



NRG Energy Inc.

# Second Quarter 2020 Earnings Presentation

August 06, 2020

## **Forward-Looking Statements**

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, the potential impact of COVID-19 or any other pandemic on the Company's operations, financial position, risk exposure and liquidity, 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, cyberterrorism and inadequate cybersecurity, 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 achieve margin enhancement under our publicly announced transformation plan, our ability to achieve our net debt targets, our ability to maintain investment grade credit metrics, our ability to proceed with projects under development or the inability to complete the construction of such projects on schedule or within budget, the inability to maintain or create successful partnering relationships, our ability to operate our business efficiently, our ability to retain retail customers, our ability to realize value through our commercial operations strategy, the ability to consummate the Direct Energy acquisition, the ability to successfully integrate businesses of acquired companies, including Direct Energy, 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, and our ability to execute our Capital Allocation Plan. Achieving investment grade credit metrics is not a indication of or guarantee that the Company will receive investment grade credit ratings. 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, free cash flow guidance and excess cash guidance are estimates as of August 6, 2020. 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](http://www.sec.gov).

**Integrated Platform Delivers Predictable Results;  
Reaffirming 2020 & 2021 Guidance**

**Comprehensive Response to COVID-19; Maintain Full  
Operational Status and Well-Prepared for Summer**

**Execution on Disciplined Capital Allocation Principles; Acquisition  
of Direct Energy Perfects Customer-Focused Business**

## 2Q Business Highlights

### ✓ Strong Financial and Operational Results

- ✓ Top decile safety performance
- ✓ Resilient financial and operational results through current social and economic cycle
- ✓ Current share count of 244 MM

### ✓ Comprehensive Response to COVID-19

- ✓ Rapid implementation of Pandemic Plan
- ✓ Pledged \$2 MM to COVID-19 relief efforts
- ✓ Continue to maintain full operational status

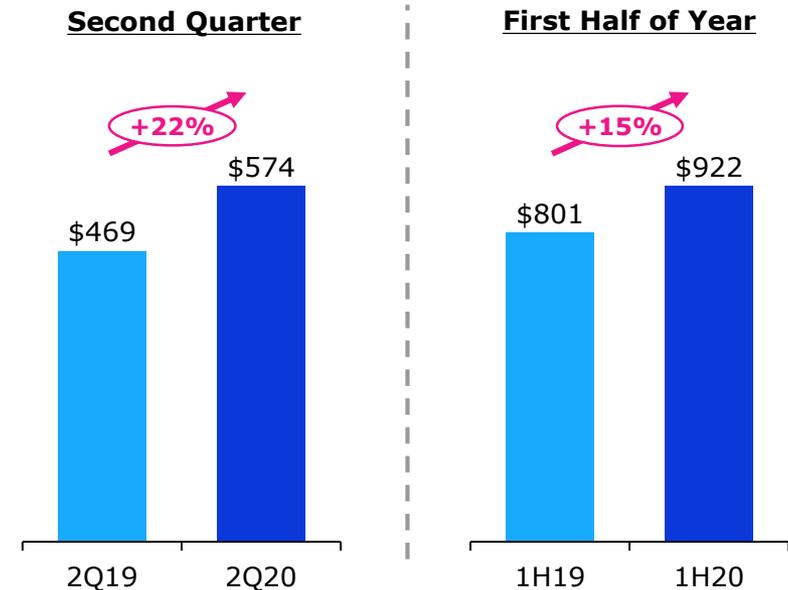
### ✓ Executing on 'Redefine' Strategy

- ✓ On July 24<sup>th</sup>, announced definitive agreement to acquire Direct Energy; expected close by year-end
- ✓ Committed to achieving investment grade ratings
- ✓ Expanding renewable PPA strategy nationally; ERCOT solar PPAs signed, 1.6 GWs

## Year over Year Results

(\$ millions)

### Adjusted EBITDA



Reaffirming  
2020 and 2021 Guidance

Delivered Strong Second Quarter and Year-to-Date Results;  
Reaffirming 2020 and 2021 Guidance

# COVID-19 - Comprehensive Response



## Employees

- **Activated Crisis Management Team** on January 21<sup>st</sup>; closed offices March 17<sup>th</sup>
- **Began transition to recovery** in April, prioritizing health and safety
- **~93%** of office personnel working remotely
- Expanded employee health benefits and financial assistance
- **Initiated workplace 2021 committee** focused on optimal long-term work environment

## Operations

- COVID-19 **safety protocols remain active** through the summer/fall (gate screening and temp checks, social distancing, face masks, non-essential visitor ban, etc.)
- Pre-summer **maintenance executed on schedule**; well prepared for summer
- Face-to-face retail marketing gradually resuming
- Retail customer protections remain in place

## Community

- Pledged **\$2 million** towards local frontline relief efforts; delivering funds to more than 60 non-profit recipients
- Support directed to:
  - First responders
  - Community relief fund for small businesses
  - Teachers in more than a dozen states

**positivenrg**  
a philanthropic initiative

Continuing Safe and Reliable Operations while Serving Our Customers and Communities

# COVID-19 - Market Impact

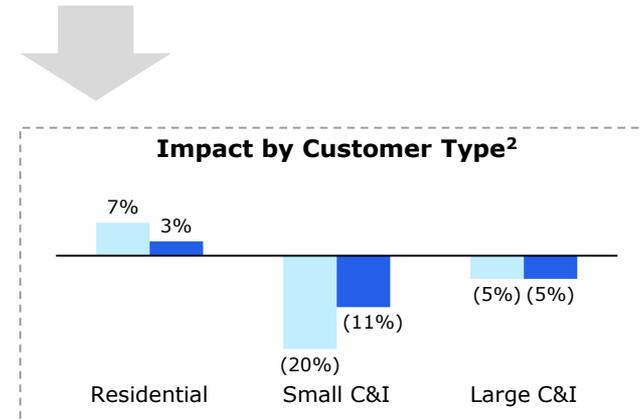
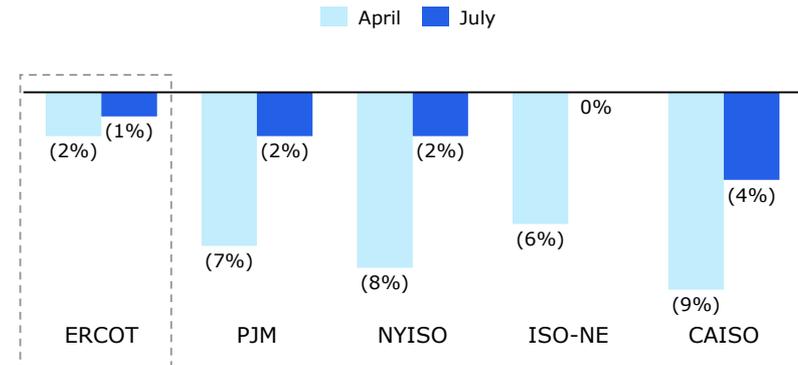


## COVID-19 Impacting 2020 Load and Prices...

- **Power Demand Declines Across All Regions**
  - ERCOT continues to demonstrate relative strength
  - Northeast markets showing signs of improvement
- **Power Prices Remain Weak Across All Regions**
  - Lower natural gas prices impacting power prices across all regions
  - ERCOT summer prices impacted by strong renewable performance and power plant reliability
- **Residential Usage Remains Resilient**
  - Usage remains strong as result of stay-at-home and favorable weather; high load / low price
  - ERCOT residential +3% July vs +7% April, in line with expectations, given normal school and other summer break stay-at-home activities
- **C&I Usage Slowly Recovering**
  - Expect measured recovery as economy reopens

## ...Load Impacts Vary Significantly By Subregion and Customer Type

### 2020 Load Reductions by ISO<sup>1</sup>



Residential Load Remains Resilient During Stay-at-Home;  
COVID-19 Related Costs Trending Better Than Expected

<sup>1</sup> NRG estimates for Weather normalized system wide load; <sup>2</sup> Based on internal analysis

# Perfecting Customer-Focused Platform

## Direct Energy Transaction Overview

On July 24<sup>th</sup>, Announced Definitive Agreement to Acquire Direct Energy

- Advances Our Strategy as a Customer-Focused Organization; Moving Closer to the Customer**

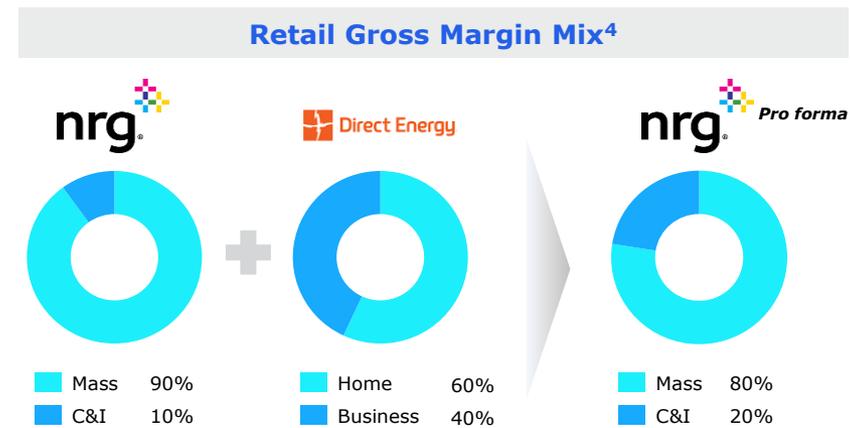
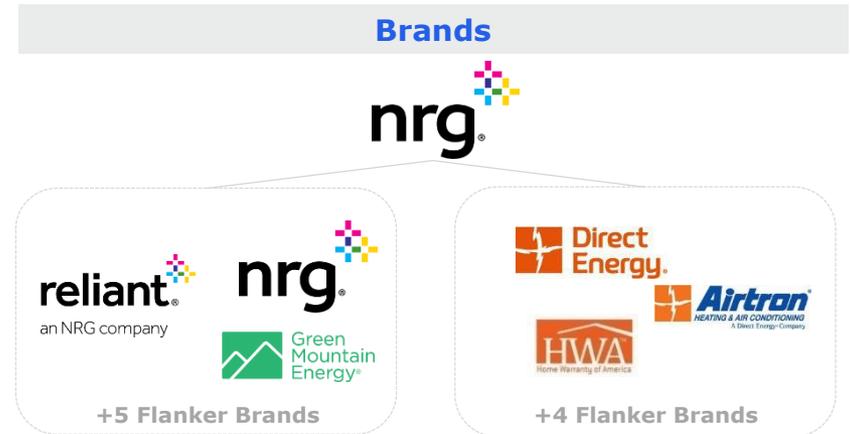
- Expands North American retail footprint, product offerings and natural gas expertise
- Improves geographic and regulatory diversity
- Strengthens load-generation balance in Northeast
- Enhances sustainability objectives - expands renewable PPA strategy; lowers coal to ~5% pro forma '19 revenues

- Attractive Economics; To Create Significant Value**

- Exceeds investment hurdles rates, highly accretive at **4.9x EV/Adj EBITDA<sup>1</sup>** and **28% FCF Yield<sup>1</sup>**
- Purchase price: \$3,625 MM all-cash<sup>2</sup>, financed with a mix of debt, equity-linked securities and cash-on-hand
- \$740 MM Run-Rate Adj. EBITDA<sup>3</sup> including synergies
- Improves business risk profile and advances investment grade credit ratings target

- Key Approvals and Expected Closing**

- Approvals: Centrica Shareholder Approval, HSR, FERC, and Canada Competition Act; close by year end 2020



Acquisition Aligned with NRG's Core Strategic and Financial Priorities

<sup>1</sup> Enterprise Value / Adj EBITDA based on \$3,625 MM acquisition price and 2023 \$740 MM Run-Rate EBITDA; FCF Yield based on 2023 \$540 MM Run-Rate FCFbG and \$1,937 MM CAFA allocated to acquisition; see slide 16 of July 24<sup>th</sup> presentation; FCF Yield is not a substitute for Capital Available For Allocation and does not reflect residual cash flows for discretionary expenditures; <sup>2</sup> Incl normalized working capital, subject to certain adjustments and allocations; <sup>3</sup> 2023 Run-Rate; EBITDA forecasts are based on NRG's estimates and should not be construed as a profit forecast for the purpose of Centrica's Listing Rule obligations under Listing Rule 13.5; <sup>4</sup> 2019 actuals rounded

# Executing Our Strategy

## Strengthening Platform and Investment Proposition

### Redefining: Objectives

### Redefining: Current Steps

1

**Balanced Portfolio**

**Grow Retail  
 Purposeful Generation**



- **New:** Direct Energy - Enhances North American Multi-Brand / Multi-Product Platform
- **New:** To Expand Renewable PPA Strategy Nationally to Balance and Green Portfolio
- Continued Portfolio / Real-Estate Optimization

2

**Strong Balance Sheet**

**2.50-2.75x**  
 Net Debt/Adj. EBITDA Target  
 Investment Grade Metrics



- Committed to Strong Cycle Proof Balance Sheet
- Targeting Investment Grade Credit Ratings

3

**Significant Excess Cash Flow**

**Transparent Capital  
 Allocation Framework**



- Track Record of Execution and Staying on Plan
- Scalable Platform to Enhance Cost Competitiveness and Excess Free Cash Flow per Share
- Supports 7-9% Annual Dividend Growth, Return of Capital and Opportunistic Growth

4

**Solid Foundation**

**Comprehensive  
 Sustainability Framework**

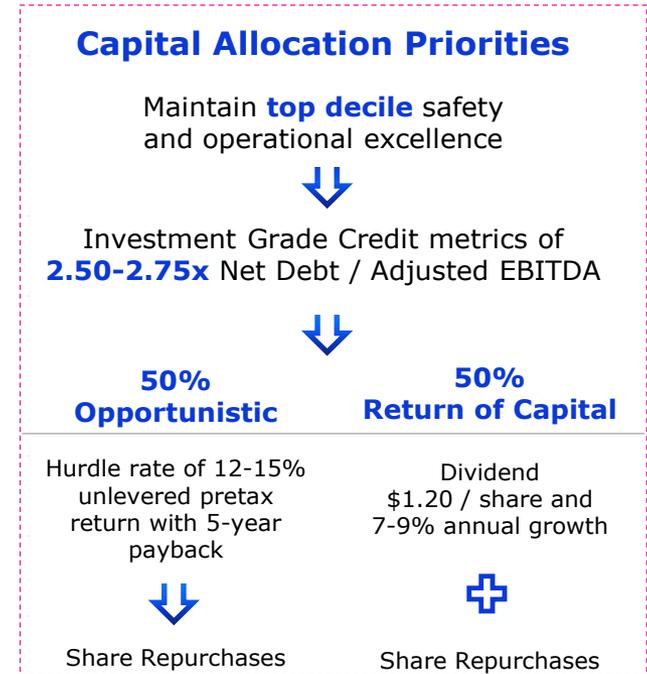
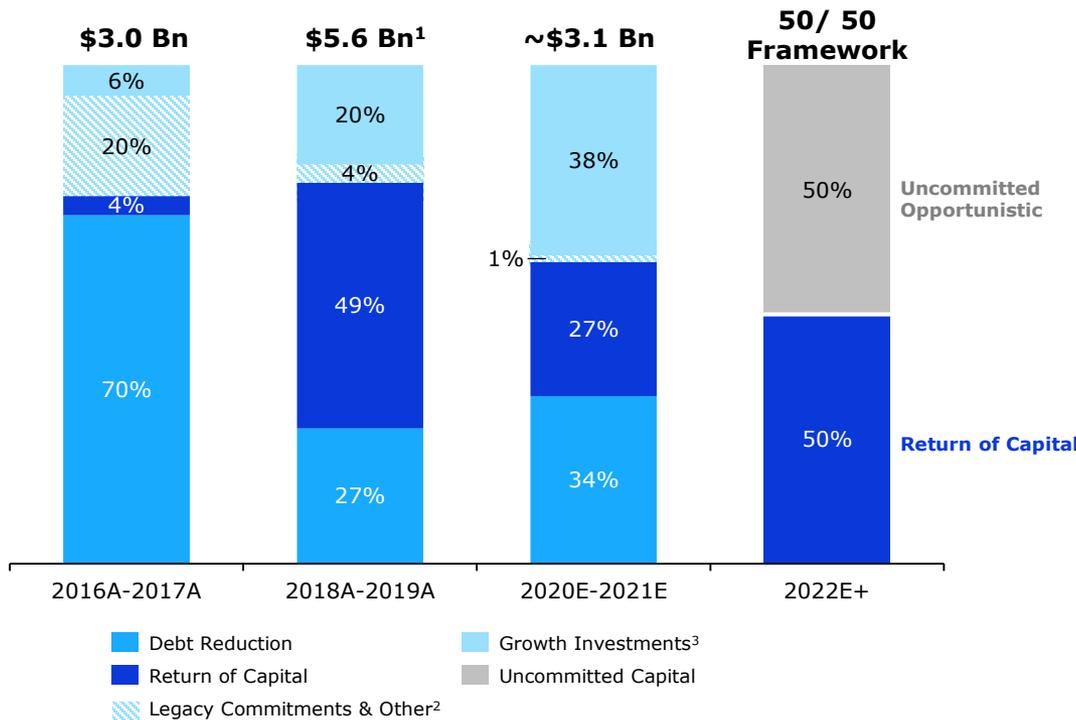


- Emissions Reduction Target More Aggressive than Paris Agreement – Targeting Net-Zero by 2050
- Best-in-Class Sustainability Reporting
- Strong Governance & Board Diversity

Positioning NRG's Leading North American Integrated Power Company;  
 Transparent and Compelling Strategy with a Track Record of Execution and Staying on Plan

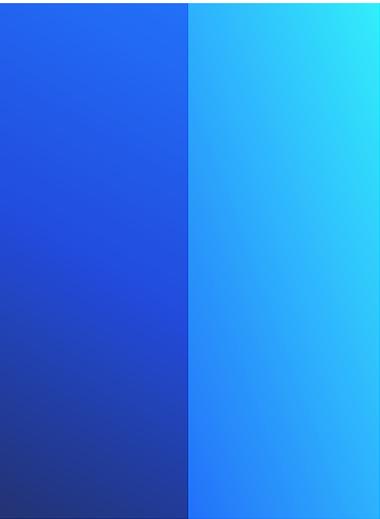
# Capital Allocation Plan and Framework

## Returning to 50% / 50% Objective in 2022



Strong Financial Flexibility and Excess Cash Generation Supports Robust Platform and Return of Capital

<sup>1</sup> Includes asset sale proceeds; <sup>2</sup> Primarily GenOn, Renew and Petra Nova; <sup>3</sup> Includes cost to achieve



# Financial Review

# 2Q 2020 Results

(\$ millions)

	6/30/2020		Reaffirming 2020 Guidance
	Three Months Ended	Six Months Ended	
Texas	\$378	\$573	\$1,350-1,500
East/West/Other <sup>1</sup>	196	349	\$550-600
<b>Adjusted EBITDA</b>	<b>\$574</b>	<b>\$922</b>	<b>\$1,900 - \$2,100</b>
<b>Free Cash Flow before Growth ("FCFbG")</b>	<b>\$402</b>	<b>\$569</b>	<b>\$1,275 - \$1,475</b>

## Highlights:

- 2Q results drive YTD EBITDA ~\$120 MM higher vs 2019; contributions from:
  - Stream full year impact (closed in August 2019)
  - Lower operating costs due to COVID-19
  - Lower supply costs
- Expect lower COVID-19 related costs vs 1Q update, requiring less cost management to offset
- Reaffirming 2021 Guidance; \$1,900-\$2,100 Adj EBITDA and \$1,275-\$1,475 FCFbG; segment level Adj EBITDA guidance to be provided on the Third Quarter earnings call

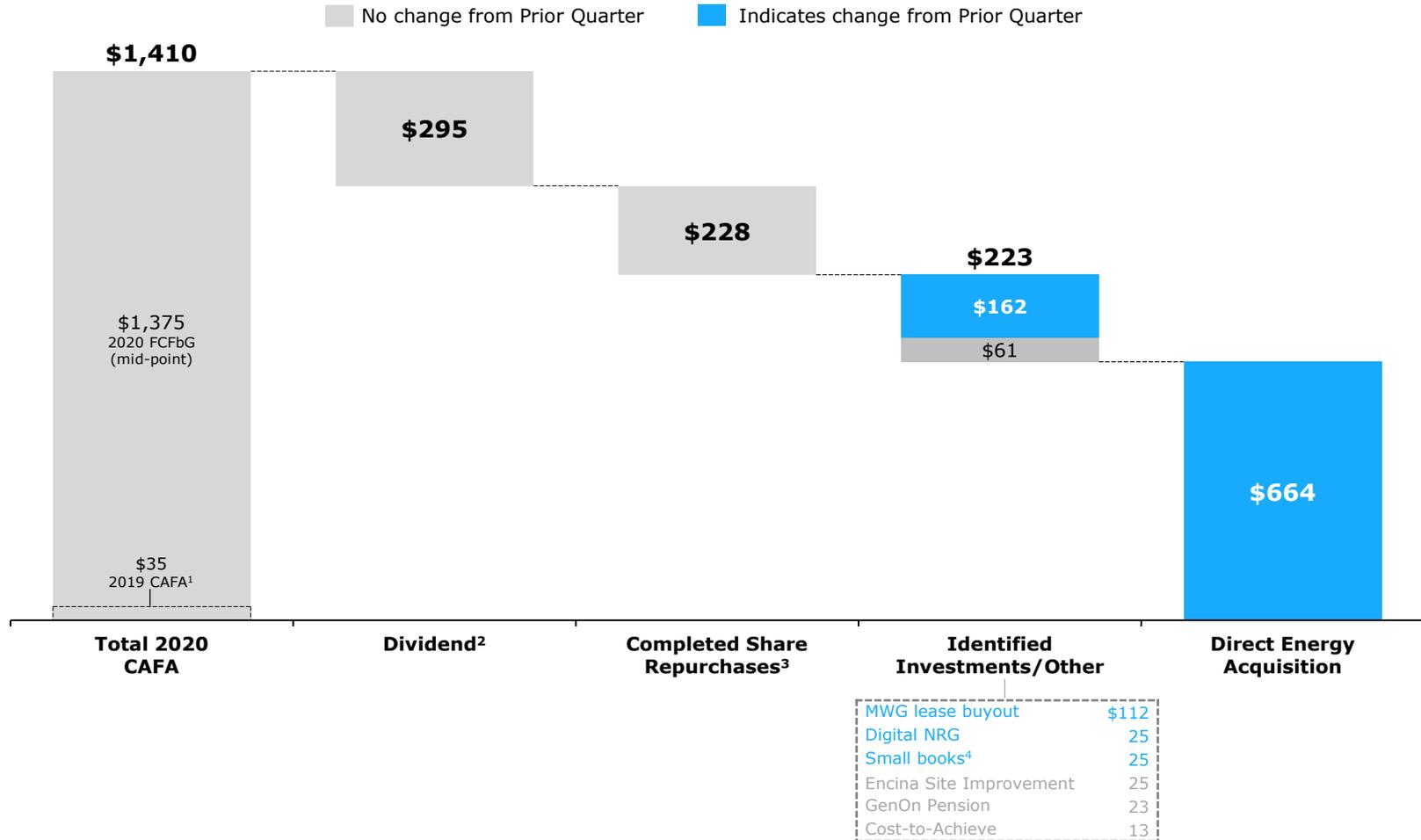
COVID Impact Moderating; Reaffirming 2020 and 2021 Guidance

<sup>1</sup> Includes Corporate segment

# 2020 Capital Allocation



(\$ millions)



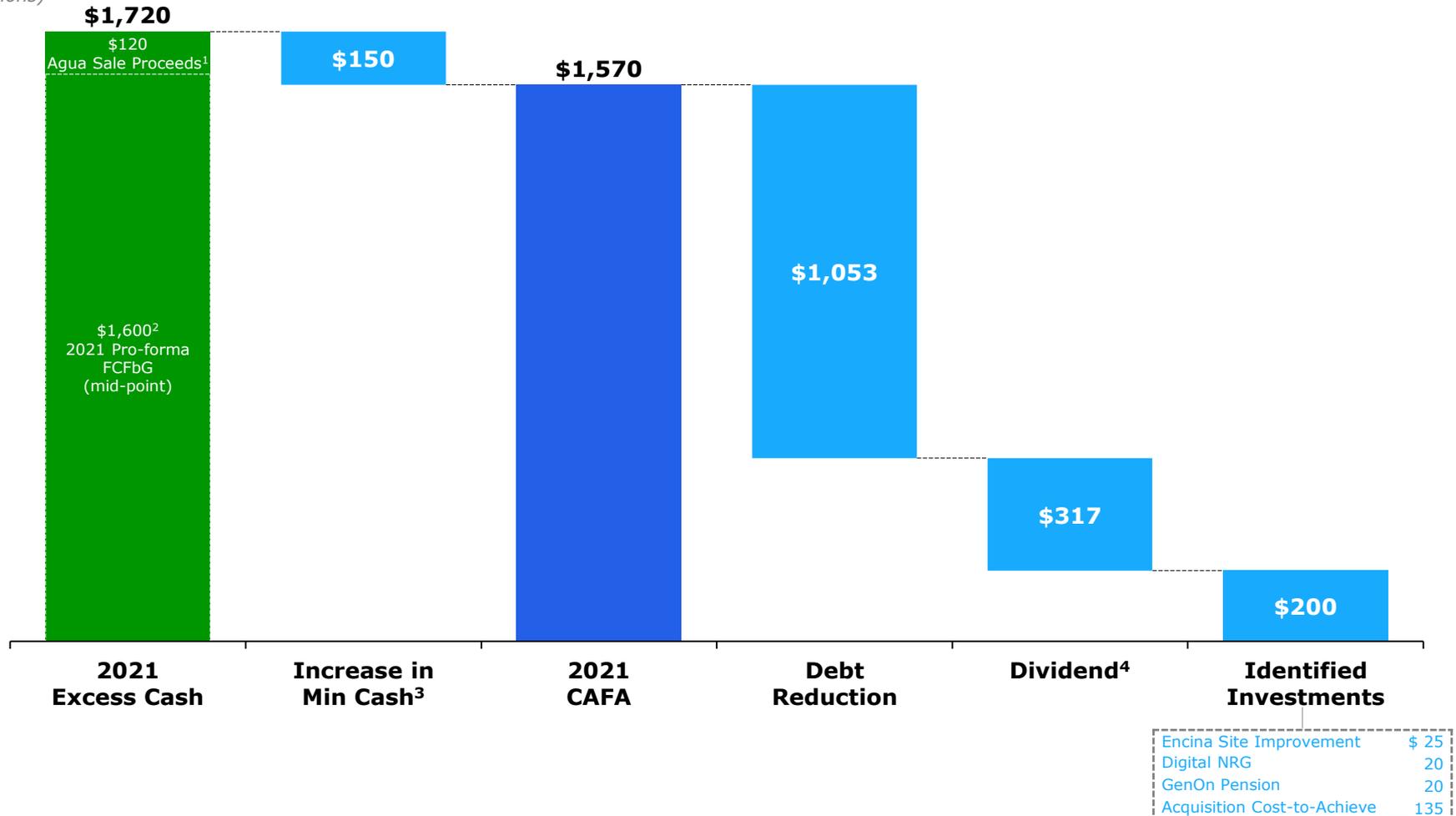
**\$664 MM Remaining 2020 Capital Allocated to Fund Direct Energy Acquisition**

<sup>1</sup> See slide 11 of 4Q19 presentation for details; <sup>2</sup> Estimate based on an \$1.20 annual dividend and 244 MM outstanding shares; <sup>3</sup> Including \$60 MM remaining balance of the 2019 \$250 MM share repurchase authorization, which was completed in Jan-Feb 2020; <sup>4</sup> Small book acquisitions have closed prior to the agreement to acquire Direct Energy

# 2021 Capital Allocation



(\$ millions)



~\$1.05 BN Allocated to Debt Reduction to Maintain Investment Grade Metrics

<sup>1</sup> Net of revolver debt; <sup>2</sup> See July 24th Business Update Presentation, slides 16-17; <sup>3</sup> Increase in minimum cash from \$500 MM to \$650 MM – additional cash liquidity required for Direct Energy acquisition; <sup>4</sup> Estimate based on an \$1.30 annual dividend (7-9% targeted dividend growth; assumed mid-point 8% for illustrative purposes) and 244 MM outstanding shares

# Corporate Credit Profile

(\$ millions)

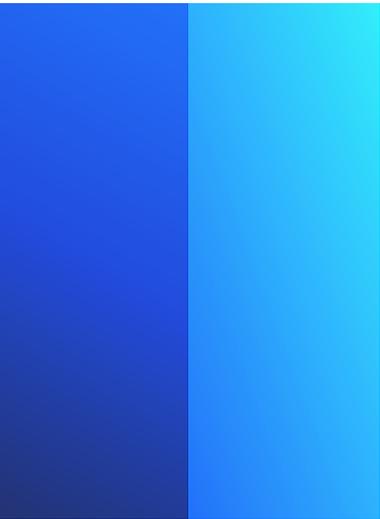
	2021 NRG Standalone	Acquisition	Pro Forma 2021
<b>Corporate Debt</b>	<b>\$6,073<sup>1</sup></b>	<b>\$2,361</b>	<b>\$8,434</b>
Equity linked facility <sup>2</sup>		375	375
Debt reduction		(1,053)	(1,053)
Minimum cash balance	(500) <sup>3</sup>	(150)	(650)
<b>Corporate Net Debt</b>	<b>\$5,573</b>	<b>\$1,533</b>	<b>\$7,106</b>
<b>Adj. EBITDA</b>	<b>\$2,000<sup>4</sup></b>	<b>\$500<sup>5</sup></b>	<b>\$2,500</b>
Other Adjustments <sup>6</sup>	150	-	150
<b>Corporate Adj. EBITDA</b>	<b>\$2,150</b>	<b>\$500<sup>5</sup></b>	<b>\$2,650</b>
	<b>2.59x</b>		<b>2.68x</b>

## Target Investment Grade Metrics

Net Debt / Adj. EBITDA	2.50 - 2.75x
Adj. CFO / Net Debt	27.5 - 32.5%
(Adj. CFO + Interest) / Interest	5.5 - 6.5x

## Return to Target Metrics Within the 1<sup>st</sup> Year of Direct Energy Acquisition

<sup>1</sup> Balance at 12/31/2019 and \$148 MM to fund MWG lease buyout; <sup>2</sup> Rating agencies include 50% of equity linked facilities as corporate debt; <sup>3</sup> 2019 YE unrestricted cash of \$345 MM plus collateral postings of \$190 MM; 2021 comprises minimum cash assuming excess capital is fully deployed; <sup>4</sup> Midpoint of 2021 guidance range; <sup>5</sup> EBITDA forecasts are based on NRG Energy's own estimates and should not be construed as a profit forecast for the purpose of Centrica's Listing Rule obligations under Listing Rule 13.5; see July 24th Business Update presentation; <sup>6</sup> Includes non-cash expenses (e.g. nuclear amortization, equity compensation amortization, and bad debt expense) and non-cash equity earnings that are incl in Adj. EBITDA



# Closing Remarks

## Deliver on Financial and Operational Objectives

- Reaffirming 2020 & 2021 guidance
- Strong year-to-date financial, operational and safety performance

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## Complete 3-Year Transformation Plan

- \$215 MM cumulative EBITDA-accretive margin enhancement (\$80 MM in 2020) – on track

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## Perfect and Grow Integrated Platform

- Enhance transparency through regional integrated financial disclosures and sensitivities
- Grow retail and increase renewable supply through capital-light (PPA) strategy
  - \*New\*** Close Direct Energy acquisition, year-end 2020 target
- Portfolio / real-estate optimization

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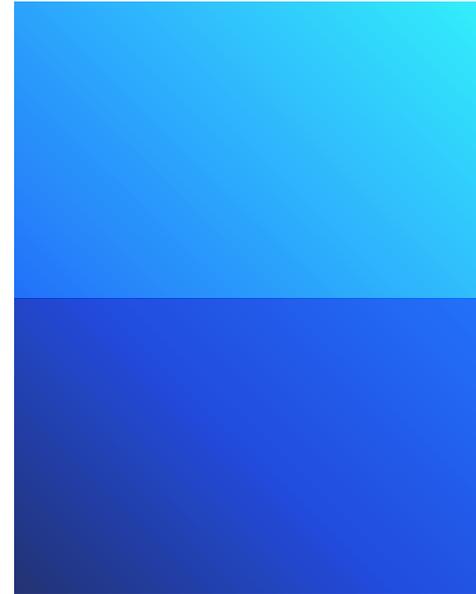
## Execute Disciplined Capital Allocation Plan

- Increase annual dividend from \$0.12 to \$1.20 per share
- Completed \$228 MM share repurchases; remaining 2020 capital allocated to fund Direct Energy acquisition
- Achieve investment grade credit rating, targeting late 2021 / early 2022

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## Announcing Analyst Day - Early 2021

# Appendix



# Committed to Sustainability



## NRG Sustainability Framework



Sustainable Business



Sustainable Operations



Sustainable Customers



Sustainable Suppliers



Sustainable Workplace

## Industry-Leading Disclosure

10<sup>th</sup> Sustainability Report

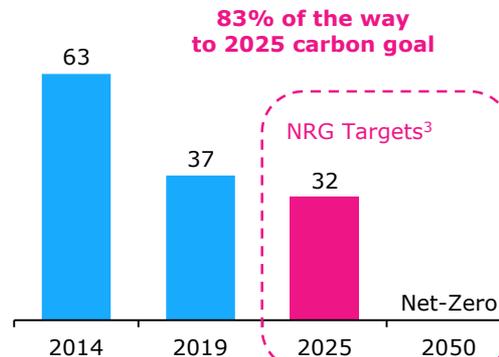


## Comprehensive Approach



## Environmental Leadership<sup>1</sup>

### U.S. CO<sub>2</sub>e Emission Goals (MMtCO<sub>2</sub>e<sup>2</sup>)



**Carbon Reduction Target: 50% by 2025; net-zero by 2050**

## Diversity & Inclusion Focus

### Board Diversity



- Diversity & Inclusion elevated to one of the companies five core values in 2019
- Recognized as one of the Best Employers for Diversity in 2019 by Forbes
- Dedicated Diversity & Inclusion steering committee
- Independent board - 90%<sup>4</sup>

<sup>1</sup> Data as of December 31, 2019; <sup>2</sup> Million Metric tons of carbon dioxide equivalent; <sup>3</sup> As of December 31, 2019; NRG's goal is to reduce its total U.S. Scope 1, 2 (purchased electricity) and 3 (business travel) CO<sub>2</sub>e emissions by 50% by 2025, and 'net-zero' by 2050, using 2014 as a baseline; <sup>4</sup> All Directors except CEO

# Capacity Clears & Unsold



## Capacity Revenue by Calendar<sup>1</sup> Year (\$ MM)

Market	2020	2021
PJM	\$282	\$299
ISO-NE	\$111	\$90
NYISO <sup>2</sup>	\$151	\$169
CAISO <sup>2</sup>	\$58	\$54

**Illustrative:  
Assumes uncleared  
capacity clears at current  
market levels**

Market	Planning Year	Average Price (\$/kW-Month)	Estimated Qualified Capacity <sup>3</sup>	Percentage Sold <sup>4</sup>	MWs Cleared	Market	Region	Planning Year	Average Price (\$/MW-Day)	MWs Cleared
ISO-NE	2019-2020	\$7.03	1,529	100%	1,529	PJM	ComEd	2020-2021	\$188.12	3,315
	2020-2021	\$5.30	1,529	100%	1,529			2021-2022	\$195.55	3,995
	2021-2022	\$4.63	1,529	100%	1,529	PJM	DPL South	2020-2021	\$187.87	519
	2022-2023	\$3.80	1,517	100%	1,517			2021-2022	\$165.73	552
	2023-2024	\$2.00	1,517	50%	757			PJM	PEPCO	2020-2021
NYISO	2020	\$4.64	2,719	91%	2,477	2021-2022	\$140.00			72
	2021 <sup>5</sup>	\$5.00	2,810	44%	1,229	PJM	Net Total	2020-2021	\$186.34	3,901
CAISO	2020	\$5.81	838	100%	838			2021-2022	\$191.12	4,619
	2021	\$5.19	838	41%	347	*PJM data as of 5/23/2018				

<sup>1</sup> Capacity revenue excludes cleared DER of: 2,958 MW at \$89.09 \$/MW-day in 2019-2020, 1,899 MW at \$109.59 \$/MW-day in 2020-2021 and 3,203 MW at \$155.15 \$/MW-day in 2021-2022; <sup>2</sup> NYISO & CAISO values include sold and unsold revenue; unsold revenue is estimated as of 6/30/2020 and is subject to change; NYC estimated qualified capacity is ~1.2 GW; NYISO - Rest of State estimated qualified capacity is ~1.5 GW; <sup>3</sup> Capacity that can be bid in a capacity auction; estimated as of 6/30/2020 and is subject to change; <sup>4</sup> Percentage of the total qualified capacity that has been sold as of 6/30/2020; <sup>5</sup> Lower NYISO capacity prices driven by Demand Curve Reset process and potential for lower load forecasts due to COVID-19 impacts

# Integrated Portfolio

## Additional Modeling Data

	2020E Guidance Drivers		2021E Business Statistics	
	ERCOT	East/West	ERCOT	East/West
<b>Operational Statistics</b>				
<b>Retail Sales – Current Portfolio<sup>1,3</sup></b>				
Electric Estimated Sales (TWhs)	58-60	11-13	Stable to Modest Growth	
Natural Gas Estimated Sales (MDths)	0	23-25	Stable to Modest Growth	
<b>ERCOT Integrated Supply and East/West Generation Statistics<sup>1</sup></b>				
Total Capacity (GW) <sup>2,4</sup>	10	11	10	11
Estimated Generation (TWh) <sup>2,5</sup>	35.2	13.7	41.6	14.7
Percentage Estimated Generation Hedged <sup>2,6</sup>	Integrated	94%	Integrated	16%
<b>Financial Summary</b>				
<b>Gross Margin Summary (\$ MM)<sup>1</sup></b>				
Electric, Natural Gas, & Other Products <sup>2,7</sup>	\$2,620-2,770	\$510-560	--	--
Energy & Other <sup>2,8</sup>	~\$60	~\$290	~\$60	~\$290
Capacity Revenues – generation <sup>2,9</sup>	--	~\$600	--	~\$610
Implied Economic Gross Margin (\$ MM)	\$2,680-2,830	\$1,400-1,450	--	--
O&M, SG&A, and Other Costs/Income <sup>1,10</sup>	~\$1,330	~\$850	+/- 2%	+/- 2%
<b>Adj EBITDA Guidance (\$ MM)</b>	<b>\$1,350-1,500</b>	<b>\$550-600</b>	--	--
<b>Adjusted EBITDA Power Price Sensitivities and Prices</b>				
<b>Adj EBITDA Sensitivities (\$ MM)<sup>11</sup></b>				
Power Price Sensitivity: +/- \$1/MWh	Bal 2020 <\$5	Bal 2020 <\$5	2021E \$11	2021E \$9
<b>Around-the-Clock Power Prices<sup>2</sup></b>				
	2020	2020	2021	2021
ERCOT (Houston) and East/West (PJM-W Zones), 9/30/2019	\$35.33	\$29.38	\$31.48	\$28.29
ERCOT (Houston) and East/West (PJM-W Zones), 6/30/2020	\$29.37	\$20.94	\$31.60	\$27.40

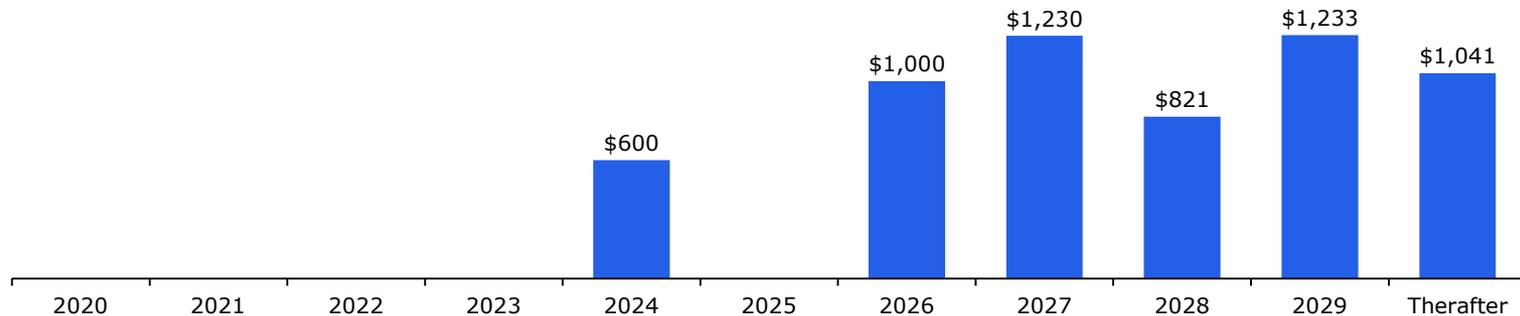
# Integrated Portfolio

## Footnotes

- <sup>1</sup> 2020 numbers are estimated components in isolation to the current guidance range, established as of 9/30/2019 and reaffirmed on 8/6/2020
- <sup>2</sup> Annualized equivalents represent realized actuals through 6/30/2020 plus forecasts through year-end based on forward prices as of 6/30/2020
- <sup>3</sup> Estimated Retail Sales assumes weather normalized expected sales
- <sup>4</sup> Total capacity represents net summer MWs after adjusting for ownership position excluding capacity from equity interest assets and inactive/mothballed units
- <sup>5</sup> Estimated generation represents expected dispatch output (GWh) based on forward price curves as of 6/30/2020
- <sup>6</sup> Percentage hedged represents power equivalent hedge volumes divided by estimated generation; 'Integrated' represents the company's intention to internally cross the respective output (with exception of CBY unit 4) to its retail operations, unless otherwise optimized through other channels; Excludes coal hedging – NRG is hedged 100% and 21% of its coal fuel requirement for 2020 & 2021, respectively
- <sup>7</sup> Electric, Natural Gas, and Other Products primarily represents the expected revenues net of fuel / purchased power, TDSP, capacity, and other charges
- <sup>8</sup> Energy & Other primarily represents the expected energy revenue net of fuel, emission costs and other obligations from merchant assets. Further integration of merchant assets will shift realized margin to Electric Revenues. For hedging methodology see the 2019 10K Item 15 - Note 5, Accounting for Derivative Instruments and Hedging Activities; The change from 1Q20 is primarily the result of favorable fuel contracts
- <sup>9</sup> Capacity Revenue primarily represents generation revenue from MWs cleared in ISO auctions or sold bilaterally plus forecasted revenue from unsold Capacity. Demand Response is subsumed in Energy & Other; however, for financial reporting purposes, it is included in Capacity Revenues
- <sup>10</sup> Includes other income from equity investments
- <sup>11</sup> The change in power price is shaped by the level of the current forward curve and expected volumes – that is higher priced months (which are mostly associated with higher load volumes) experience a bigger change while lower priced months (which are mostly associated with lower load volumes) experience a smaller change. Power Price sensitivity represents estimated EBITDA change for an around-the-clock shift scaled to +/- \$1/MWh. Natural Gas prices and expected weather normalized load volumes are assumed to remain unchanged while calculating these sensitivities. Actual portfolio EBITDA may vary differently from modeled forecast due to several factors like forced plant outages, unexpected load variability and non-linear nature of the generation portfolio

# Recourse Debt Maturity Schedule

(millions)



Recourse Debt	Principle
7.25% Senior notes, due 2026	\$1,000
6.625% Senior notes, due 2027	\$1,230
5.75% Senior notes, due 2028	\$821
5.25% Senior notes, due 2029	\$733
2.75% Convertible Senior Notes, due 2048 <sup>1</sup>	\$575
3.75% Senior Secured First Lien Notes, due 2024	\$600
4.45% Senior Secured First Lien Notes, due 2029	\$500
Revolving Credit Facility	\$-
Tax-exempt bonds	\$466
<b>Recourse Debt</b>	<b>\$5,925</b>

## NRG Energy, Inc. Credit Rating

S&P

Moody's

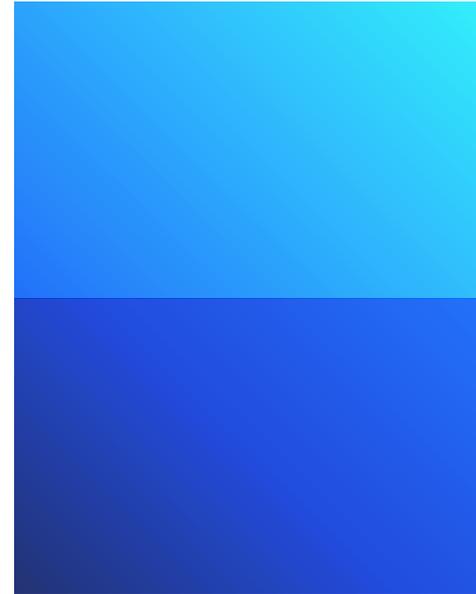
**BB+ Stable**

**Ba1 Positive**

Uniform Maturity Schedule with No Maturity Walls

<sup>1</sup> Notes will become convertible during each of the ~6-month periods following December 1, 2024 and December 1, 2047; for updated convertible rate as of July 31, 2020, see page 30 of 2Q20 10-Q

# Appendix: Reg. G Schedules



### Appendix Table A-1: NRG Guidance

The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Adjusted EBITDA and to Income from Continuing Operations:

<i>(\$ millions)</i>	<b>2020 Guidance</b>	<b>2021 Guidance</b>
<b>Income from Continuing Operations<sup>1</sup></b>	<b>\$980 - \$1,180</b>	<b>\$965 - \$1,165</b>
Income tax	20	20
Interest Expense	335	335
Depreciation, Amortization, Contract Amortization, and ARO Expense	480	500
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	65	65
Other Costs <sup>2</sup>	20	15
<b>Adjusted EBITDA</b>	<b>\$1,900 - \$2,100</b>	<b>\$1,900 - \$2,100</b>
Interest payments	(335)	(335)
Income tax	(20)	(20)
Working capital / other assets and liabilities	(95)	(90)
<b>Adjusted Cash Flow from Operations</b>	<b>\$1,450 - \$1,650</b>	<b>\$1,455 - \$1,655</b>
Maintenance capital expenditures, net	(165) - (185)	(160) - (180)
Environmental capital expenditures, net	(0) - (5)	(15) - (20)
<b>Free Cash Flow before Growth</b>	<b>\$1,275 - \$1,475</b>	<b>\$1,275 - \$1,475</b>

<sup>1</sup> For purposes of guidance fair value adjustments related to derivatives are assumed to be zero; <sup>2</sup> Includes deactivation costs and cost-to-achieve expenses

### Appendix Table A-2: 3 months ended 6/30/20 Adjusted EBITDA Reconciliation by Operating Segment

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Income/(Loss) from Continuing Operations

(\$ in millions)	Three Months ended 6/30/20					Three Months ended 6/30/19				
	Texas	East	West/ Other <sup>1</sup>	Corp/Elim	Total	Texas	East	West/ Other <sup>1</sup>	Corp/Elim	Total
<b>Income/(Loss) from Continuing Operations</b>	<b>350</b>	<b>146</b>	<b>25</b>	<b>(208)</b>	<b>313</b>	<b>259</b>	<b>60</b>	<b>18</b>	<b>(148)</b>	<b>189</b>
Plus:										
Interest expense, net	-	2	1	91	94	-	4	3	92	99
Income tax	-	-	1	100	101	-	-	-	(1)	(1)
Loss on debt extinguishment	-	-	-	-	-	-	-	-	47	47
Depreciation and amortization	59	33	8	10	110	40	30	7	8	85
ARO Expense	3	3	1	-	7	3	3	1	-	7
Contract amortization	1	-	-	-	1	6	-	-	-	6
<b>EBITDA</b>	<b>413</b>	<b>184</b>	<b>36</b>	<b>(7)</b>	<b>626</b>	<b>308</b>	<b>97</b>	<b>29</b>	<b>(2)</b>	<b>432</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	1	-	24	-	25	5	-	28	-	33
Acquisition-related transaction & integration costs	-	-	-	2	2	-	-	-	1	1
Reorganization costs	-	-	-	(1)	(1)	3	-	-	(1)	2
Legal Settlement	-	-	-	-	-	3	6	2	-	11
Deactivation costs	2	-	1	-	3	-	4	3	2	9
Gain on sale of business	-	-	-	-	-	-	-	-	-	-
Other non recurring charges	3	(1)	-	4	6	-	-	2	(1)	1
Impairments	-	-	-	-	-	1	-	-	-	1
Mark to market (MtM) (gains)/losses on economic hedges	(41)	(45)	(1)	-	(87)	6	(14)	(13)	-	(21)
<b>Adjusted EBITDA</b>	<b>378</b>	<b>138</b>	<b>60</b>	<b>(2)</b>	<b>574</b>	<b>326</b>	<b>93</b>	<b>51</b>	<b>(1)</b>	<b>469</b>

<sup>1</sup> Includes International, remaining renewables and eliminations

### Appendix Table A-3: 6 months ended 6/30/20 Adjusted EBITDA Reconciliation by Operating Segment

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Income/(Loss) from Continuing Operations

(\$ in millions)	Six Months ended 6/30/20					Six Months ended 6/30/19				
	Texas	East	West/ Other <sup>1</sup>	Corp/Elim	Total	Texas	East	West/ Other <sup>1</sup>	Corp/Elim	Total
<b>Income/(Loss) from Continuing Operations</b>	<b>512</b>	<b>170</b>	<b>66</b>	<b>(314)</b>	<b>434</b>	<b>409</b>	<b>159</b>	<b>(5)</b>	<b>(280)</b>	<b>283</b>
Plus:										
Interest expense, net	-	6	1	181	188	-	9	6	192	207
Income tax	-	-	1	123	124	-	-	-	3	3
Loss on debt extinguishment	-	1	-	-	1	-	-	-	47	47
Depreciation and amortization	118	66	16	19	219	80	56	18	16	170
ARO Expense	7	11	1	(1)	18	6	6	2	-	14
Contract amortization	2	-	-	-	2	11	-	-	-	11
<b>EBITDA</b>	<b>639</b>	<b>254</b>	<b>85</b>	<b>8</b>	<b>986</b>	<b>506</b>	<b>230</b>	<b>21</b>	<b>(22)</b>	<b>735</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	2	-	48	-	50	8	-	57	-	65
Acquisition-related transaction & integration costs	1	-	-	2	3	-	-	-	1	1
Reorganization costs	1	-	-	2	3	4	-	-	11	15
Legal Settlement	-	-	-	-	-	3	6	2	-	11
Deactivation costs	2	-	2	(1)	3	-	4	4	5	13
Gain on sale of business	-	-	-	(15)	(15)	-	-	-	-	-
Other non recurring charges	-	(1)	-	6	5	3	(1)	1	(2)	1
Impairments	18	-	-	-	18	1	-	-	-	1
Mark to market (MtM) (gains)/losses on economic hedges	(90)	(25)	(16)	-	(131)	(20)	(2)	(19)	0	(41)
<b>Adjusted EBITDA</b>	<b>573</b>	<b>228</b>	<b>119</b>	<b>2</b>	<b>922</b>	<b>505</b>	<b>237</b>	<b>66</b>	<b>(7)</b>	<b>801</b>

<sup>1</sup> Includes International, remaining renewables and eliminations

**Appendix Table A-4: 3 months and 6 months ended 6/30/20 Free Cash Flow before Growth**

The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Cash provided by continuing operations

<i>(\$ millions)</i>	<b>3 Months Ended 6/30/20</b>	<b>6 Months Ended 6/30/20</b>
<b>Adjusted EBITDA</b>	<b>\$ 574</b>	<b>\$ 922</b>
Interest payments	(103)	(172)
Income Tax	(3)	(4)
Collateral / working capital / other	16	(54)
<b>Cash provided by continuing operations</b>	<b>\$ 484</b>	<b>\$ 692</b>
Merger, integration and cost-to-achieve expenses <sup>1</sup>	-	3
Proceeds from sale of investments	1	12
Encina site improvement	1	3
Collateral	(48)	(58)
<b>Adjusted Cash Flow from Operations</b>	<b>\$ 438</b>	<b>\$ 652</b>
Maintenance capital expenditures, net	(35)	(82)
Environmental capital expenditures, net	(1)	(1)
<b>Free Cash Flow before Growth</b>	<b>\$ 402</b>	<b>\$ 569</b>

<sup>1</sup> Includes costs associated with the Transformation Plan announced on 7/12/2017

### Appendix Table A-5: Direct Energy 2023 Run-Rate Adjusted EBITDA Reconciliation

The following table summarizes the calculation of Adj. EBITDA and provides a reconciliation to income from continuing operations

<i>(\$ millions)</i>	<b>Direct Energy Run-Rate Adj EBITDA</b>
<b>Income from Continuing Operations</b>	<b>\$485</b>
Plus:	
Interest Expense, net	100
Income tax expense	25
Depreciation and Amortization	115
<b>EBITDA</b>	<b>\$725</b>
General and Administrative Cost to Achieve	15
<b>Adjusted EBITDA</b>	<b>\$740</b>

EBITDA and Adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that NRG's future results will be unaffected by unusual or non-recurring items.

EBITDA represents net income before interest (including loss on debt extinguishment), taxes, depreciation and amortization. EBITDA is presented because NRG considers it an important supplemental measure of its performance and believes debt-holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, working capital needs;

EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and

Other companies in this industry may calculate EBITDA differently than NRG does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to use to invest in the growth of NRG's business. NRG compensates for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. See the statements of cash flow included in the financial statements that are a part of this news release.

Adjusted EBITDA is presented as a further supplemental measure of operating performance. As NRG defines it, Adjusted EBITDA represents EBITDA excluding impairment losses, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from accounting for derivatives, adjustments to exclude the Adjusted EBITDA related to the non-controlling interest, gains or losses on the repurchase, modification or extinguishment of debt, the impact of restructuring and any extraordinary, unusual or non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments. The reader is encouraged to evaluate each adjustment and the reasons NRG considers it appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating Adjusted EBITDA, the reader should be aware that in the future NRG may incur expenses similar to the adjustments in this news release.

Management believes Adjusted EBITDA is useful to investors and other users of NRG's financial statements in evaluating its operating performance because it provides an additional tool to compare business performance across companies and across periods and adjusts for items that we do not consider indicative of NRG's future operating performance. This measure is widely used by debt-holders to analyze operating performance and debt service capacity and by equity investors to measure our operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations, and for evaluating actual results against such expectations, and in communications with NRG's Board of Directors, shareholders, creditors, analysts and investors concerning its financial performance.

Adjusted cash flow from operating activities is a non-GAAP measure NRG provides to show cash from operations with the reclassification of net payments of derivative contracts acquired in business combinations from financing to operating cash flow, as well as the add back of merger, integration and related restructuring costs. The Company provides the reader with this alternative view of operating cash flow because the cash settlement of these derivative contracts materially impact operating revenues and cost of sales, while GAAP requires NRG to treat them as if there was a financing activity associated with the contracts as of the acquisition dates. The Company adds back merger, integration related restructuring costs as they are one time and unique in nature and do not reflect ongoing cash from operations and they are fully disclosed to investors.

Free cash flow (before Growth investments) is adjusted cash flow from operations less maintenance and environmental capital expenditures, net of funding, preferred stock dividends and distributions to non-controlling interests and is used by NRG predominantly as a forecasting tool to estimate cash available for debt reduction and other capital allocation alternatives. The reader is encouraged to evaluate each of these adjustments and the reasons NRG considers them appropriate for supplemental analysis. Because we have mandatory debt service requirements (and other non-discretionary expenditures) investors should not rely on free cash flow before Growth investments as a measure of cash available for discretionary expenditures.

Free Cash Flow before Growth Investment is utilized by Management in making decisions regarding the allocation of capital. Free Cash Flow before Growth Investment is presented because the Company believes it is a useful tool for assessing the financial performance in the current period. In addition, NRG's peers evaluate cash available for allocation in a similar manner and accordingly, it is a meaningful indicator for investors to benchmark NRG's performance against its peers. Free Cash Flow before Growth Investment is a performance measure and is not intended to represent net income (loss), cash from operations (the most directly comparable U.S. GAAP measure), or liquidity and is not necessarily comparable to similarly titled measures reported by other companies.