NRG Energy Inc.

NRG Business Update

Announcement of Definitive Agreement to Acquire Direct Energy and 2Q Update

July 24, 2020

Safe Harbor

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 successfully integrate businesses of acquired companies, our ability to realize anticipated benefits of transactions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, 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 July 24, 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.

Agenda

Business Update
Mauricio Gutierrez, President and CEO

Financial Update
Kirk Andrews, EVP and CFO

Closing Remarks
Mauricio Gutierrez, President and CEO

Q&A

Key Messages

Acquisition of Direct Energy Perfects Customer-Focused Business Model by Expanding Retail Footprint and Product Offerings

Transaction Creates Significant Value, Exceeds Investment Hurdle Rates and Advances Investment Grade Credit Ratings

Reaffirming 2020 Guidance on Strong Year-to-Date Results and Initiating 2021 Guidance in Line with Expectations

Direct Energy Transaction

Transaction Overview
Strategy and Terms

Strategic Rationale

- The acquisition of Direct Energy advances our strategy as a customer-focused organization. Enhances our multi-brand and multi-product platform across North America – adding >3 MM customers
  - Expands natural gas retail expertise – established team and platform
  - Strengthens load-generation balance in Northeast – lowers risk profile
  - Creates greater geographic and regulatory diversity
  - Enhances ESG profile – significantly lowers GHGs as % of Revenue
- Expect to realize $300 MM in annual synergies by leveraging our scalable operating platform and unlocking further value for the customer
- Transaction exceeds our investment hurdles rates, highly accretive at **4.9x EV/Adj EBITDA**[1] with a **28% FCF Yield**[2] and run rate of $740 MM Adj. EBITDA[3], including synergies

Key Terms

- Purchase Price: $3,625 MM all-cash consideration (debt-free acquisition including normalized working capital) subject to certain adjustments and allocations
- To be financed with a mix of debt, equity-linked securities and cash-on-hand
- Committed to investment grade credit ratings target. Expected to return to 2.50x – 2.75x Net Debt / Adj EBITDA within twelve months of closing

Key Approvals & Estimated Closing

- Key Approvals: Centrica Shareholder Approval, Hart Scott Rodino Act, FERC, Canada Competition Act
- Anticipated Transaction Closing: by year end 2020

Acquisition Aligned with NRG's Core Strategic and Financial Priorities; 4.9x Enterprise Value / Adj EBITDA Pro Forma Run-Rate, Including Synergies

[1] Enterprise Value (EV) / Adjusted EBITDA based on $3,625 MM acquisition purchase price and 2023 $740 MM run-rate EBITDA; see slide 16; [2] FCF Yield based on 2023 $540 MM run-rate FCFbG and $1,937 MM standalone CAFA allocated to acquisition; see slide 16; [3] EBITDA forecasts are based on NRG'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

Executing on Our Strategy:
Perfecting Customer-Focused Model, At-Value

2018 Analyst Day Roadmap

OUR ROADMAP HAS THREE DISTINCT PHASES

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

[1] Includes preferred equity repurchased

ANALYST DAY 2018 | 13

Now: **COMPLETE**

Now: **IN FOCUS**

Transparent and Compelling Strategy
Strong Track Record of Execution and Staying on Plan

Complementary and Diversified Businesses
Enhances Multi-Brand and Multi-Product Strategy

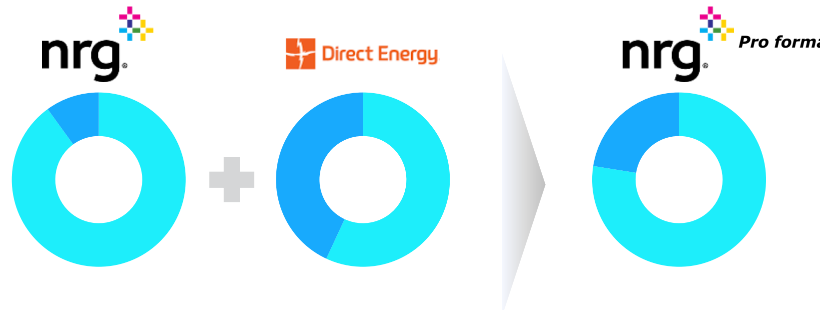
Brands

nrg

reliant an NRG company, nrg, Green Mountain Energy
+5 Flanker Brands

Direct Energy, Airtron, HWA
+4 Flanker Brands

Retail Gross Margin Mix[1]



nrg		Direct Energy		nrg *Pro forma*	
Mass	90%	Home	60%	Mass	80%
C&I	10%	Business	40%	C&I	20%

Complementary Capabilities[2]

○ *Limited / no capabilities*
● *Strong capability*

		nrg	Direct Energy	nrg *Pro forma*	
Product	Electricity	●	●	●	• Leading retail sales platform and capabilities across mass and C&I: 166 TWh total (+140% increase)
	Natural Gas	◔	●	●	• Enhanced retail natural gas capabilities: 958 bcf
	Services	◔ *TX only*	◑	◑	• Expansion of home service product offering, with a concentration in East markets
Market	Texas	◕	◔	◕	• Enhancing Texas capabilities with additional retail and Home Services offerings
	East	◔	◑	◑	• Increasing East market reach through additional retail customers plus natural gas and Home Services
	Canada	○ *Very limited*	◔	◔	• Increasing Canada market reach beyond small XOOM base with significant natural gas and dual fuel capabilities

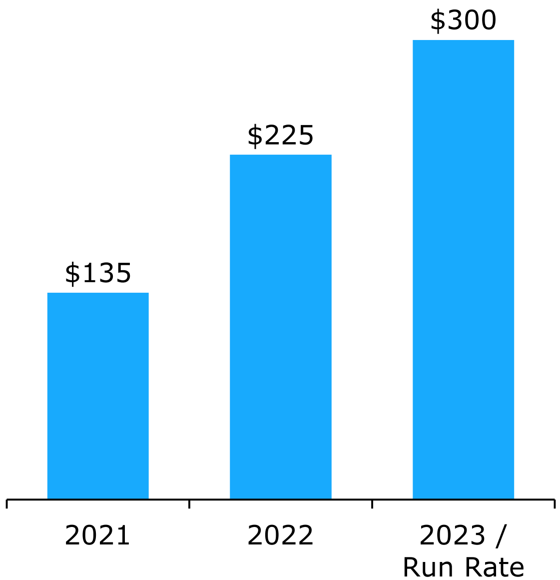
A Compelling Combination with a Diverse and Comprehensive Business Mix

[1] 2019 actuals rounded for illustrative purposes; [2] Based on 2019 results

Scalable Platform and Complementary Businesses
Provides Significant Synergy Opportunities

3 Year Plan

Synergies ($ MM)
(EBITDA and FCFbG)



$220 MM Cost-to-Achieve

NRG Scalable Platform Provides Significant Runway of Achievable Synergies

- **Led by a Management Team with Proven Discipline to Attain Synergies:** achieved over $1 Bn in recurring EBITDA- and FCFbG-accretive integration, cost and enhancement programs since 2016
- **Guiding Principles:** safety, protection of customers and value drivers, retention of key talent, while leveraging scope and reach of combined businesses
- **Financial Synergies from SG&A, O&M and Capex**
  - Apply NRG's culture of cost excellence
  - IT, billing, accounting, HR, customer care infrastructure
  - Facility savings with significant employee geographic overlap, co-loaded headquarters and branch offices
  - Procurement and retail-generation savings
  - Corporate shared services optimization

$300 MM Run-Rate Synergies
An Important Source of Value

Management Team with a Proven Track Record of Execution

NRG Pro Forma Financial Highlights

Strengthening Platform and Investment Proposition

$2,740 MM
Adj EBITDA
Run-Rate Mid-Point[1]

$1,915 MM
FCFbG
Run-Rate Mid-Point[1]

$7,106 MM
Net Debt
Run-Rate[1]

244 MM
Share Count
Current

~$6 Bn
Excess Cash thru 2025
After Achieving Target Credit Metrics[2]

Reiterating Investment Grade Rating Target
2.50-2.75x Target Metric[3]

Direct Energy Acquisition to Create Significant Shareholder Value

[1] See slide 16; [2] See slide 16, assumes run-rate of pro forma 2022 FCFbG and run-rate pro forma 2023 through 2025, less dividend at 8% annual growth; [3] See slide 18

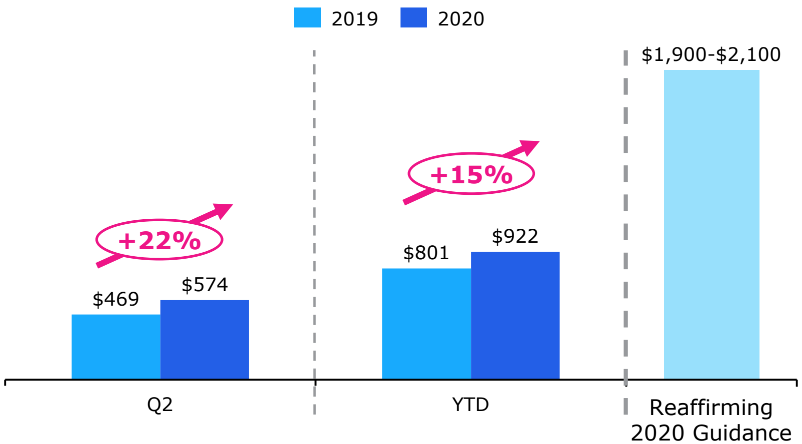
Q2 Business Update

Q2 Business Updates
Strong Results and Outlook

Preliminary Year-to-Date Results

($ millions)

Adjusted EBITDA



☑ **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
- ☑ Earnings and 10-Q materials to be posted Aug 6th

Reaffirming 2020 Guidance

Initiating 2021 NRG Standalone Guidance and Business Updates

($ millions)

NRG Standalone	2021E Guidance
Adjusted EBITDA	$1,900 – $2,100
Free Cash Flow before Growth	$1,275 – $1,475

Other Strategic Updates

- **Opportunistic Liability Management**
  - Midwest Generation: announcing lease termination for Powerton & Joliet assets, $112 MM net cash cost
- **Portfolio / Real-Estate Optimizations**
  - Agua Caliente: expected net proceeds of $120 MM
  - Encina Site Improvement: $25 MM in 2021, expected sale net proceeds and timeline to be announced

Strong 2020 Results and 2021 Outlook

Financial Review / Outlook

2Q 2020 Results

($ millions)

	6/30/2020		Reaffirming Full Year Guidance
	Three Months Ended	Six Months Ended	
Texas	$378	$573	$1,350-1,500
East/West/Other[1]	196	349	$550-600
Adjusted EBITDA	**$574**	**$922**	**$1,900 - $2,100**

Highlights:

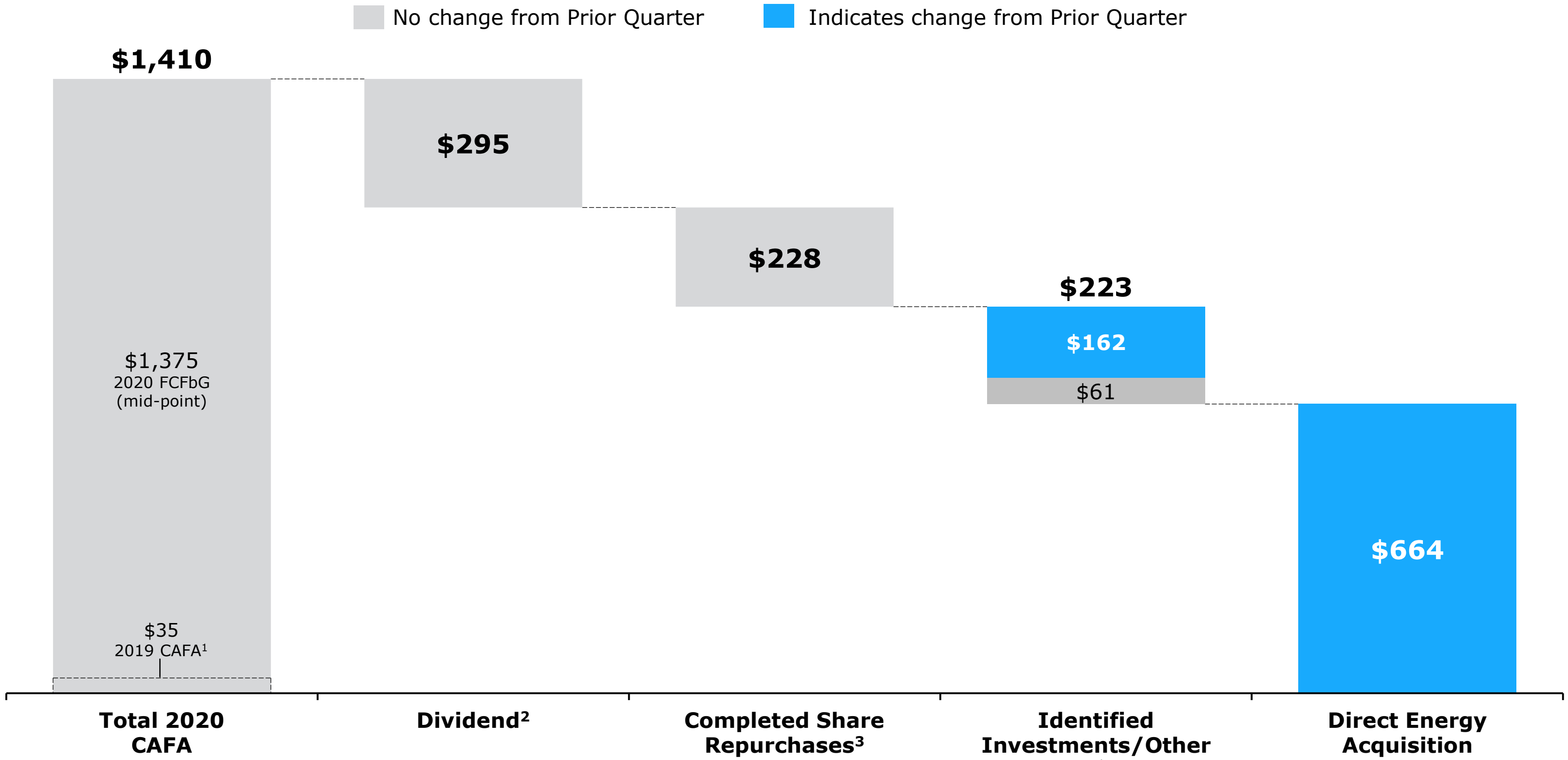
- 2Q results drive YTD EBITDA ~$100 MM higher vs 2019
  - Contribution from Stream and lower supply costs
  - Further details to come with earnings release on August 6th
- Expect lower COVID-19 related costs vs 1Q update requiring less cost management to offset
- Executed agreement to purchase MWG leases (Powerton/Joliet) for ~$260 MM
  - Funded with $112 MM of capital allocation and $148 MM of debt on a credit neutral basis
  - Streamline balance sheet
  - Expands optimization alternatives

COVID Impact Moderating; Reaffirming 2020 Guidance

[1] Includes Corporate segment

2020 Capital Allocation

($ millions)



MWG lease buyout	$112
Digital NRG	25
Small books	25
Encina Site Improvement	25
GenOn Pension	23
Cost-to-Achieve	13

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

[1] See slide 11 of 4Q19 presentation for details; [2] Estimate based on an $1.20 annual dividend and 244 MM outstanding shares; [3] Including $60 MM remaining balance of the 2019 $250 MM share repurchase authorization, which was completed in Jan-Feb 2020

Direct Energy Acquisition
Sources and Uses

($ millions)

Sources	
New secured/unsecured financing	$2,361
Equity linked	750
NRG capital	664
Total Sources	**$3,775**

Uses	
Acquisition Purchase Price	$3,625
Transaction fees and expenses	150
	$3,775

- Planning to fund acquisition with a mix of cash on-on-hand, debt and equity linked
  - For illustrative purposes, equity linked assumed to be Perpetual Convertible Preferred
- In addition, we plan to increase our collective collateral facilities by $3.5 Bn with a mix of new LC facilities and upsizing our outstanding Revolver. We would expect to reduce these facilities over time by $1.5 Bn - $2 Bn as follows:
  - Improve collateral efficiencies at Direct Energy
  - Achieving Investment Grade status
  - Identifying collateral synergies with the rest of our operations
- With the increased size of the Company, we are also increasing our minimum cash requirements to $650 MM

Expect To Retire ~$1.05 Bn in Initial Acquisition Debt Over the Next Twelve Months to Maintain Investment Grade Metrics

2021 Adjusted EBITDA and FCFbG

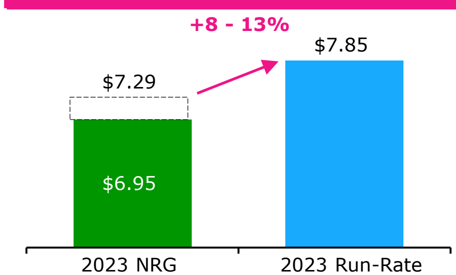
($ millions)

	2021	2022	Pro Forma 2023 Run-Rate
NRG Adj. EBITDA	**$1,900 - $2,100**		**~$2,000[1]**
Direct Energy Base Adj. EBITDA[2]	440	440	440
Synergies	135	225	300
Direct Energy COVID-19 impact[3]	(75)	(35)	-
Incremental Adj. EBITDA[2]	**$500**	**630**	**$740**
Pro Forma Adj. EBITDA	**$2,400-$2,600**		**~$2,740**
NRG FCFbG	**$1,275 - $1,475**		**~$1,375[1]**
Direct Energy Adj. EBITDA	500	630	740
Incremental interest	(150)	(100)	(100)
Preferred dividends[4]	(35)	(35)	(35)
Incremental taxes/working capital/maint. Capex	(75)	(60)	(65)
Incremental FCFbG	**$240**	**$435**	**$540**
Pro Forma FCFbG	**~$1,500-$1,700**		**~$1,915**

- Total of $1.937 Bn standalone CAFA allocated to acquisition (28% FCF yield):
  - $1,053 MM of debt reduction
  - $664 MM of 2020 CAFA
  - $220 MM of cost to achieve
- Transaction accelerates use of NRGs NOLs creating additional ~$100 MM of value

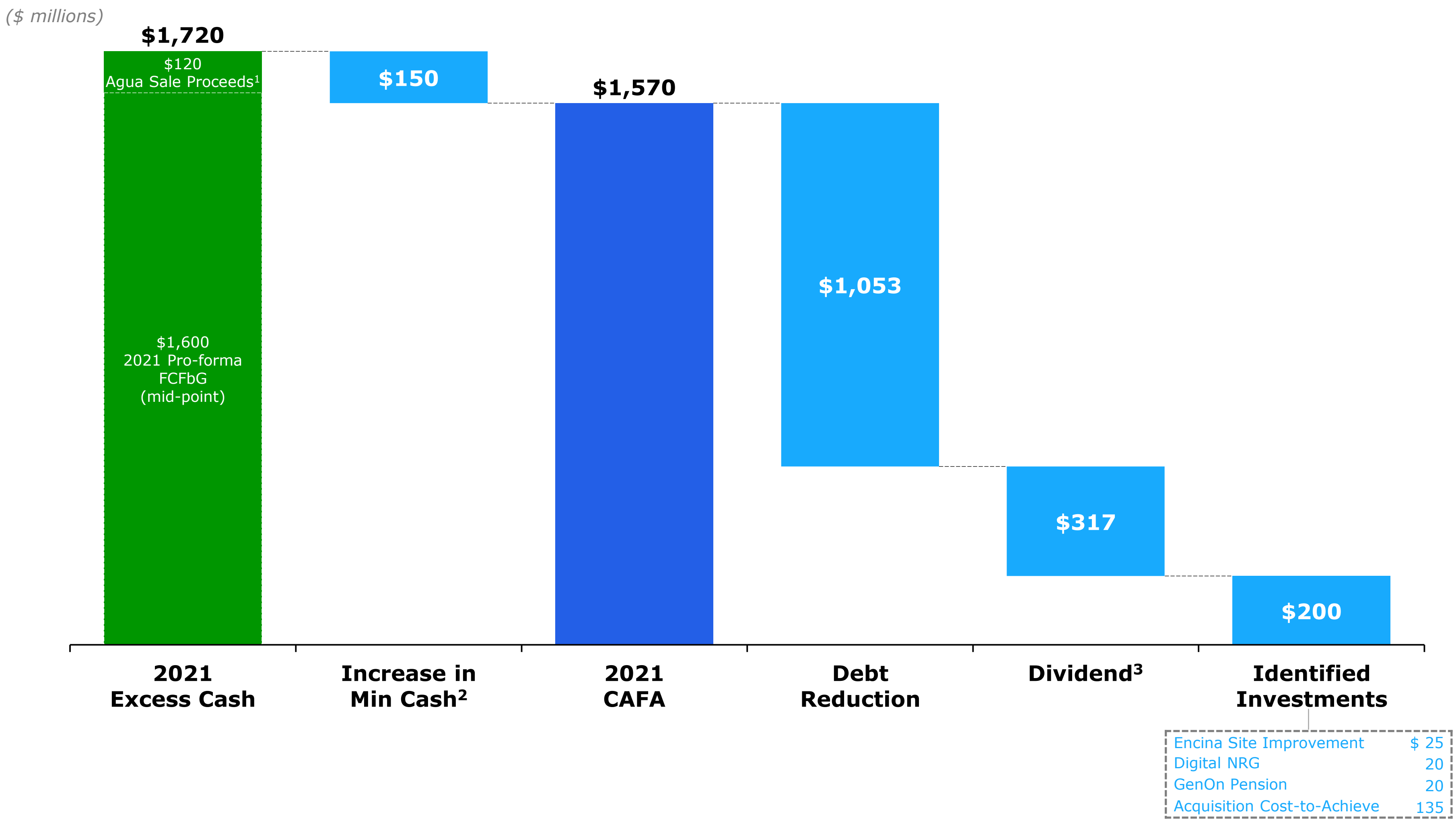
2023 FCFbG per share

Accretion vs Share Repurchases[5]



[1] 2023 NRG Adj. EBITDA and FCFbG based on mid-point 2021 for pro forma purposes; [2] Adj. EBITDA forecasts are based on NRG'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; Direct Energy generated $457 MM of underlying adj EBITDA in 2019; [3] Based on NRG forecast of potential COVID-19 impact without involvement of Centrica or Direct Energy management; [4] Assumes 4.75% dividend rate, 20-25% conversion premium; [5] 2023 NRG w/share repurchases reflects FCFbG per share based on mid-point 2021 NRG FCFbG after giving effect for $1.937 Bn of capital towards share repurchases at $35 to $42 share price (52 week high)

2021 Capital Allocation



~$1.05 Bn Allocated to Debt Reduction to Maintain Investment Grade Metrics

[1] Net of revolver debt; [2] Increase in minimum cash from $500 MM to $650 MM – additional cash liquidity required for Direct Energy acquisition; [3] 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
Corporate Debt	**$6,073[1]**	**$2,361**	**$8,434**
Equity linked facility[2]		375	375
Debt reduction		(1,053)	(1,053)
Minimum cash balance	(500)[3]	(150)	(650)
Corporate Net Debt	**$5,573**	**$1,533**	**$7,106**
Adj. EBITDA	**$2,000[4]**	**$500[5]**	**$2,500**
Other Adjustments[6]	150	-	150
Corporate Adj. EBITDA	**$2,150**	**$500[5]**	**$2,650**
	2.59x		**2.68x**

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**

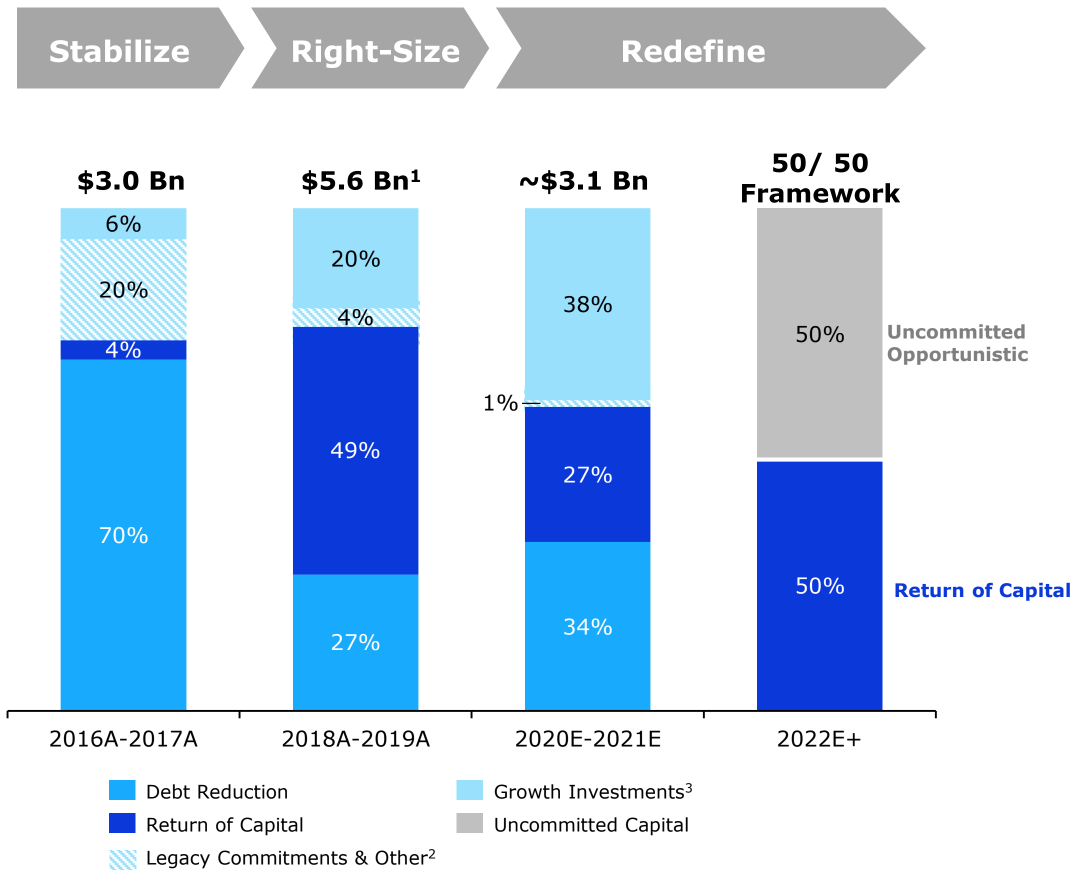
Return to Target Metrics Within the 1st Year of Acquisition

[1] Balance at 12/31/2019 and $148 MM to fund MWG lease buyout; [2] Rating agencies include 50% of equity linked facilities as corporate debt; [3] 2019 YE unrestricted cash of $345 MM plus collateral postings of $190 MM; 2021 comprises minimum cash assuming excess capital is fully deployed; [4] Midpoint of 2021 guidance range; [5] 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; [6] Includes non-cash expenses (e.g. nuclear amortization, equity compensation amortization, and bad debt expense) and non-cash equity earnings that are included in Adj. EBITDA

Closing Remarks

Capital Allocation Plan and Framework

Returning to 50% / 50% Objective in 2022



Capital Allocation Priorities

Maintain **top decile** safety and operational excellence

Investment Grade Credit metrics of **2.50-2.75x** Net Debt / Adjusted EBITDA

50% Opportunistic	**50% Return of Capital**
Hurdle rate of 12-15% unlevered pretax return with 5-year payback	Dividend $1.20 / share and 7-9% annual growth
Share Repurchases	+ Share Repurchases

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

[1] Includes asset sale proceeds; [2] Primarily GenOn, Renew and Petra Nova; [3] Includes cost to achieve

Closing Remarks

- ☑ Direct Energy Acquisition is Another Example of NRG's Actions To Create Sustainable Shareholder Value
- ☑ Positioning NRG's Leading North American Integrated Power Company to Facilitate Electrification of the Economy
- ☑ Integrated Customer-Focused Retail-Generation Platform Creates Robust and Predictable Free Cash Flows
- ☑ Committed to Strong Balance Sheet and Disciplined Capital Allocation
- ☑ Management Team with a Track Record of Strong Execution
- ☑ Announcing Analyst Day – Early 2021

Appendix

Complementary and Diversified Businesses
Fact Sheet

Mass Retail Customers
2.4 MM Texas
1.2 MM East / Other

Mass Retail Sales
49 TWhs Electricity
23 Bcf Natural Gas

C&I Retail Sales
20 TWhs Electricity
0 Bcf Natural Gas

Generation Capacity
23 GW
(excluding hedges and contracts)

Pro forma for transaction

Mass Retail Customers
3.0 MM Texas
3.3 MM East / Canada
0.6 MM Services

Mass Retail Sales
66 TWhs Electricity
189 Bcf Natural Gas

C&I Retail Sales
101 TWhs Electricity
775 Bcf Natural Gas

Generating Capacity
23 GW
(excluding hedges and contracts)

Residential Retail
0.6 MM Texas
1.2 MM East
0.9 MM Canada
0.6 MM Services

Residential Retail Sales
17 TWhs Electricity
166 Bcf Natural Gas

C&I Retail Sales
81 TWhs Electricity
775 Bcf Natural Gas

Generating Capacity
Zero GW Owned
(excluding hedges and contracts)

Expands and Strengthens NRG's Scalable Integrated Platform
To Provide Significant Customer Benefits

NRG: Redefining Power

Strengthening Platform and Investment Proposition

nrg

	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 PPAs 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
to Thrive Through and Facilitate Adaption of Disruptive Technologies Nationally

Second Quarter 2020 Earnings Preview
COVID-19 - Comprehensive Response

Employees

- **Activated Crisis Management Team** on January 21st; Closed offices March 17th
- **Began transition to recovery** in April, prioritizing health and safety
- **~93%** of office personnel working remotely (from ~95%)
- Expanded employee health benefits and financial assistance
- **Initiated workplace 2021 Committee** focused on designing longer-term hybrid work model incorporating remote work & physical office space

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 despite market rules returning to normal

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

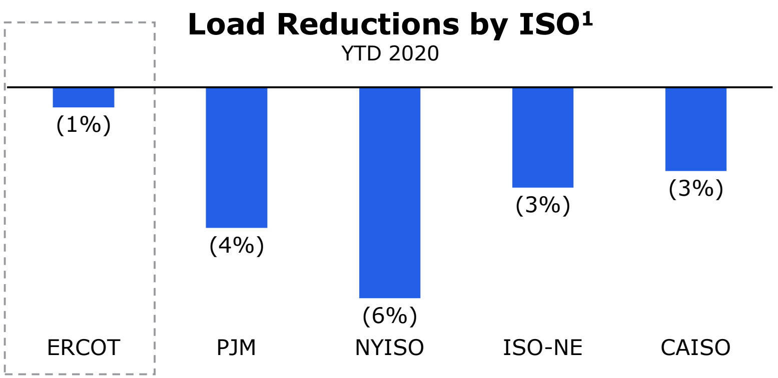
positive nrg
a philanthropic initiative

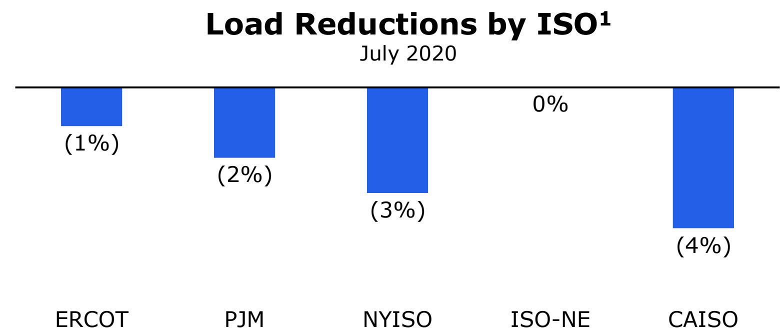
Continuing Safe and Reliable Operations while Serving Our Customers and Communities

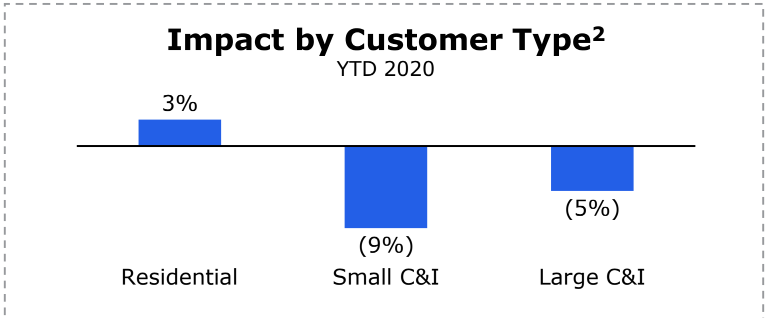
Second Quarter 2020 Earnings Preview
COVID-19 - Market Impact / Outlook

Load Impacts Varying Significantly By Subregion and Customer Type…

…East Markets Improving, ERCOT Continues to Demonstrate Relative Strength







- **Market conditions improving across Northeast while Texas outlook remains robust**
  - Restriction easing across Northeast leading to measured recovery in PJM, NYISO and ISO-NE
  - ERCOT Load remains durable through COVID

ERCOT Load Remains Resilient; Record Load in July

[1]NRG estimates through July 20th for Weather normalized system wide load; [2]Based on internal analysis; through July 20th

Appendix: Reg. G Schedules

Reg. G

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:

($ millions)	**Guidance**
Income from Continuing Operations[1]	**$980 - $1,180**
Income tax	20
Interest Expense	335
Depreciation, Amortization, Contract Amortization, and ARO Expense	480
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	65
Other Costs[2]	20
Adjusted EBITDA	**$1,900 - $2,100**
Interest payments	(335)
Income tax	(20)
Working capital / other assets and liabilities	(95)
Adjusted Cash Flow from Operations	**$1,450 - $1,650**
Maintenance capital expenditures, net	(165) – (185)
Environmental capital expenditures, net	(0) - (5)
Free Cash Flow before Growth	**$1,275 - $1,475**

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

Reg. G

Appendix Table A-2: Acquisition of Direct Energy

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:

($ millions)	**2021[1]**
Income from Operations[2]	**170**
Income tax	5
Interest expense	150
Depreciation and amortization	105
Other costs[3]	70
Adjusted EBITDA	**500**
Interest payments	(150)
Income tax	(5)
Working capital / other assets and liabilities	(60)
Adjusted Cash Flow from Operations	**285**
Maintenance capital expenditures, net	(10)
Preferred dividends	(35)
Free Cash Flow before Growth	**240**

[1] Adj EBITDA forecasts are based on NRG'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. Direct Energy generated $457 MM of underlying adj EBITDA in 2019; [2] For purposes of guidance fair value adjustments related to derivatives are assumed to be zero; [3] Includes cost-to-achieve expenses

Reg. G

Appendix Table A-3: Second Quarter 2019 Adjusted EBITDA Reconciliation

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

($ millions)	**QTD June 30, 2019**	**YTD June 30, 2019**
Income/(Loss) from Continuing Operations	**189**	**283**
Plus:		
Interest expense, net	99	206
Income tax	(1)	3
Loss on debt extinguishment	47	47
Depreciation and amortization	85	170
ARO Expense	7	14
Contract amortization	6	11
EBITDA	**432**	**734**
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	33	65
Acquisition-related transaction & integration costs	1	1
Reorganization costs	2	15
Legal Settlement	11	11
Deactivation costs	9	13
Other non-recurring charges	1	2
Impairments	1	1
Mark to market (MtM) (gains)/losses on economic hedges	(21)	(41)
Adjusted EBITDA	**469**	**801**

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Appendix Table A-4: Three Months and Six 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

	Three Months ended 6/30/20					Six Months ended 6/30/20				
($ in millions)	Texas	East	West/ Other[1]	Corp/Elim	Total	Texas	East	West/ Other[1]	Corp/Elim	Total
Income/(Loss) from Continuing Operations	**350**	**146**	**25**	**(208)**	**313**	**512**	**170**	**66**	**(314)**	**434**
Plus:										
Interest expense, net	-	2	1	91	94	-	6	1	181	188
Income tax	-	-	1	100	101	-	-	1	123	124
Loss on debt extinguishment	-	-	-	-	-	-	1	-	-	1
Depreciation and amortization	59	33	8	10	110	118	66	16	19	219
ARO Expense	3	3	1	-	7	7	11	1	(1)	18
Contract amortization	1	-	-	-	1	2	-	-	-	2
EBITDA	**413**	**184**	**36**	**(7)**	**626**	**639**	**254**	**85**	**8**	**986**
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	1	-	24	-	25	2	-	48	-	50
Acquisition-related transaction & integration costs	-	-	-	2	2	1	-	-	2	3
Reorganization costs	-	-	-	(1)	(1)	1	-	-	2	3
Deactivation costs	2	-	1	-	3	2	-	2	(1)	3
Gain on sale of business	-	-	-	-	-	-	-	-	(15)	(15)
Other non recurring charges	3	(1)	(1)	5	6	-	(1)	-	6	5
Impairments	-	-	-	-	-	18	-	-	-	18
Mark to market (MtM) (gains)/losses on economic hedges	(41)	(45)	(1)	-	(87)	(90)	(25)	(16)	-	(131)
Adjusted EBITDA	**378**	**138**	**59**	**(1)**	**574**	**573**	**228**	**119**	**2**	**922**

[1] Includes International, remaining renewables and eliminations

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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.

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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.