



**NRG Energy Inc.**

# GenOn Restructuring Update

May 23, 2017



# Disclaimer

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The proposed restructuring and settlement described in these materials (the "Proposed Restructuring") reflects an agreement in principle between GenOn, NRG, and the certain a committee (the "Ad Hoc Committee") of certain holders of GenOn's outstanding senior unsecured notes and certain holders of GenOn Americas Generation, LLC's outstanding senior unsecured notes. The Proposed Restructuring remains subject to definitive documentation. GenOn and its advisors intend to continue negotiating the terms of the Proposed Restructuring with the Ad Hoc Committee and additional stakeholders. The Proposed Restructuring will ultimately be subject to approval of certain stakeholders, including NRG, the Ad Hoc Committee and the board of GenOn. There can be no assurance that the Proposed Restructuring and settlement will occur on the proposed terms or at all.

Any financial information, projections and estimates of claims included in these materials were not prepared with a view toward public disclosure or compliance with the published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants regarding projections or forecasts. The financial information included in these materials does not purport to present the financial condition of NRG, GenOn or GAG in accordance with accounting principles generally accepted in the United States. The inclusion of the information in these materials should not be regarded as an indication that NRG, GenOn or GAG or their respective affiliates or representatives consider these materials to be a reliable prediction of future events, and these materials should not be relied upon as such. None of NRG, GenOn, GAG or their respective affiliates or representatives has made or makes any representation to any person regarding these materials, and none of them undertakes any obligation to publicly update such information to reflect circumstances existing after the date when the information was made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.

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

Please refer to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 23, 2017 for more detail regarding the Proposed Restructuring.



# GenOn Restructuring: Update

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## **Background:**

- ❖ During the week of May 15, 2017, GenOn, NRG, and an ad hoc groups of Noteholders -- holding GenOn Energy, Inc. notes (GEI) and GenOn Americas Generation LLC notes (GAG) -- entered into nondisclosure agreements (NDAs) to pursue a global settlement and restructuring of GenOn
- ❖ In accordance with the NDAs, all shared material nonpublic information is required to be publicly disclosed prior to market open on May 23, 2017; GenOn and NRG each filed the respective materials through Form 8-Ks today

## **Current Status:**

- ❖ On May 22, 2017, NRG, GenOn and the ad hoc group reached a mutual cooperation agreement, which expires on May 26, 2017; the parties intend to negotiate a comprehensive restructuring support agreement (RSA) before that time; the RSA will replace and supersede the cooperation agreement
- ❖ The agreement is currently supported by approximately 60% of GEI noteholders and greater than 2/3 of GAG noteholders. This group of supporting holders is currently negotiating with a minority group of GEI noteholders in an effort to obtain their support. The minority group holds approximately 27% of GEI notes and no material amount of GAG notes

## **Next Steps:**

- ❖ All parties continue to work toward finalizing an RSA and broadening support for the settlement by obtaining the support of greater than 2/3 of noteholders at GEI (vs ~60% currently)
- ❖ Once the settlement is supported by greater than 2/3 of both noteholders groups, the plan of reorganization is expected to be filed for expedited approval by the bankruptcy court. If participation is less than 2/3 but greater than 1/2, the same plan would be filed but the bankruptcy process would be more protracted
- ❖ We expect to provide a comprehensive update upon the earlier of (1) signing an RSA settlement agreement with the support of 2/3 of each of the GEI and GAG noteholders, or (2) the day prior to the June 15, 2017 unsecured note maturity date



# GenOn Restructuring: Proposed Settlement Highlights

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

|                            |   |
|----------------------------|---|
| <b>Full Release</b>        | <ul style="list-style-type: none"><li>➤ Full releases from GenOn (GEI) and GenOn Americas Generation (GAG) in favor of the NRG parties</li><li>➤ Releases or indemnification in favor of NRG parties for any GenOn MidAtlantic (GenMA) or REMA claims</li><li>➤ Dismissal of all litigation against the NRG parties</li><li>➤ GEI noteholders to receive 100% of the reorganized GenOn equity and GAG noteholders to receive \$920 per \$1,000 principal plus accrued interest (to be paid with new exit financing)</li></ul>   |
| <b>Cash Consideration</b>  | <ul style="list-style-type: none"><li>➤ NRG to contribute \$243 MM if the RSA is executed by greater than 50% of GEI and GAG noteholder groups (to be paid at Chapter 11 emergence)</li><li>➤ Plus an additional payment of \$18.3 MM if the RSA is executed by at least 2/3 of GEI and GAG noteholder groups (to be paid at Chapter 11 emergence)</li></ul>  |
| <b>Shared Services</b>     | <ul style="list-style-type: none"><li>➤ NRG to allow for transition of shared services; during this transition period, NRG will provide shared services to GenOn at a rate of \$7 MM per month (\$84 MM annualized) during pendency of Chapter 11 case</li><li>➤ Post Chapter 11 emergence, NRG will provide 2 months of shared services at no charge; additionally, NRG will provide the option of up to two 1-month extensions for transition services at a rate of \$7 MM per month (\$84MM annualized)</li><li>➤ GenOn to retain the previously agreed \$27 MM credit against amounts owed to NRG for shared services, to off-set the make-whole and accrued interest under the recently completed new secured note financing</li></ul> |
| <b>Other Consideration</b> | <ul style="list-style-type: none"><li>➤ Pension: as the plan sponsor, NRG will retain historic pension obligations accrued through Chapter 11 emergence, including payment of \$13 million of 2017 plan contribution</li><li>➤ NRG Revolver: any drawn amount or other borrowing to be repaid in full to NRG at Chapter 11 emergence</li><li>➤ Tax Structuring: NRG entitled to take a worthless stock deduction for federal tax purposes</li><li>➤ Shared Properties: NRG and GenOn will cooperate to maximize value of certain projects (Canal and Puente)</li></ul>  |

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