



Winning in Texas: NRG's Integrated Platform

Mauricio Gutierrez
Chief Operating Officer, NRG Energy

Jason Few
Executive Vice President and President, Reliant Energy

Bank of America Merrill Lynch
2012 Megawatt Roundup Conference
March 28, 2012





Safe Harbor Statement

This presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are subject to certain risks, uncertainties and assumptions and typically can be identified by the use of words such as “expect,” “estimate,” “should,” “anticipate,” “forecast,” “plan,” “guidance,” “believe” and similar terms. Such forward-looking statements include our retail and wholesale strategy in Texas. Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, general economic conditions, hazards customary in the power industry, weather conditions, competition in wholesale and retail power markets, the volatility of energy and fuel prices, failure of customers to perform under contracts, changes in the wholesale and retail power markets, the condition of capital markets generally, our ability to access capital markets and government funding and tax programs, failure to successfully integrate acquired businesses, the inability to develop successful partnering relationships, and our ability to realize value through our commercial operations strategy.

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 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 Investor 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. Statements made in connection with the exchange offer are not subject to the safe harbor protections provided to forward-looking statements under Private Securities Litigation Reform Act.





Agenda

I. Texas Fundamentals and
NRG's Integrated Platform

M. Gutierrez

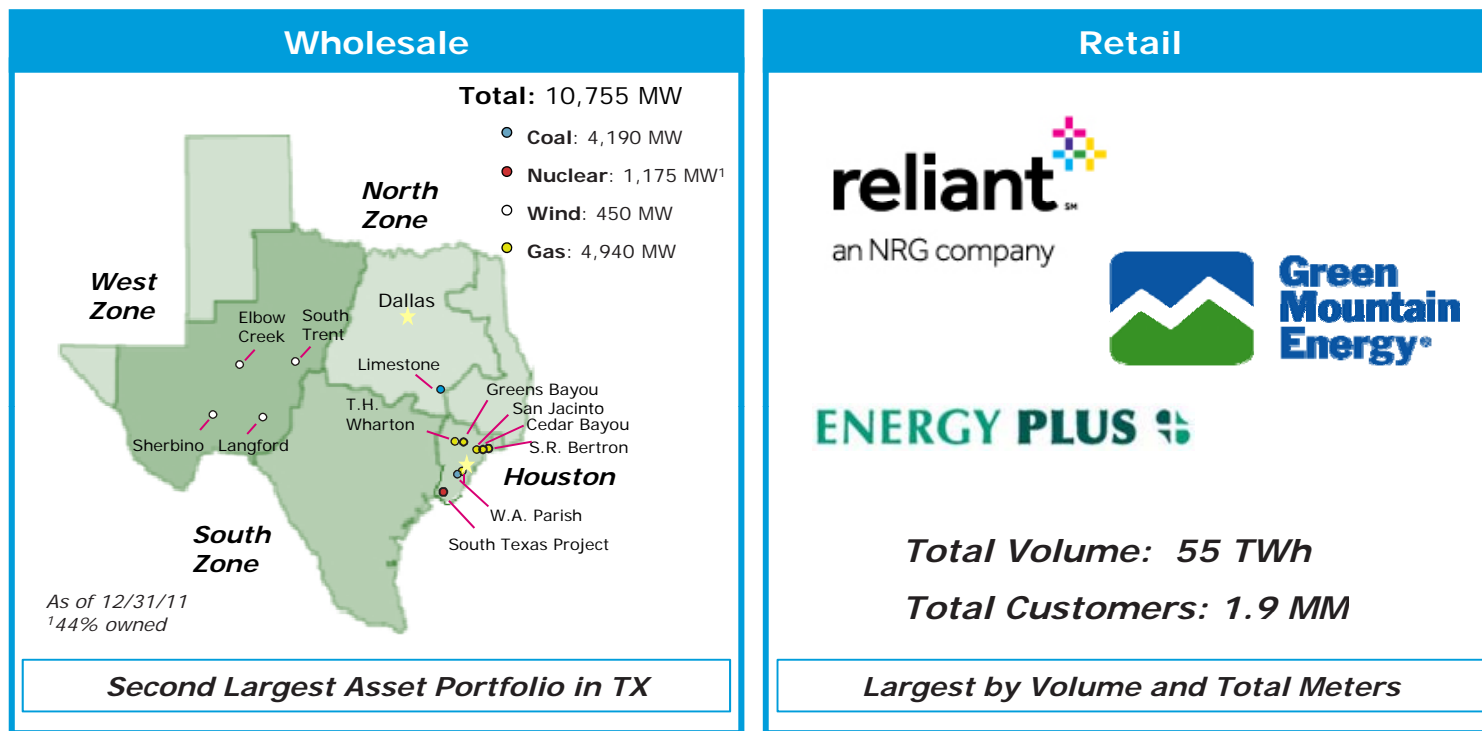
II. Texas Retail Outlook

J. Few



I. NRG in Texas

Overview and Summary



The NRG Value Proposition:

1. Scale and Scope in the strongest power market
2. Environmentally controlled, diversified generation portfolio that stands to benefit from heat rate expansion
3. Integrated retail: driver of full-cycle stability
4. Best retail growth platform



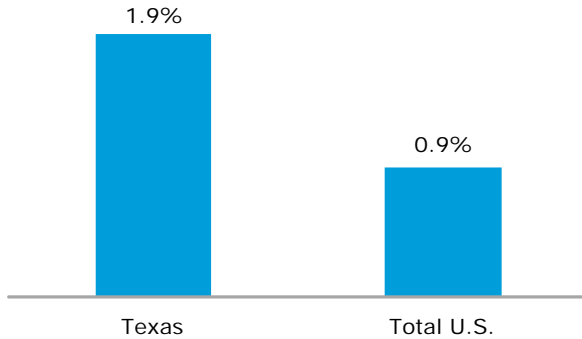
NRG is uniquely positioned to benefit in the TX market

I. Texas Economy Update and Review: Key Macroeconomic Drivers



+ Best-in-Nation Population Growth Trends

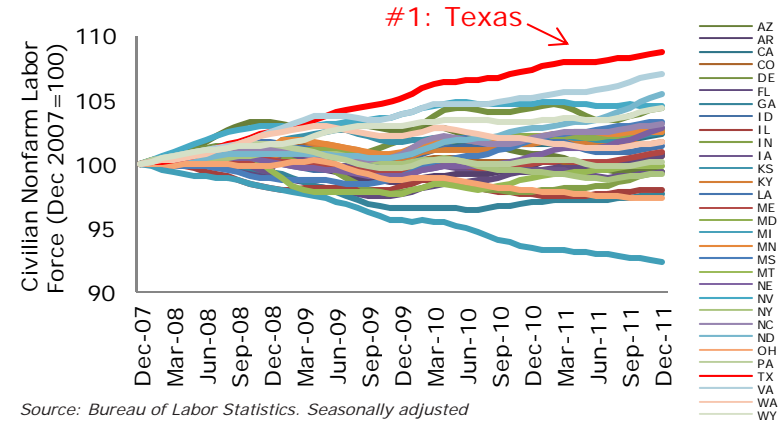
Average Annual Population Growth (CAGR), 2000-2010



Source: US Census Bureau, 2010 Census

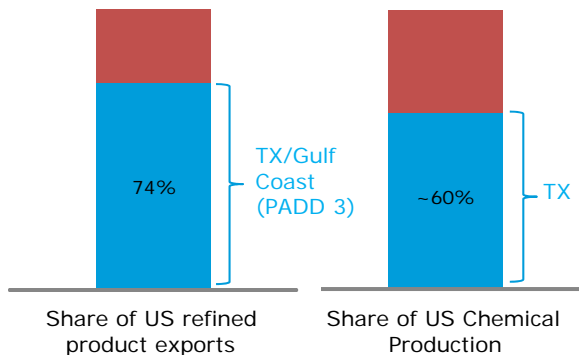
+ Quickest Recovery Out of Recession

Growth in Labor Force, 12/7-12/11



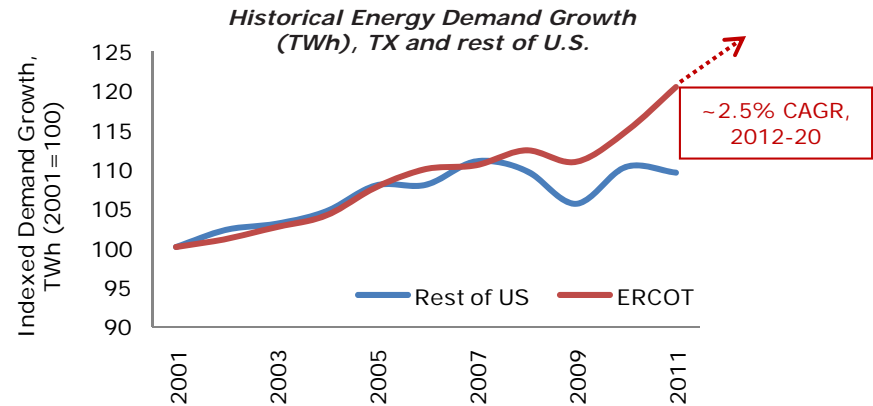
Source: Bureau of Labor Statistics. Seasonally adjusted

+ Robust Economy Supported by Petrochemical Strength



Source: EIA (2011 data), Texas Chemical Council, NRG Research. Note: PADD=Petroleum Administration for Defense District; PADD 3 includes TX, NM, LA, MI, AL, and AR

=Strong (and Sustainable) Demand Growth



Source: EIA, ERCOT Capacity, Demand, and Reserves 2011 Winter Update

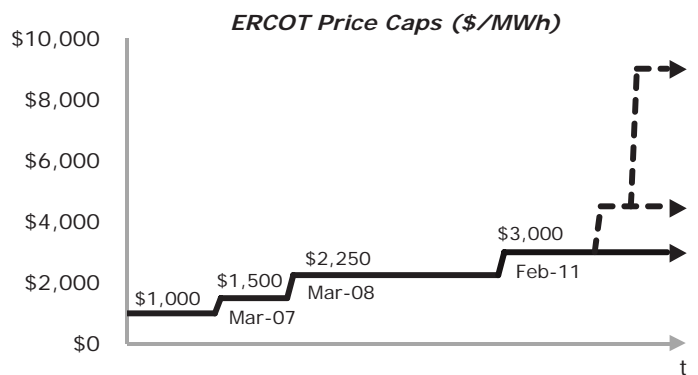


Texas is the most attractive power market in the US



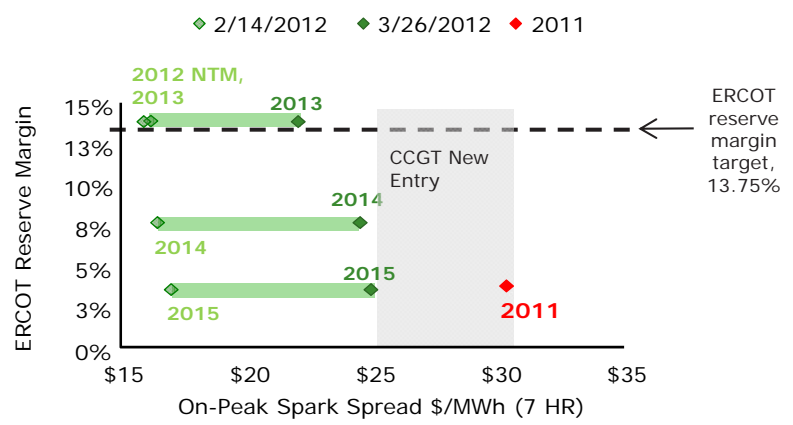
I. ERCOT Wholesale Market Update: Strong Fundamentals...

TX PUCT Instituting Market Design Changes and Higher Price Caps...



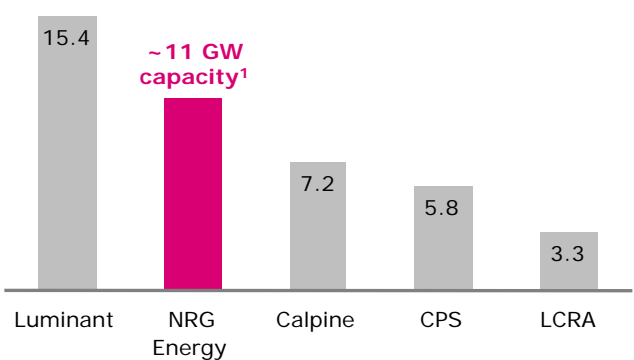
Source: ERCOT, NRG Research

...Helping Forward Heat Rates Move Closer to New Build Economics (although not there yet)²



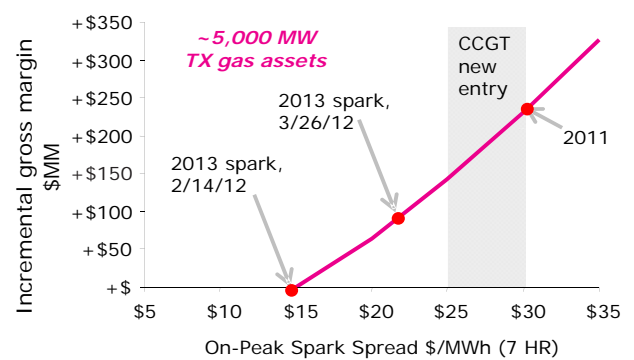
Source: ERCOT Capacity, Demand, and Reserves 2011 Winter Update, NRG Research

NRG Portfolio: Second Largest in TX, with Capacity Across the Merit Order...



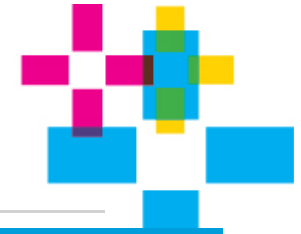
Source: Energy Velocity and company websites, as of Q4 2011 reporting. ¹NRG ownership

...and with Spark Spread Portfolio Optimally Positioned for Summer Scarcity Conditions²



...leads to an optimal position for NRG's wholesale portfolio

²NRG estimates. Margin required to justify new build economics for a CCGT based on \$800-1,000/KW capital cost net of A/S and O&M. Sensitivity based on open gas portfolio. Spark Spread=(Houston Hub On-Peak Power - 7 heat rate x Henry Hub Gas)



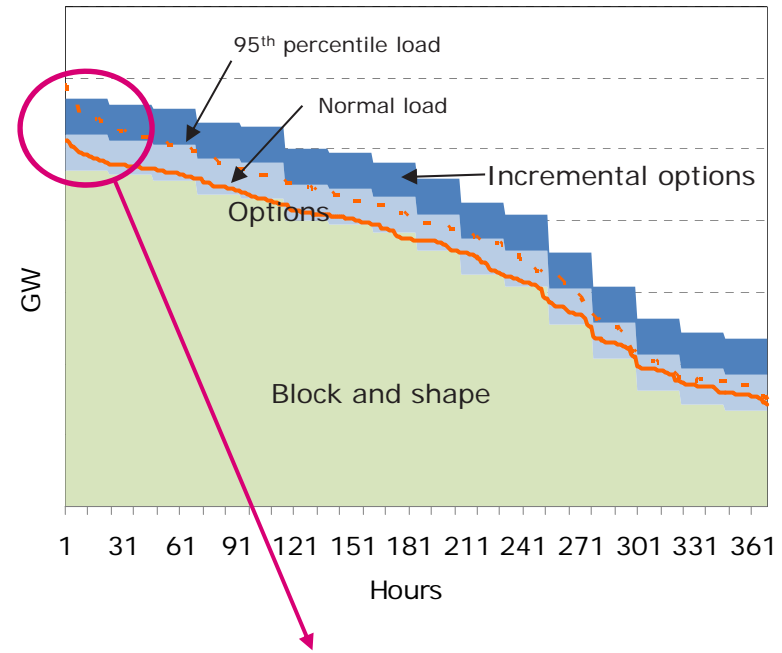
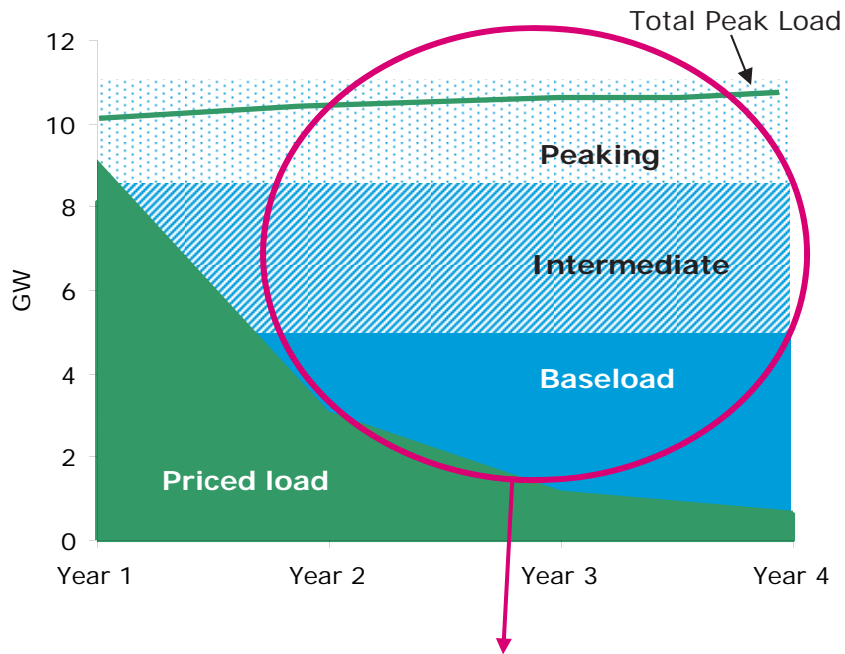
I. Integrated Wholesale/Retail Portfolio: The Value of Integration

NRG Texas: Wholesale and Retail

Retail Risk Management: Supply and Load

(Nameplate Capacity ~ 11,000 MW)

Summer month on-peak duration curve



**Wholesale portfolio benefits from
heat rate expansion**

Reducing retail tail risk

Note: Illustrative purposes only



Exposure to robust market fundamentals while managing volatility in retail load



I. NRG's Wholesale Platform

Key Takeaways

Near Term: 2012-2014

Long Term: 2015+

Natural Gas

- + Weak fundamentals
- + Significantly hedged baseload plants

- + More constructive fundamentals (coal retirements, LNG exports)
- + Remain open to market recovery
- + Environmentally controlled and diversified baseload portfolio

Heat Rate

- + Strong fundamentals
- + Periods of scarcity pricing
- + Up to ~11 GW heat rate exposure

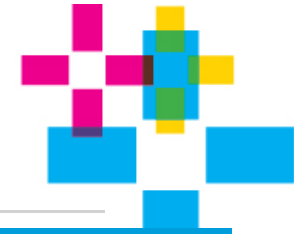
- + Robust Texas market
- + Repowering sites

Retail Integration

- + Collateral and transaction cost synergies
- + Diverse retail platform geared towards high performance across the cycle

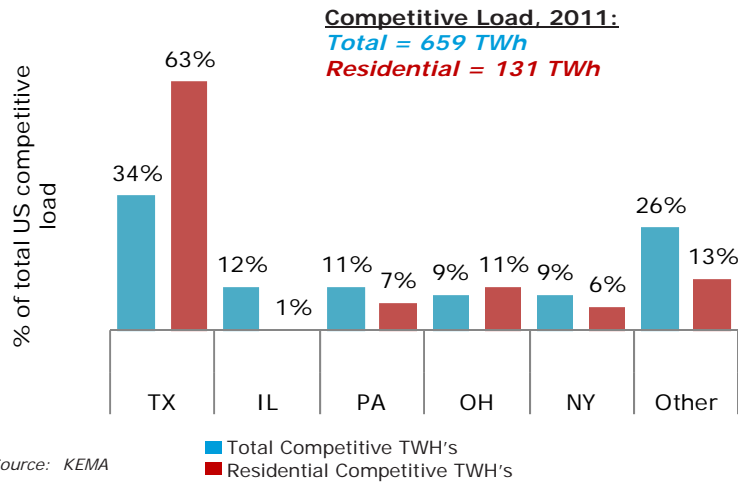


Well positioned for full cycle performance in the ERCOT market

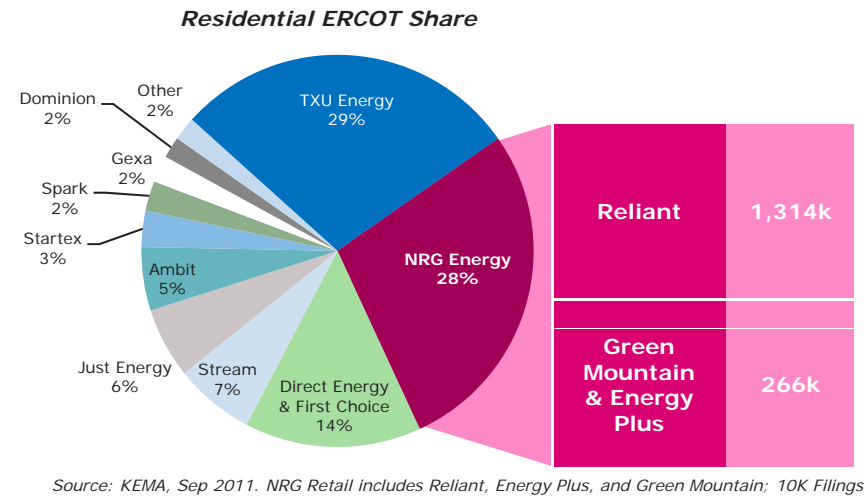


II. State of the Texas Retail Market: Best Retail Opportunity

Largest Retail Market



NRG: Overall Leader with Growing Residential Share

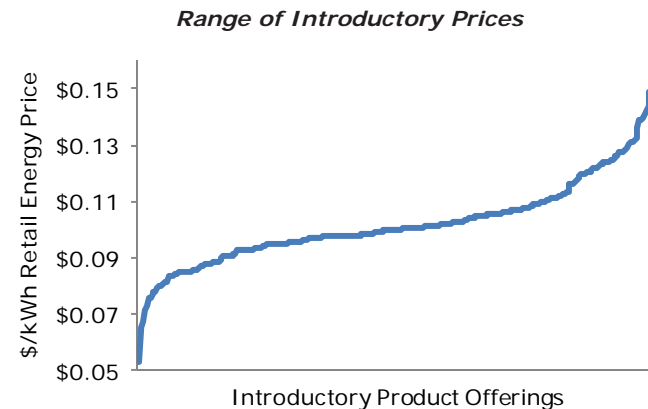


Limited Meaningful Top Residential Competitors...

Primary >300k Residential Customers	Secondary 300k-100k Residential Customers	Tertiary <100k Residential Customers
TXU NRG Direct Stream Just Energy	Ambit Startex (Constellation) Spark Gexa Dominion	<u>30+ REPs, including:</u> Bounce Champion Amigo Texas Power Cirro Dynowatt

Source: KEMA

...with Broad Range of Pricing Across Channels



NRG is the leader in the most robust competitive retail market



II. NRG Well Positioned in Texas: Drivers for Continued Strong Performance

Diversified Retail Platforms...

Retail Brand



Value Proposition

Franchise value coupled with innovative products and excellent customer service

Loyal customers seeking green and sustainable products

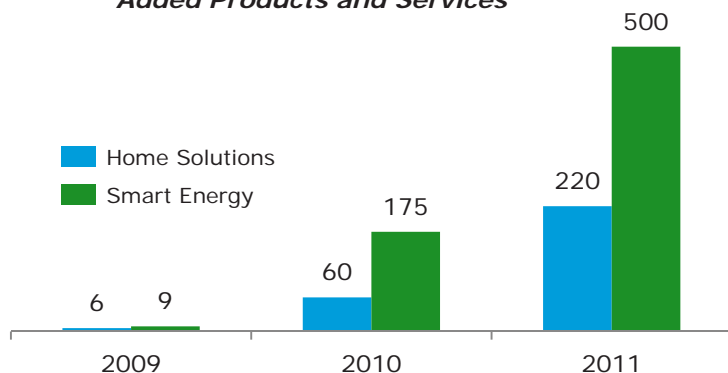
Long-term relationships through exclusive affinity and customer reward programs

...with Full Arsenal of Sales Channels



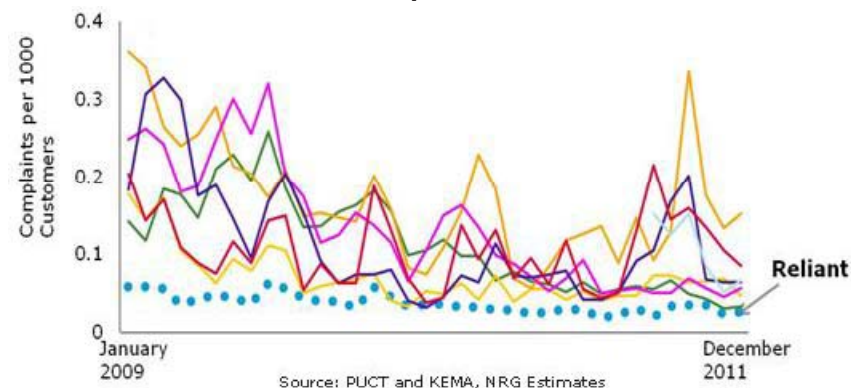
Leader in Product Innovation

NRG Customers Using Value-Added Products and Services (000s)



Operational Expertise and Customer Focus

Customer Complaint Rate

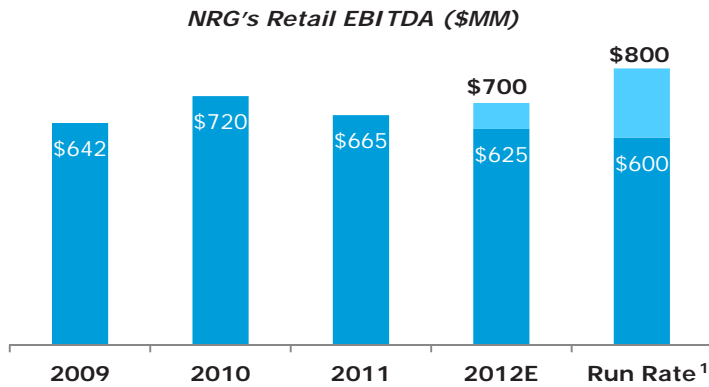


NRG's diversified retail platform well positioned to perform through the commodity cycle

II. NRG's High Performing Retail Business: Positioned for Growth

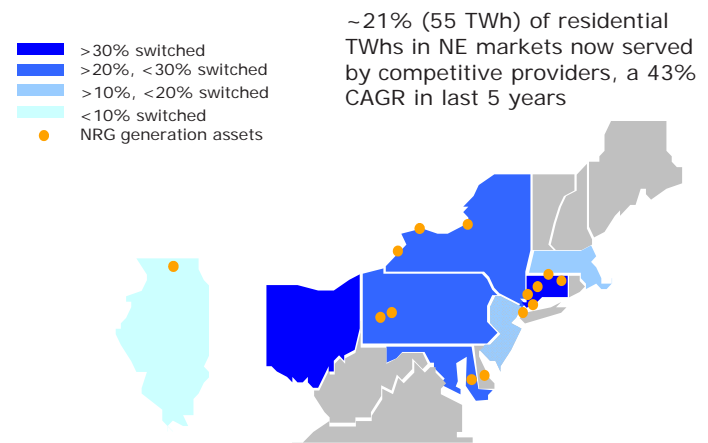


Delivering Attractive EBITDA



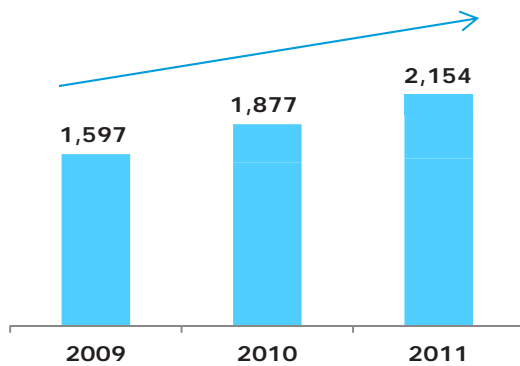
Note: A GAAP reconciliation of 2009-2011 adjusted EBITDA to Net Income is provided in the Regulation G schedules supplied in Appendix tables A2-A4. A GAAP reconciliation of the projected 2012 adjusted EBITDA to Consolidated Cash from Operations is provided in the Reg G schedule in Appendix table A1. ¹Extended commodity down cycle* run rate range of \$600-800 MM

Expanding Retail Footprint

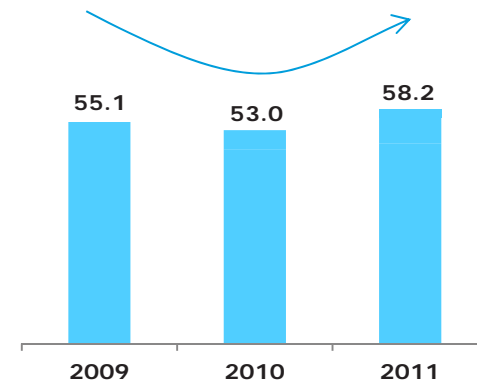


Source: KEMA Retail Energy Outlook, Q4 2011 and NRG Research. Colors indicate MWhs switched

Customer Growth (000s)



Volume Growth (TWh)



Successfully maintaining count in core markets while pursuing growth and achieving strong EBITDA performance



II. NRG's Retail Business Model: Why NRG Wins?

Wholesale/ Retail Integration

- ✦ Maximize collateral and transaction synergies
- ✦ Optimize counter-cyclicality of earnings

Multi-Brand Multi-Channel

- ✦ Three leading REPs with complementary brands
- ✦ Leadership position in Texas: scale, broad channel coverage
- ✦ Operational expertise and customer focus

Product Innovation

- ✦ Leader in delivering innovative products and sustainable solutions to expand share of wallet

Geographic Expansion

- ✦ Replicable model for new geographies (e.g., Northeast)

Well-positioned to sustain and grow in the customer-focused retail space while delivering \$600-800 MM EBITDA at this point in the cycle



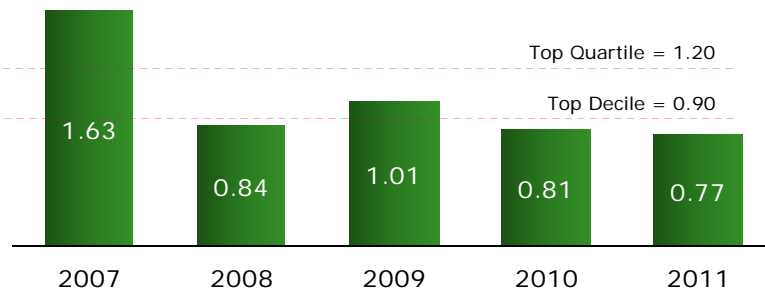


Appendix



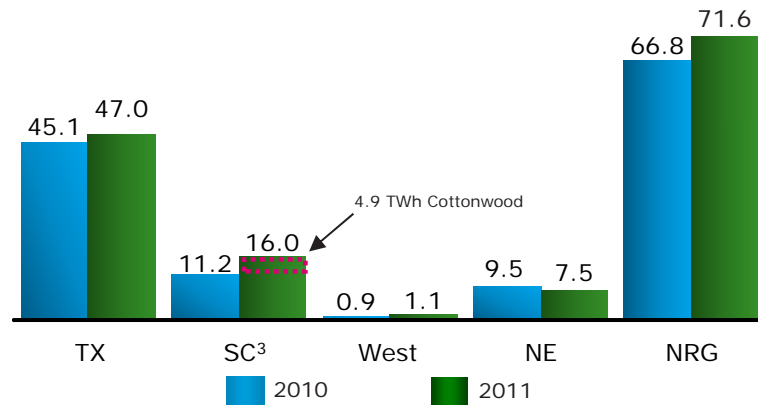
Strong Plant Operations in 2011

Safety – Top Decile OSHA Recordable Rate¹



¹Top Decile OSHA Recordable Rate based on Edison Electric Institute 2009 Total Company Survey results

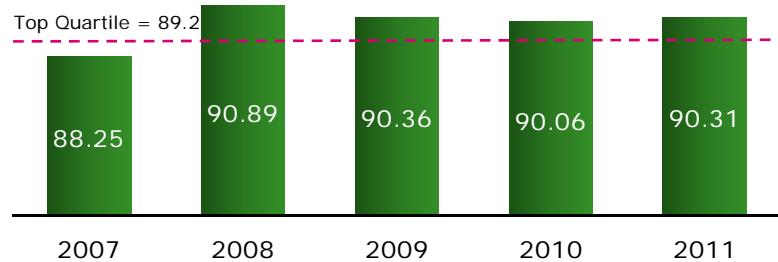
Net Production (TWh)²



²All domestic generation

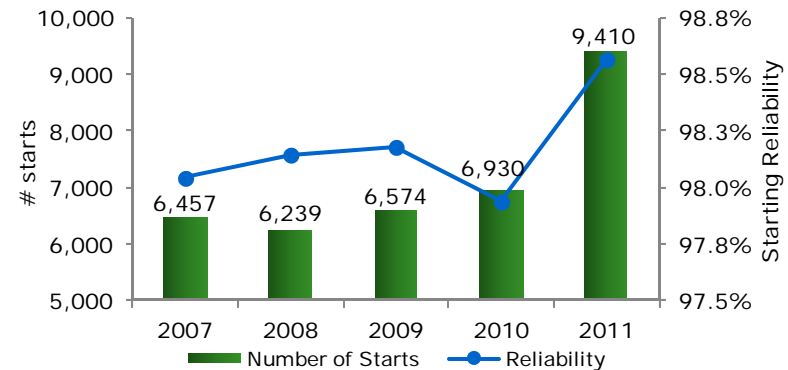
³South Central includes an additional 4.9 TWh from Cottonwood in 2011

Coal Availability (EAF)⁴

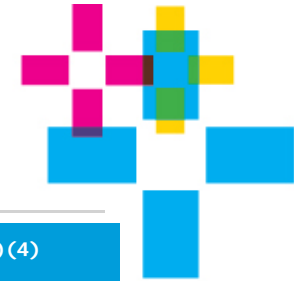


⁴Equivalent Availability Factor (EAF) – measures % of maximum equivalent generation available

Gas Reliability

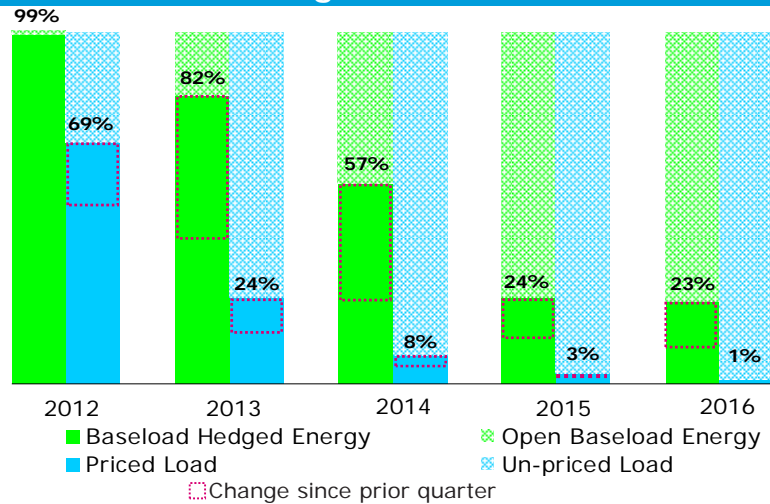


Consistent top operating performance across key metrics

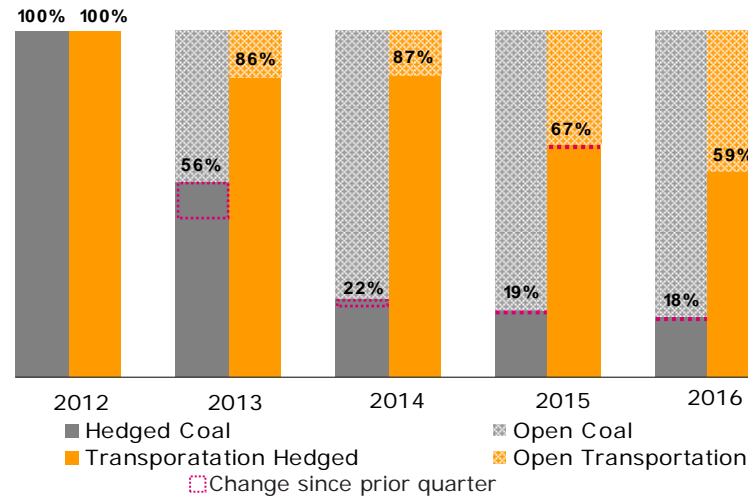


Active Hedging Program Provides Forward Earnings Visibility

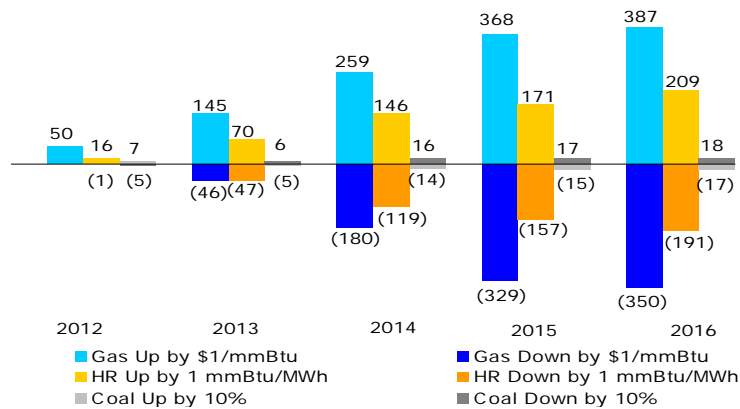
Baseload Generation and Retail Hedge Position⁽¹⁾⁽²⁾⁽⁵⁾⁽⁶⁾



Coal and Transport Hedge Position⁽¹⁾⁽⁴⁾



Baseload Gas Price, Coal and Heat Rate Sensitivity⁽¹⁾⁽³⁾



Near Term Commercial Strategy

- ✓ Increased natural gas hedges in 2013-2014 to protect from further price erosion
- ✓ Maintain heat rate upside, particularly in ERCOT
- ✓ Ensure collateral synergies between wholesale/retail
- ✓ Successful extension of Claiborne Electric Co-op and Washington-St. Tammany Electric Co-op contracts (pending LPSC approval)



(1) Portfolio as of 02/14/2012; (2) Retail load includes Reliant, Green Mountain, and Energy Plus for Texas, PJM, ISONE and NYISO regions. Retail Priced Loads are 100% hedged; (3) Price sensitivity reflects gross margin change from \$1/MMBtu gas price, 1 MMBtu/MWh heat rate move, and 10% movement in coal price; (4) Coal position excludes existing coal inventory; (5) Baseload includes coal and nuclear electric power generation capacity normally expected to serve loads on around-the-clock basis throughout the calendar year; (6) Hedge % include swaps and delta of options sold which is subject to change



Appendix: Reg. G Schedules



Reg. G: 2012 Guidance

Appendix Table A-1: 2012 Guidance EBITDA Reconciliation

\$ in millions

	2/28/2012 Guidance	11/3/2011 Guidance
Wholesale	\$1,200-\$1,300	\$1,200-\$1,300
Retail	625-700	625-700
Consolidated adjusted EBITDA	\$1,825-\$2,000	\$1,825-\$2,000
Interest Payments	(650)	(650)
Income Tax	(50)	(50)
Collateral	-	-
Working capital/other	(50)	-
Cash flow from operations	\$1,050-\$1,250	\$1,100-\$1,300
Maintenance CapEx	(240)-(260)	(240)-(260)
Environmental CapEx, net	-	(50)-(60)
Preferred Dividends	(9)	(9)
Free cash flow - before growth investments	\$800-\$1,000	\$800-\$1,000





Reg. G

Appendix Table A-2: FY 2009 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

<i>(\$ in millions)</i>	Reliant Energy	Texas	Northeast	South Central	West	International	Thermal	Corporate	Total
Net Income/(Loss)	\$ 966	\$ 672	\$ 291	\$ (41)	\$ 40	\$ 150	\$ 8	\$ (1,145)	\$ 941
Plus:									
Net (Gain)/Loss Attributable to Non-Controlling Interest	-	1	-	-	-	-	-	-	1
Income Tax	-	171	-	-	-	9	-	548	728
Interest Expense	34	4	54	42	2	8	5	460	609
Amortization of Finance Costs	1	-	-	-	-	-	-	30	31
Amortization of Debt (Discount)/Premium	-	-	-	6	-	-	-	8	14
Depreciation Expense	137	472	118	67	8	-	10	6	818
ARO Accretion Expense	-	3	2	-	3	-	-	-	8
Amortization of Power Contracts	258	(57)	-	(22)	-	-	-	-	179
Amortization of Fuel Contracts	(49)	7	-	-	-	-	-	-	(42)
Amortization of Emission Allowances	-	38	-	-	-	-	-	-	38
EBITDA	\$ 1,347	\$ 1,311	\$ 465	\$ 52	\$ 53	\$ 167	\$ 23	\$ (93)	3,325
Early Termination of CSRA	89	(4)	-	-	-	-	-	-	85
Exelon Defense Cost	-	-	-	-	-	-	-	31	31
Reliant Integration Cost	-	-	-	-	-	-	-	54	54
FX Loss on MIBRAG Sale Proceeds	-	-	-	-	-	20	-	-	20
Settlement of Pre-Existing Relationship with Reliant Energy	-	-	-	-	-	-	-	(31)	(31)
Gain on Sale of Equity Method Investmer	-	-	-	-	-	(128)	-	-	(128)
Less MTM Forward Position Accruals	138	(43)	38	(29)	-	-	1	-	105
Add. Prior Period MtM Reversals	(656)	26	39	-	-	-	3	-	(588)
Less: Hedge Ineffectiveness	-	47	(2)	-	-	-	-	-	45
Adjusted EBITDA, excluding MtM	\$ 642	\$ 1,329	\$ 468	\$ 81	\$ 53	\$ 59	\$ 25	\$ (39)	2,618



Reg. G

Appendix Table A-3: FY 2010 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

<i>(\$ in millions)</i>	Reliant Energy	Texas	Northeast	South Central	West	International	Thermal	Corporate	Total
Net Income/(Loss)	\$ 358	\$ 876	\$ 13	\$ (7)	\$ 39	\$ 45	\$ 4	\$ (852)	\$ 476
Plus:									
Net Gain/(Loss) Attributable to Non-Controlling Interest	-	1	-	-	-	-	-	-	1
Income Tax	-	-	-	-	-	17	-	260	277
Interest Expense	5	(67)	57	40	3	7	7	548	600
Depreciation and Amortization Expense	117	491	122	73	11	-	12	44	870
ARO Accretion Expense	-	3	(3)	-	3	-	-	-	3
Amortization of Contracts	183	44	-	(21)	-	-	-	4	210
EBITDA	663	1,348	189	85	56	69	23	4	2,437
Dynegy/Cottonwood Acquisition and Integration costs	-	-	-	-	-	-	-	-	-
Investment	-	-	-	-	-	-	-	5	5
MTM losses/gains	48	(107)	126	24	4	-	2	(25)	72
Adjusted EBITDA	711	1,241	315	109	60	69	25	(16)	2,514

Reg. G



Appendix Table A-4: FY 2011 Regional Adjusted EBITDA Reconciliation

The following table summarizes the calculation of adjusted EBITDA and provides a reconciliation to net income

<i>(\$ in millions)</i>	Reliant Energy	Texas	Northeast	South Central	West	International	Thermal	Corporate	Total
Net Income/(Loss)	400	270	(74)	(12)	53	27	8	(475)	197
Plus:									
Income Tax	-	-	-	-	-	7	-	(850)	(843)
Interest Expense	4	(5)	47	41	7	6	9	556	665
Loss on Debt Extinguishment	-	-	-	-	-	-	-	175	175
Depreciation and Amortization Expense	96	491	118	89	13	-	14	75	896
ARO Accretion Expense	-	3	2	-	3	-	-	-	8
Amortization of Contracts	138	56	-	(20)	-	-	-	32	206
EBITDA	638	815	93	98	76	40	31	(487)	1,304
Impairment and write-off of investment, intangibles and fixed assets	-	170	12	-	-	-	-	495	677
MTM losses/(gains)	(45)	(155)	(5)	29	4	-	-	11	(161)
Adjusted EBITDA	593	830	100	127	80	40	31	19	1,820