



**Morgantown Generating Station**  
Charles County, MD

# Second Quarter 2012 Earnings

*August 9, 2012*

In addition to historical information, the information presented in this communication 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," "will," "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 anticipated benefits of the proposed transaction between NRG and GenOn, our and the combined company's future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, each party's views of economic and market conditions, and the expected timing of the completion of the proposed transaction.

Forward-looking statements are not a guarantee of future performance and actual events or results may differ materially from any forward-looking statement as result of various risks and uncertainties, including, but not limited to, those relating to: the ability to satisfy the conditions to the proposed transaction between NRG and GenOn, the ability to successfully complete the proposed transaction (including any financing arrangements in connection therewith) in accordance with its terms and in accordance with expected schedule, the ability to obtain stockholder, antitrust, regulatory or other approvals for the proposed transaction, or an inability to obtain them on the terms proposed or on the anticipated schedule, diversion of management attention on transaction-related issues, impact of the transaction on relationships with customers, suppliers and employees, the ability to finance the combined business post-closing and the terms on which such financing may be available, the financial performance of the combined company following completion of the proposed transaction, the ability to successfully integrate the businesses of NRG and GenOn, the ability to realize anticipated benefits of the proposed transaction (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, legislative, regulatory and/or market developments, the outcome of pending or threatened lawsuits, regulatory or tax proceedings or investigations, the effects of competition or regulatory intervention, financial and economic market conditions, access to capital, the timing and extent of changes in law and regulation (including environmental), commodity prices, prevailing demand and market prices for electricity, capacity, fuel and emissions allowances, weather conditions, operational constraints or outages, fuel supply or transmission issues, hedging ineffectiveness.

Additional information concerning other risk factors is contained in GenOn's most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other Securities and Exchange Commission ("SEC") filings.

Many of these risks, uncertainties and assumptions are beyond GenOn's ability to control or predict. Because of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements. Furthermore, forward-looking statements speak only as of the date they are made, and GenOn undertakes no obligation to update publicly or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this communication. All subsequent written and oral forward-looking statements concerning GenOn, the proposed transaction, the combined company or other matters and attributable to GenOn or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.

## **Additional Information And Where To Find It**

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The proposed business combination transaction between NRG and GenOn will be submitted to the respective stockholders of NRG and GenOn for their consideration. NRG will file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of NRG and GenOn that also constitutes a prospectus of NRG. NRG and GenOn will mail the joint proxy statement/prospectus to their respective stockholders. NRG and GenOn also plan to file other documents with the SEC regarding the proposed transaction. This communication is not a substitute for any prospectus, proxy statement or any other document which NRG or GenOn may file with the SEC in connection with the proposed transaction. INVESTORS AND SECURITY HOLDERS OF GENON AND NRG ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and stockholders will be able to obtain free copies of the joint proxy statement/prospectus and other documents containing important information about NRG and GenOn, once such documents are filed with the SEC, through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). NRG and GenOn make available free of charge at [www.nrgenergy.com](http://www.nrgenergy.com) and [www.genon.com](http://www.genon.com), respectively (in the "Investor Relations" section), copies of materials they file with, or furnish to, the SEC.

## **Participants In The Merger Solicitation**

NRG, GenOn, and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of GenOn and NRG in connection with the proposed transaction. Information about the directors and executive officers of NRG is set forth in its proxy statement for its 2012 annual meeting of stockholders, which was filed with the SEC on March 12, 2012. Information about the directors and executive officers of GenOn is set forth in its proxy statement for its 2012 annual meeting of stockholders, which was filed with the SEC on March 30, 2012. These documents can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

## **Non-GAAP Financial Information**

The following presentation includes "non-GAAP financial measures" as defined in Regulation G under the Securities Exchange Act of 1934, as amended. Reconciliations of these measures to the most directly comparable GAAP measures are contained in the appendix. This presentation is available in the Investor Relations section of our web site at [www.genon.com](http://www.genon.com). Certain factors that could affect GAAP financial measures are not accessible on a forward-looking basis, but could be material to future reported earnings and cash flow.



**Morgantown Generating Station**  
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**Edward R. Muller**  
*Chairman and CEO*

**Second Quarter 2012 Earnings**

August 9, 2012

- Merger with NRG will deliver \$300 million in annual transaction benefits by 2014
  - *\$175 million in annual cost synergies*
  - *\$25 million in annual operational efficiency synergies*
  - *\$100 million in annual balance sheet efficiencies*
- Combined company will be largest competitive power generation company in the U.S.
  - *47,000 MWs of generating capacity*
  - *Increased scale and additional geographic diversity*
- GenOn stockholders will receive
  - *20.6% premium based on closing prices of both stocks as of July 20*
  - *0.1216 shares of NRG in exchange for each share of GEN*

- GenOn and NRG stockholder approvals
  - *Special meetings – 4<sup>th</sup> quarter*
- Regulatory approvals
  - *New York State Public Service Commission – filed August 2*
  - *Public Utility Commission of Texas – filed August 3*
  - *Federal Energy Regulatory Commission – to be filed this week*
  - *Department of Justice Hart-Scott-Rodino review – in process*
- Required notices
  - *California Public Utilities Commission – filed July 31*
  - *Nuclear Regulatory Commission – filed August 1*

Merger expected to close by first quarter of 2013

- Plants to be deactivated on October 1, 2012 have been operating frequently throughout the heat wave in the east
  - *Elrama unit 4*
  - *Niles unit 1*
  - *Potomac River units 1-5*
- Generating fleet continues to run well
- Marsh Landing is on schedule and on budget

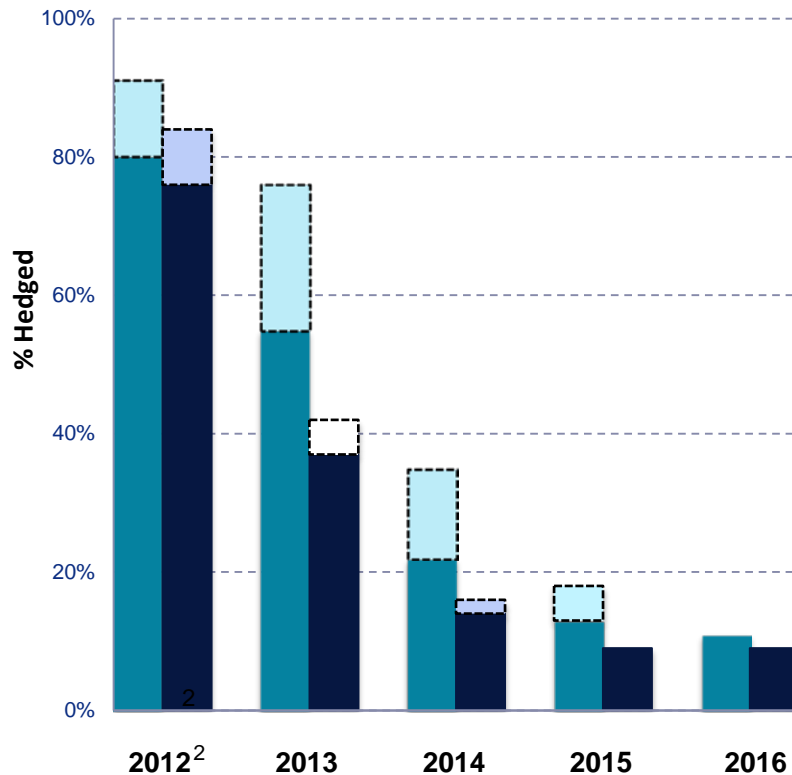
- Locked in over \$500 million of RPM capacity revenue for planning year 2015/2016
  - *Results were within expected range*
- MOPR did not function properly
  - *Subsidized generation distorted the market*
  - *Pursuing “bright line” tests for MOPR*



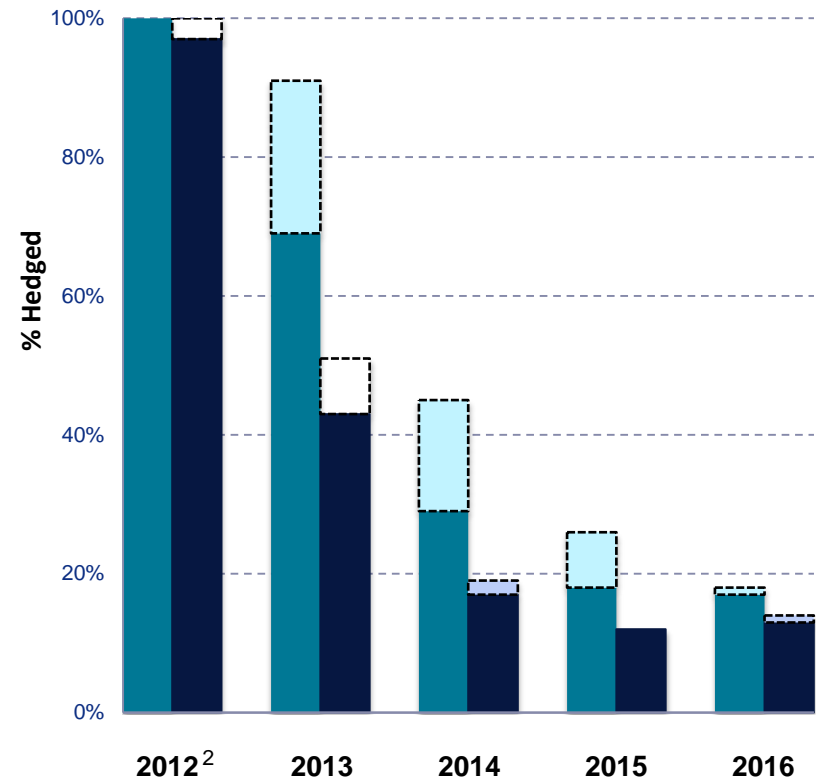
# Hedge Levels

Based on expected generation as of July 9, 2012

## Aggregate<sup>1</sup>



## Baseload Coal<sup>1</sup>



1. Shaded boxes represent net additions since April 9, 2012; empty boxes represent net decreases since April 9, 2012.
2. 2012 represents balance of year (August – December).
3. Power hedges include hedges with both power and natural gas.



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**J. William Holden**  
*Executive Vice President and CFO*

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# Financial Results



(\$ millions)	2Q			YTD		
	2012	2011	Variance	2012	2011	Variance
Energy <sup>1</sup>	\$ 62	\$ 151	\$ (89)	\$ 84	\$ 320	\$ (236)
Contracted and capacity	188	220	(32)	366	455	(89)
Realized value of hedges	112	65	47	276	145	131
<b>Adjusted gross margin<sup>1</sup></b>	<b>\$ 362</b>	<b>\$ 436</b>	<b>\$ (74)</b>	<b>\$ 726</b>	<b>\$ 920</b>	<b>\$ (194)</b>
Adjusted operating and other expenses	(290)	(332)	42	(553)	(611)	58
<b>Adjusted EBITDA</b>	<b>\$ 72</b>	<b>\$ 104</b>	<b>\$ (32)</b>	<b>\$ 173</b>	<b>\$ 309</b>	<b>\$ (136)</b>

- **Energy** – reduced generation volumes because of contracting dark spreads in Western & Eastern PJM and lower energy marketing contribution, partially offset by improved spark spreads
- **Contracted and capacity** – lower PJM capacity prices
- **Adjusted operating and other expenses:**
  - 2Q - lower project, outage and maintenance expenses
  - YTD - lower project, outage and maintenance expenses; Mirant/RRI merger cost synergies

1. Excludes (a) unrealized gains and losses, (b) lower of cost or market inventory adjustments, net, (c) advance settlement of out-of-market contract obligation and (d) costs to deactivate generating facilities (capacity penalties).

# Debt and Liquidity

(\$ millions)	June 30, 2012
Amortizing term loan due 2017	\$ 688
Senior unsecured notes due 2014 - 2020	2,525
GenOn Americas Generation senior notes due 2021 and 2031	850
GenOn Marsh Landing project finance due 2017 and 2023	255
Capital leases due 2015	16
<b>Total debt<sup>1</sup></b>	<b>\$ 4,334</b>
Cash and cash equivalents <sup>2</sup>	\$ 1,677
Revolver and letters of credit available <sup>3</sup>	504
<b>Total available liquidity<sup>2,3</sup></b>	<b>\$ 2,181</b>
<b>Funds on deposit:</b>	
Cash collateral for energy trading and marketing	\$ 153
Cash collateral for other operating activities <sup>4</sup>	62
Cash collateral for surety bonds	34
Marsh Landing development project cash collateral	85
Environmental compliance deposits	35
Other	27
<b>Total funds on deposit</b>	<b>\$ 396</b>

1. Excludes unamortized debt discounts and adjustments to fair value of debt of \$(57) million.

2. Includes \$355 million of collateral posted to GenOn.

3. Excludes availability under GenOn Marsh Landing credit facility.

4. Includes \$32 million related to the Potomac River escrow.

# Capital Expenditures

(\$ millions)	2012E	2013E
Maintenance	\$ 113	\$ 133
Environmental		
Maryland Healthy Air Act	108	-
Other <sup>1</sup>	45	119
Construction		
Marsh Landing	355	56
Other	18	-
Other	14	10
<b>Total capital expenditures<sup>2</sup></b>	<b>\$ 653</b>	<b>\$ 318</b>
Project financings for Marsh Landing	(355)	(38)
Funds on Deposit for MD Healthy Air Act	(108)	-
<b>Capital expenditures to be paid from cash</b>	<b>\$ 190</b>	<b>\$ 280</b>

Expected normalized maintenance capital expenditures  
 ~\$115 million/year decreasing to  
 ~\$110 million/year after deactivations

1. \$28 million and \$82 million related to MATS, HEDD and water regulations in 2012 and 2013, respectively.
2. Includes capitalized interest related only to Marsh Landing.

- Merger with NRG will deliver immediate value for stockholders of both companies who will benefit from:
  - *\$300 million in annual transaction benefits*
  - *Increased scale*
  - *Additional geographic diversity*
- Generating fleet continues to run well
- Marsh Landing is on schedule and on budget



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# Appendix

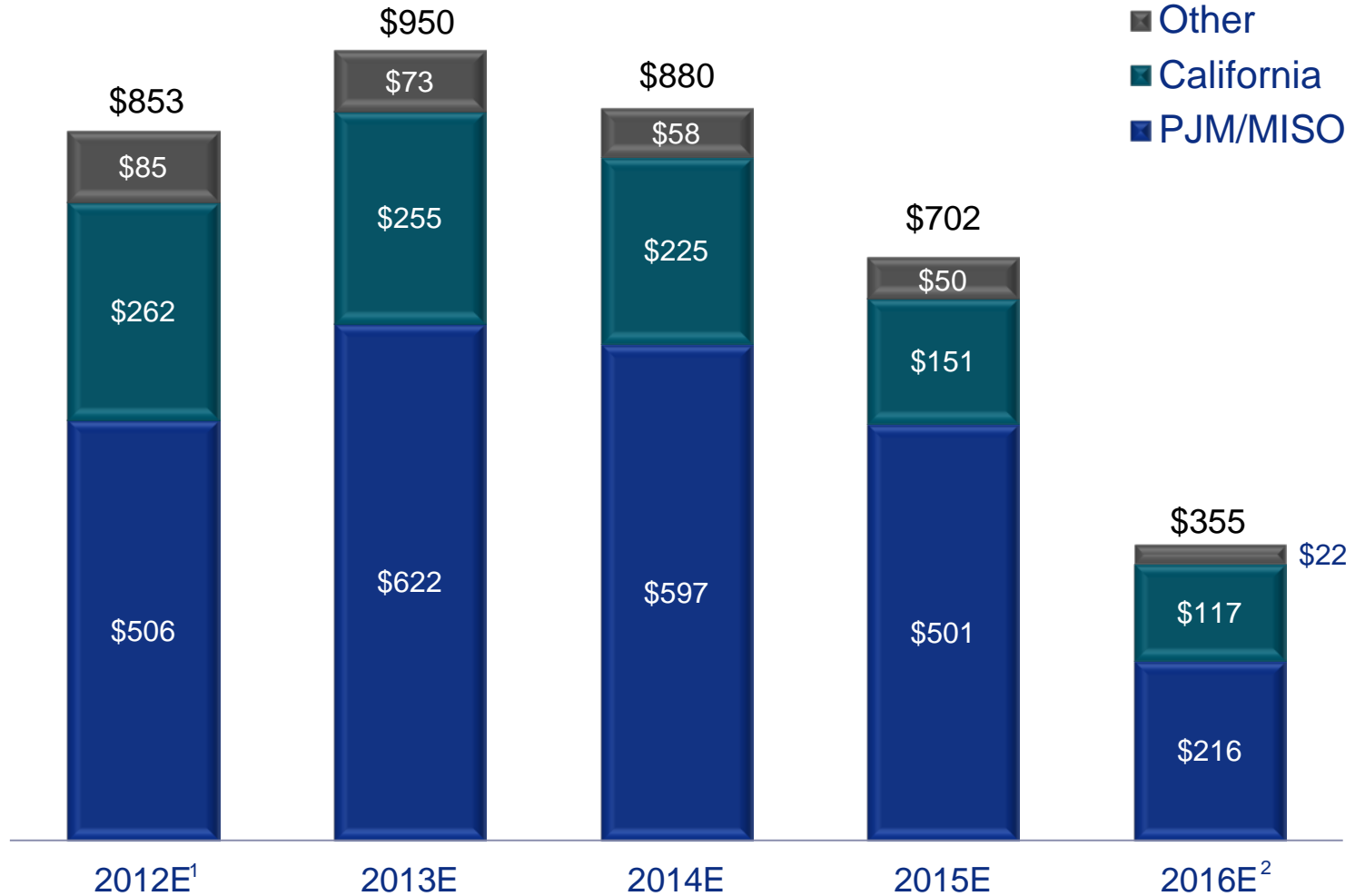
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# Fixed Contracted and Capacity



(\$ millions)  
As of July 9, 2012



1. Includes actual results through June 2012.

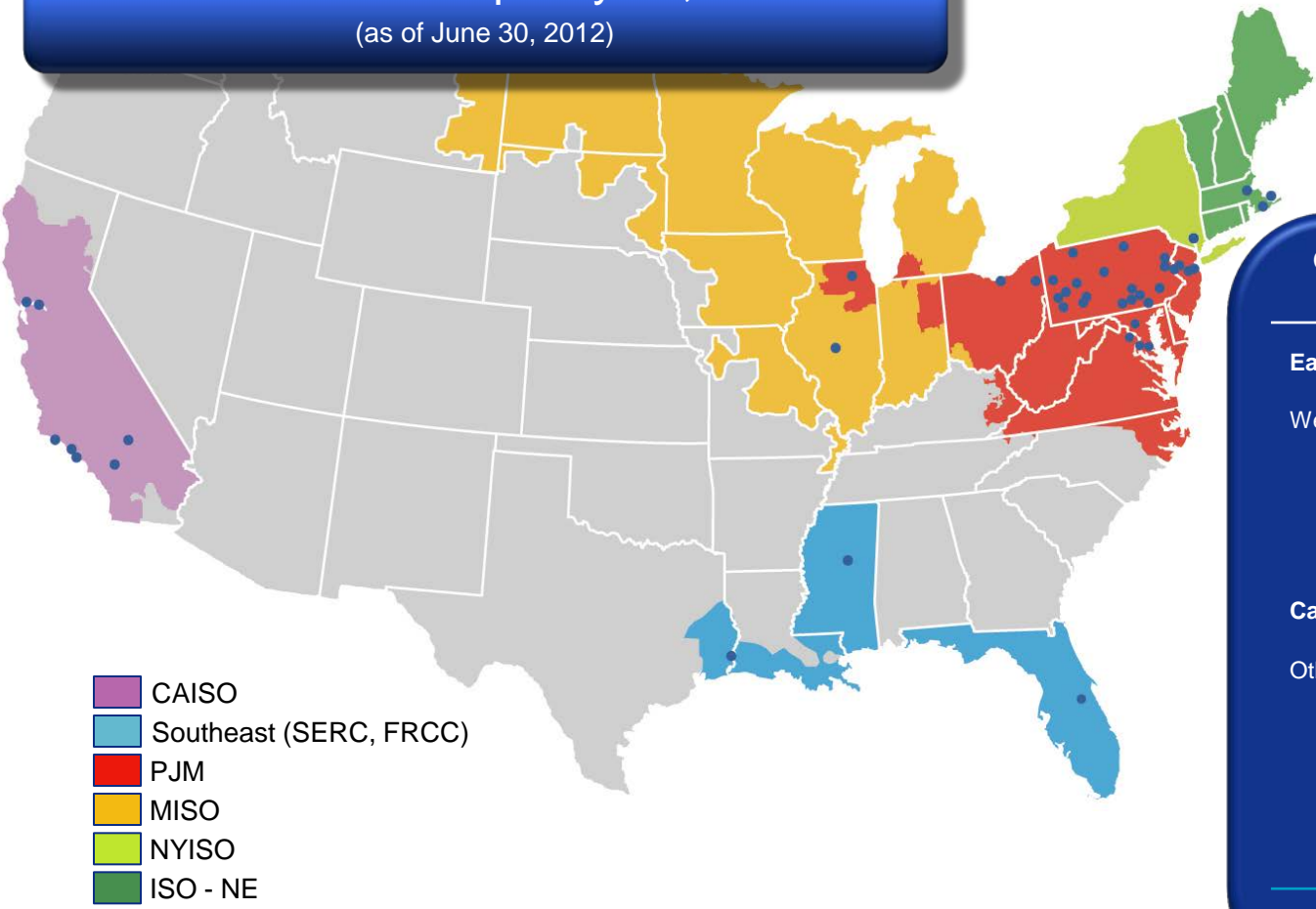
2. Includes cleared capacity auction results for PJM and New England through May 2016.



# Generation Portfolio



**Total Generation Capacity 22,670 MWs**  
(as of June 30, 2012)



- CAISO
- Southeast (SERC, FRCC)
- PJM
- MISO
- NYISO
- ISO - NE

Operating Segment / Market	Net Capacity (MW)
Eastern PJM	6,341
Western PJM/MISO	
Western PJM	6,742
MISO	344
<b>Total Western PJM/ MISO</b>	<b>7,086</b>
California	5,391
Other	
Southeast	1,317
NYISO	1,139
ISO - NE	1,396
<b>Total Other</b>	<b>3,852</b>
<b>Total</b>	<b>22,670</b>

Net MWh Generated					
		2Q		YTD	
		2012	2011	2012	2011
<b>Baseload<sup>1</sup></b>					
	Western PJM/MISO	3,199,217	4,756,825	7,035,057	9,765,696
	Eastern PJM	1,373,856	2,612,130	2,605,972	6,123,408
	California	-	-	-	-
	Other	600,709	487,080	941,290	864,402
	<b>Total Baseload</b>	<b>5,173,782</b>	<b>7,856,035</b>	<b>10,582,319</b>	<b>16,753,506</b>
<b>Intermediate<sup>1</sup></b>					
	Western PJM/MISO	7,969	(97)	8,391	(2,120)
	Eastern PJM	1,371,198	247,970	1,591,683	265,994
	California	154,283	93,048	172,030	126,268
	Other	29,888	67,429	34,611	85,712
	<b>Total Intermediate</b>	<b>1,563,338</b>	<b>408,350</b>	<b>1,806,715</b>	<b>475,854</b>
<b>Peaking<sup>1</sup></b>					
	Western PJM/MISO	25,546	27,357	18,304	26,158
	Eastern PJM	44,829	34,220	54,678	51,398
	California	1,755	1,768	1,755	1,560
	Other	132,870	88,547	164,268	99,876
	<b>Total Peaking</b>	<b>205,000</b>	<b>151,892</b>	<b>239,005</b>	<b>178,992</b>
<b>Total GenOn</b>		<b>6,942,120</b>	<b>8,416,277</b>	<b>12,628,039</b>	<b>17,408,352</b>

1. Based on design capability.

# Expected Changes in Generation Fleet



Plant	Location	MWs	Planned Deactivation / Commercial Operation Date	Driver
<b>Units to be deactivated</b>				
Elrama unit 4 <sup>1</sup>	PA	171	October 2012	MATS and market conditions
Niles unit 1 <sup>1</sup>	OH	109	October 2012	
Potomac River	VA	482	October 2012	Agreement with the City of Alexandria, VA
Contra Costa	CA	674	May 2013	Expiration of PPA
Portland	PA	401	January 2015	Cumulative effect of various environmental regulations
Avon Lake	OH	732	April 2015	MATS
New Castle	PA	330	April 2015	MATS
Shawville	PA	597	April 2015	Cumulative effect of various environmental regulations
Titus	PA	243	April 2015	MATS
Glen Gardner	NJ	160	May 2015	NJ High Energy Demand Day (HEDD) regulations

**Total fleet reductions      3,899**

<b>Fleet addition</b>				
Marsh Landing	CA	719	Mid-2013	Under construction – on schedule and on budget

**19,490 MWs of generating capacity after 2015**

1. Operating until October 1, 2012 under RMR arrangements filed with FERC.

# Expected Environmental Investments



- Expect investments of \$603 - \$742 million in major controls to meet current and anticipated environmental rules

Plant	Location	Control Technology	Expected Timing	Driver	Investments (\$ millions)
Kendall	MA	Backpressure steam turbine + air-cooled condenser	2012 - 2014	Water regulations	\$32 - \$35
Gilbert Sayreville Werner	NJ	SCR	2012 - 2015	New Jersey HEDD regulations	\$129 - \$151
Conemaugh	PA	Scrubber upgrade + SCR	2011 - 2015	MATS	\$84 <sup>1</sup>
Mandalay Ormond Beach	CA	Variable speed pumps	2018 - 2019	Water regulations	\$17 - \$20
Chalk Point - Unit 2 Dickerson	MD	SCR	2018 - 2021	More stringent PM <sub>2.5</sub> and Ozone NAAQS	\$341 - \$452

1. Based on GenOn leased percentage.

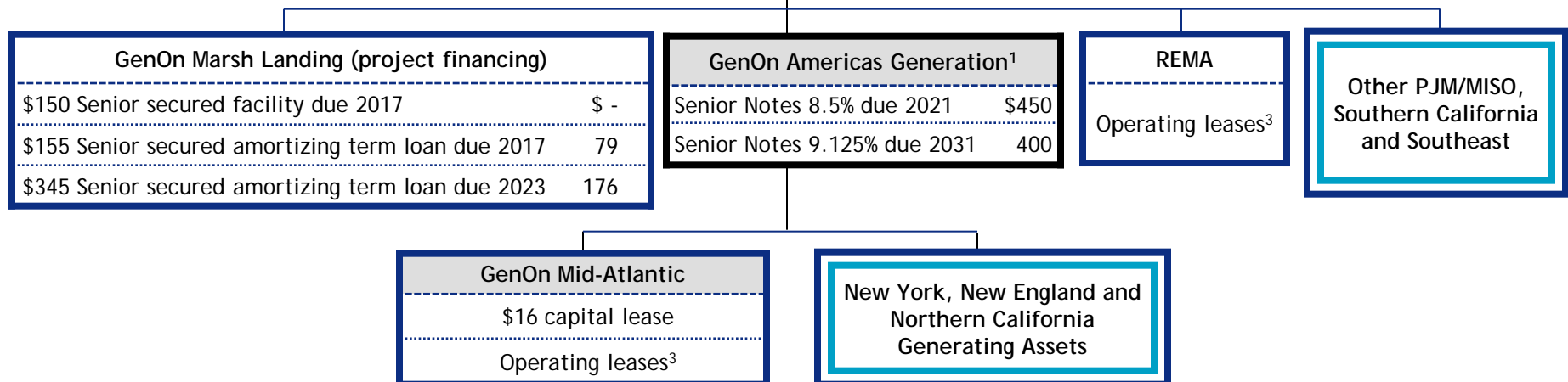
# Debt Structure

(\$ millions)

As of June 30, 2012

- SEC filers
- Operating entities
- Borrowers and guarantors of GenOn Energy secured revolving credit facility & term loan

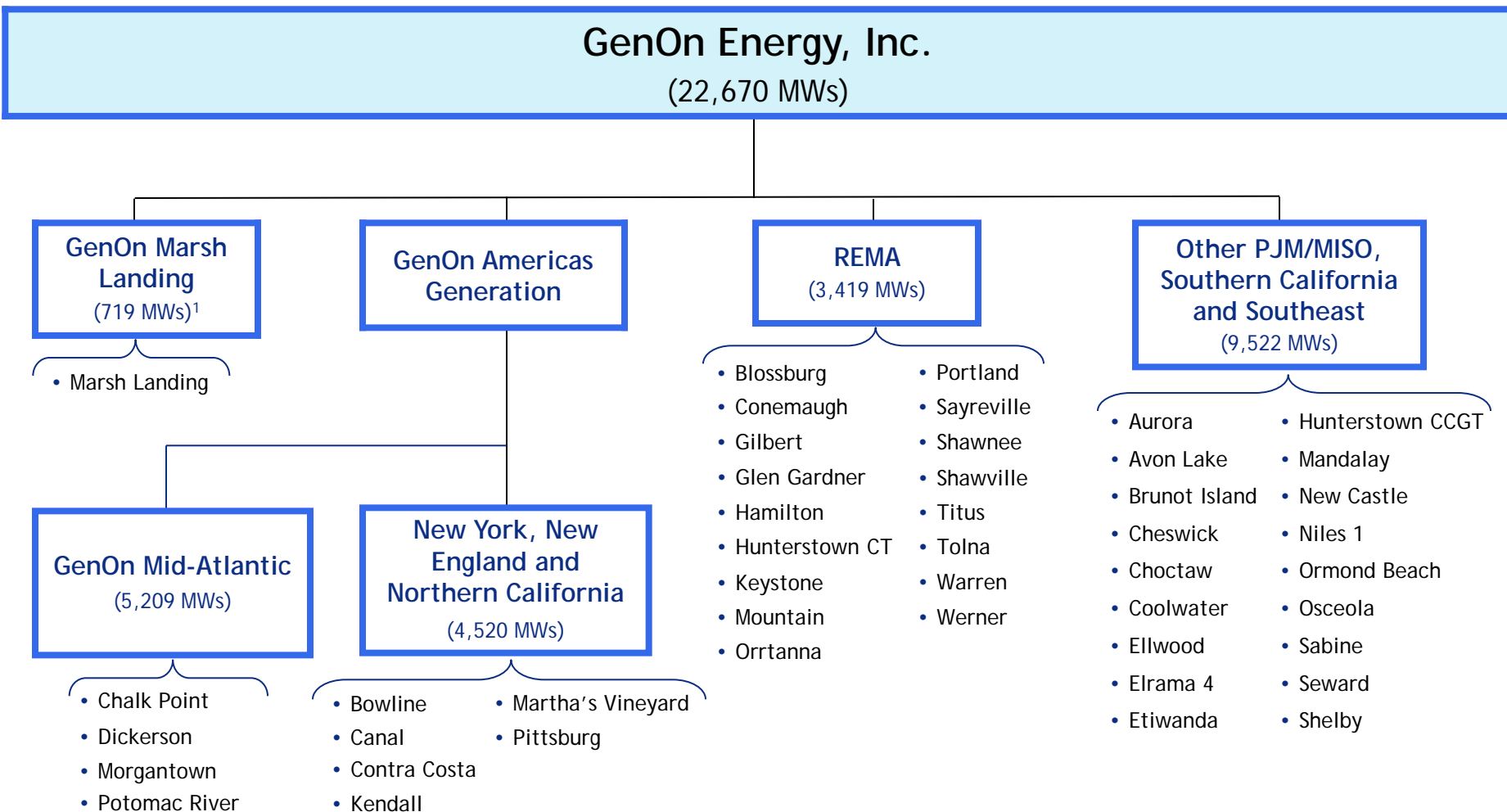
GenOn Energy, Inc. <sup>1</sup>	
Unsecured notes 7.625% due 2014	\$575
\$788 revolver due 2015 <sup>2</sup>	-
Unsecured notes 7.875% due 2017	725
Amortizing term loan due 2017 <sup>2</sup>	688
Unsecured notes 9.5% due 2018	675
Unsecured notes 9.875% due 2020	550



1. Excludes \$(57) million unamortized debt discounts and adjustments to fair value of debt.
2. GenOn Americas (a direct subsidiary of GenOn Energy) and GenOn Energy are co-borrowers of the credit facility debt.
3. The present values of lease payments for GenOn Mid-Atlantic and REMA operating leases are \$826 million and \$469 million, respectively.

# Organizational Structure

As of June 30, 2012



1. Under construction, expected to be complete mid-2013; therefore, not included in total MWs.

# Reg G: Adjusted Net Loss to Adjusted EBITDA and Adjusted Gross Margin



(\$ millions)	2Q		YTD	
	2011	2012	2011	2012
<b>Net Loss</b>	<b>\$ (138)</b>	<b>\$ (228)</b>	<b>\$ (249)</b>	<b>\$ (260)</b>
Unrealized losses	18	142	97	42
Mirant/RRI merger-related costs	14	2	37	4
Lower of cost or market inventory adjustments, net	(4)	3	(12)	44
(Gain) loss on early extinguishment of debt	(1)	-	23	-
Major litigation costs, net of recoveries	7	2	7	4
Reversal of Montgomery County carbon levy assessment	(8)	-	(8)	-
Large scale remediation and settlement costs	30	(3)	30	(3)
Costs to deactivate generating facilities	-	3	-	38
Advance settlement of out-of-market contract obligation	-	-	-	(20)
Reversal of Potomac River settlement obligation	-	(31)	-	(31)
Gain on sales of assets	-	-	-	(6)
Other, net	-	3	-	5
<b>Adjusted Net Loss</b>	<b>\$ (82)</b>	<b>\$ (107)</b>	<b>\$ (75)</b>	<b>\$ (183)</b>
Provision for income taxes	-	4	3	4
Interest expense, net	96	85	205	174
Depreciation and amortization	90	90	176	178
<b>Adjusted EBITDA</b>	<b>\$ 104</b>	<b>\$ 72</b>	<b>\$ 309</b>	<b>\$ 173</b>
Adjusted operating and other expenses	332	290	611	553
<b>Adjusted Gross Margin</b>	<b>\$ 436</b>	<b>\$ 362</b>	<b>\$ 920</b>	<b>\$ 726</b>
Unrealized losses	(18)	(142)	(97)	(42)
Lower of cost or market inventory adjustments, net	4	(3)	12	(44)
Costs to deactivate generating facilities (capacity penalties)	-	(2)	-	(2)
Advance settlement of out-of-market contract obligation	-	-	-	20
<b>Gross Margin</b>	<b>\$ 422</b>	<b>\$ 215</b>	<b>\$ 835</b>	<b>\$ 658</b>

# Reg G: Operations and maintenance to adjusted operating and other expenses



(\$ millions)	2Q		YTD	
	2011	2012	2011	2012
<b>Operations and maintenance</b>	<b>\$ 372</b>	<b>\$ 264</b>	<b>\$ 677</b>	<b>\$ 572</b>
(Gain) loss on sales of assets, net	2	-	1	(8)
Other, net	-	-	22	(2)
<b>Operating and other expenses</b>	<b>\$ 374</b>	<b>\$ 264</b>	<b>\$ 700</b>	<b>\$ 562</b>
Mirant/RRI merger-related costs	(14)	(2)	(37)	(4)
Costs to deactivate generating facilities (excluding capacity penalties)	-	(1)	-	(36)
(Gain) loss on early extinguishment of debt	1	-	(23)	-
Gain on sales of assets	-	-	-	6
Reversal of Potomac River settlement obligation	-	31	-	31
Major litigation costs, net of recoveries	(7)	(2)	(7)	(4)
Reversal of Montgomery County carbon levy assessment	8	-	8	-
Large scale remediation and settlement costs	(30)	3	(30)	3
Other, net	-	(3)	-	(5)
<b>Adjusted operating and other expenses</b>	<b>\$ 332</b>	<b>\$ 290</b>	<b>\$ 611</b>	<b>\$ 553</b>