="checkbox"/> 3.0x Net Debt/ Adj. EBITDA by YE '18 <input type="checkbox"/> \$8 Bn Debt to be Removed	<input type="checkbox"/> Focus on continuous improvement
Objective	<i>Stop Growth Cycle: Focus on Strengthening the Business</i>	<i>Develop and Execute Transformation Plan</i>	
	<input checked="" type="checkbox"/> COMPLETE	<input type="checkbox"/> ON SCHEDULE	<input type="checkbox"/> NEW

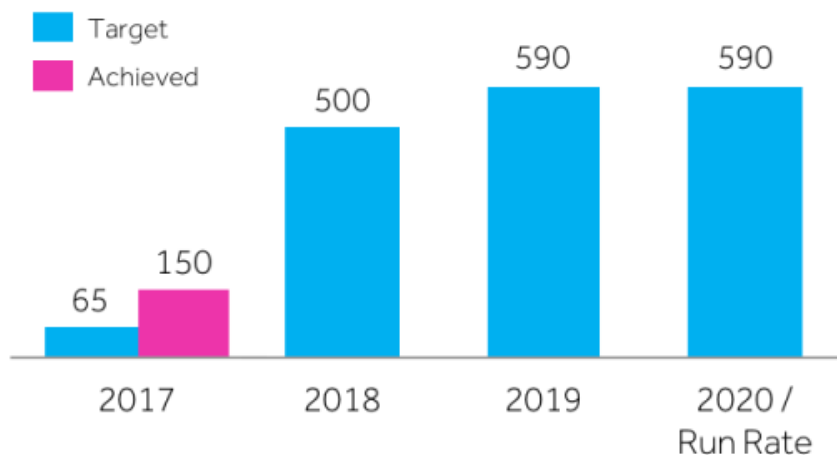
¹Includes preferred equity repurchased

EXECUTING ON OUR TRANSFORMATION PLAN IS OUR #1 PRIORITY

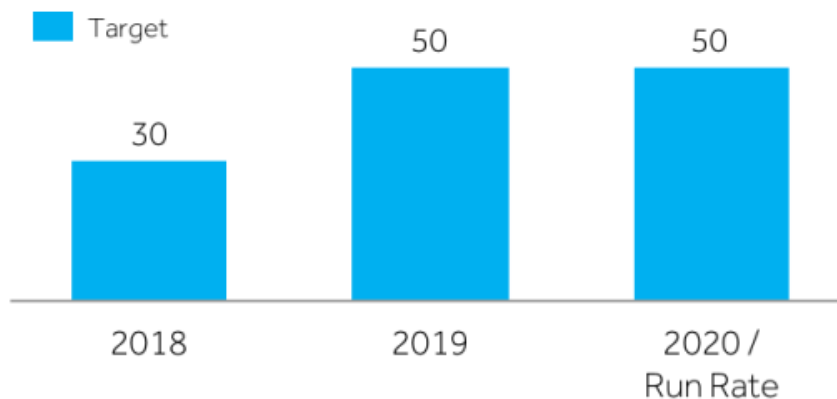
Transformation Plan Status Update

Asset Sales	<ul style="list-style-type: none"> Announced over 90% of target proceeds Balance to be announced by 2019 	On Track
Balance Sheet	<ul style="list-style-type: none"> 3.0x Net Debt/Adj. EBITDA by year end 2018 	On Track
Cost Savings	<ul style="list-style-type: none"> Over 200% of 2017 target achieved Line of sight to run-rate target of \$590 MM by 2019 	On Track
Margin Enhancement	<ul style="list-style-type: none"> Ongoing investment to support targets of \$215 MM by 2020 	On Track

Cost Savings (\$ MM)

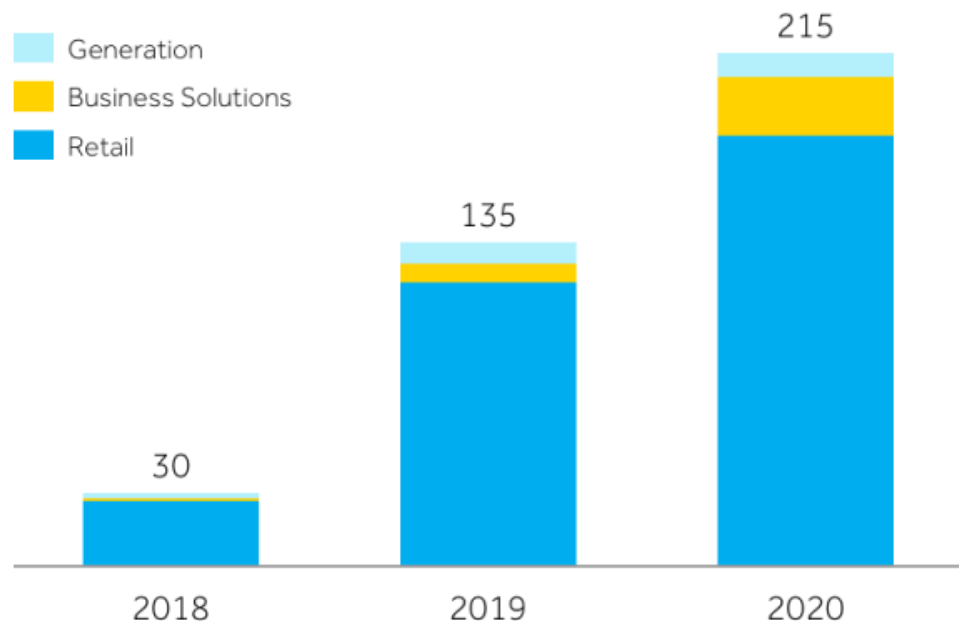


Maintenance Capex Savings (\$ MM)



Sources		\$ MM	Non-Labor
Labor	<ul style="list-style-type: none"> Headcount (all businesses) through streamlined processes, business simplification, reduction of spans/levels, and further use of automation 	250	
Mass Retail	<ul style="list-style-type: none"> Improved cost to serve the market Optimization of sales channels Automation of processes 	85	
Business Solutions	<ul style="list-style-type: none"> Digitization of customer interfaces Streamlined front- and back-office processes Reduced vendor costs 	20	
Generation	<ul style="list-style-type: none"> Optimized maintenance schedule Streamlined inventory and materials procurement Reduced employee expense (T&E) 	105	
Corporate	<ul style="list-style-type: none"> Simplification of processes and systems Reduced vendor costs Right-sized services and functions 	130	
Total Target		\$590	

Margin Enhancement Targets (\$ MM)



Investing **\$75 MM¹** of CTA in Our Business to Support Margin Enhancement

Sources		\$ MM
Mass Retail	Value Expansion <ul style="list-style-type: none"> - Retention performance - Platform enhancements - Product expansion 	180
	Customer Growth <ul style="list-style-type: none"> - Digital enhancements - Channel performance - Channel expansion 	
Business Solutions	<ul style="list-style-type: none"> - Next generation customer experience - Front office redesign - Technology and infrastructure support - Automation of business processes 	25
Generation	<ul style="list-style-type: none"> - Asset contracts and extensions - Asset optimization and further integration with Retail 	10
Total Target		\$215

¹ Part of \$290 MM one-time cost to achieve (CTA) disclosed in the July 2017 NRG Transformation Plan

Rebalancing Fleet with XOOM Acquisition

- Acquisition of XOOM Energy for \$210 MM¹
- \$45 MM Annual EBITDA
- 300k+ customers, primarily in the East
- Target close 2Q18

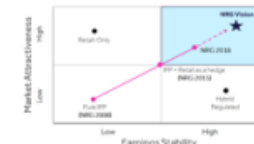


Compelling Investment Opportunity

- ✓ Investment return significantly exceeds capital allocation hurdle rate (>20%)
- ✓ Transaction represents 4.5x EV/EBITDA
- ✓ Enhances multi-brand and multi-channel strategy
- ✓ Consistent with rebalancing priorities in the East



¹ An all-cash transaction, funded \$75 MM from excess cash and \$135 MM debt (netting against deleveraging target); includes transaction costs and is subject to other customary purchase price adjustments



1. Continue to Rebalance the Portfolio

- ☐ Adapt fleet to match market opportunities
- ☐ Balance and optimize integrated (generation / retail) platform
 - Better match East position: Announcing XOOM Energy LLC acquisition

2. Reorganize the Company

- ☐ Align functional groups to support customer demand
- ☐ Facilitate customer-focused culture

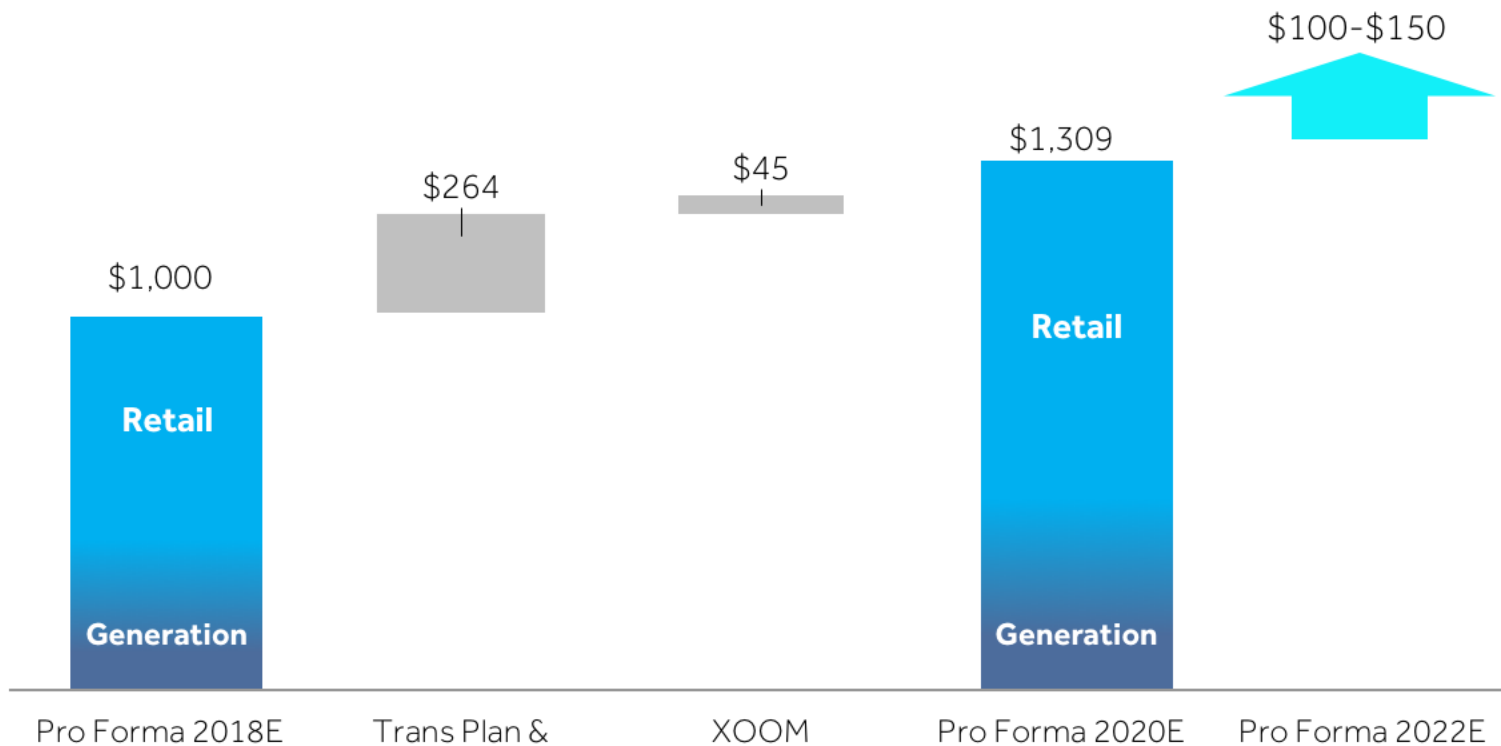
3. Focus on Continuous Improvement

- ☐ Maintain cost leadership
- ☐ Ensure balance sheet strength

OUR VISION REFLECTS CONTINUED FOCUS ON
LONG-TERM VALUE AND SUSTAINABILITY

FINANCIALS

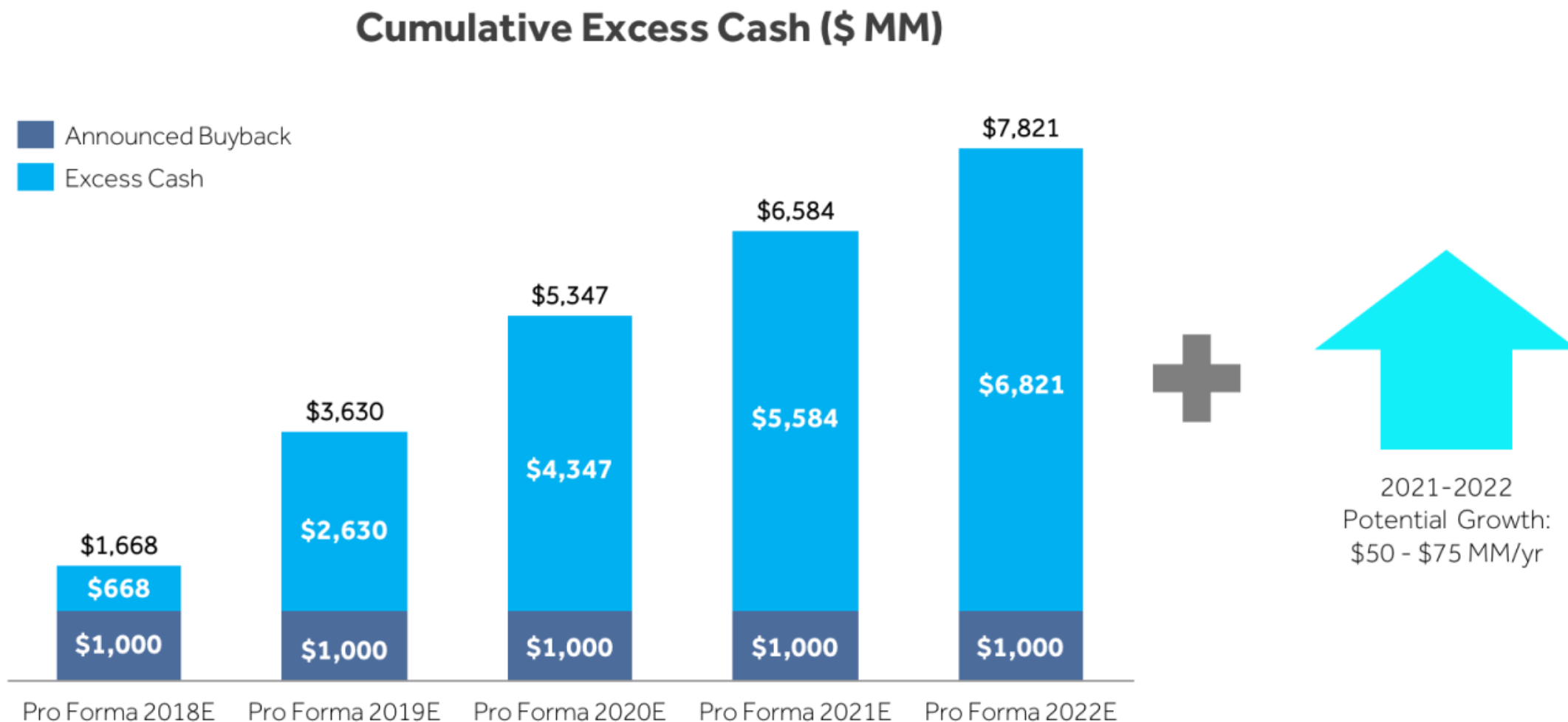
Free Cash Flow before Growth (\$ MM)



Cost Savings	90
Margin Enhancement	185
Maintenance Capex	20
Interest Savings	54
Working Capital	(85)

2020+ Growth Drivers:

- **Mass Retail:** ~3% annual organic growth
- **Business Solutions:** Capitalize on distributed generation opportunity
- **Generation:** Positioned for upside
 - ERCOT: Market recovery (lower reserve margins)
 - PJM: Potential market reforms



¹ Includes \$1 Bn of excess cash allocated to share buybacks

EXCESS CASH REPRESENTS DOUBLING OF FREE CASH OR 80% OF MARKET CAPITALIZATION

Capital Allocation Plan

- 1 Maintain Top Decile Safety and Operational Excellence
- 2 Execute on Plan to Achieve nearly \$8 Bn¹ in Excess Cash by 2022
- 3 Allocate Capital Using Core Principles:

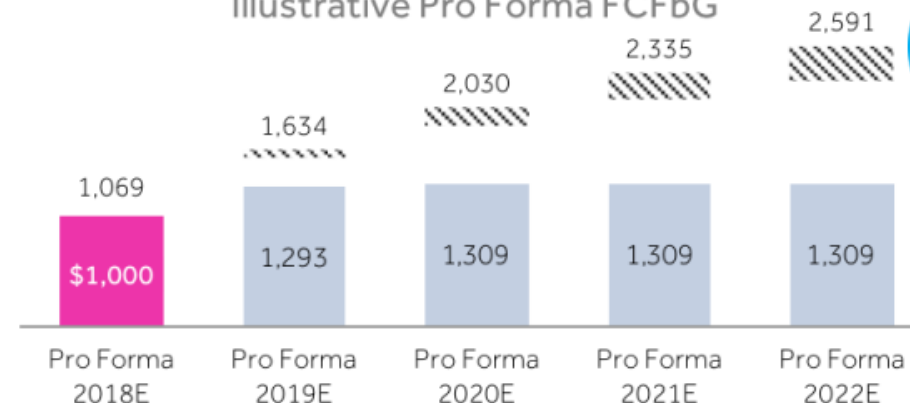
☒ Maintain 3.0x Net Debt / Adj. EBITDA

☐ Reinvest at or above hurdle rate of 12-15% unlevered pretax return with 5-year or less payback

☐ Return capital to shareholders

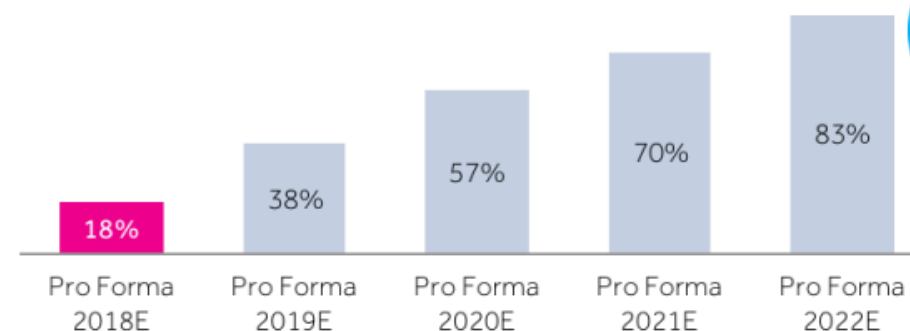
100% Reinvested²

Illustrative Pro Forma FCFbG



100% Buybacks³

Illustrative % of Market Capitalization



*Illustrative scenarios; actual allocation not binary

¹ Includes \$1 Bn of excess cash allocated to share buybacks; ² Assumes an unlevered return of 12-15%, 40% leverage and 6.5% interest expense; full year's cash is invested mid-year; ³ Uses 3/23/2018 share price of \$29.79

- Integrated power company focused on customers

- Robust free cash flow of ~\$1.3 Bn/year

- ~\$8 Bn excess cash in next five years

- Strong balance sheet with 3.0x Net Debt/Adj. EBITDA

- Demonstrated performance culture with aligned incentives



THANK YOU

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