



# NRG Energy



Creating the Foundation for the Leading  
21<sup>st</sup> Century Competitive Energy Provider

# Safe Harbor



## **Forward Looking Statements**

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, each party’s 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 NRG’s and GenOn’s most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings.

Many of these risks, uncertainties and assumptions are beyond NRG’s or 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 neither NRG nor GenOn undertakes any 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 NRG, GenOn, the proposed transaction, the combined company or other matters and attributable to NRG or GenOn or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.



# Safe Harbor Continued



## **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 Securities and Exchange Commission ("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. attributable to NRG or GenOn or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.

## **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.





# Agenda

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- + Transaction Overview and NRG Strategic Update D. Crane
- + Transaction Rationale and GenOn Update E. Muller
- + Transaction Benefits A. Cleary
- + Financial Summary K. Andrews
- + Closing Remarks and Q&A D. Crane, E. Muller



# Executive Summary

 **\$300 MM** Annual Free Cash Flow Benefits from the Combination

 **\$200 MM** Annual EBITDA From Cost and Operational Efficiency Synergies

 Significant EBITDA and Free Cash Flow per Share Accretion by 2014<sup>1</sup>:



 Initiating Pro Forma Guidance<sup>2</sup>:

	(\$MM)	
	2013	2014
+ Consolidated Adjusted EBITDA:	~\$2,535-2,735	~\$2,630-2,830
+ FCF, before growth investments:	~\$825-1,025	~\$845-1,045



A Value Creating Event for All Stakeholders



<sup>1</sup>Per share figures based on midpoint of NRG and Pro Forma guidance ranges. Assumes 227.8 MM shares currently outstanding and 321.7 MM pro forma shares outstanding  
<sup>2</sup>Assumes transaction closing on January 2, 2013, \$150 MM of synergies in 2013, and \$200 MM in 2014

# Key Transaction Terms



Company Name ❖ NRG Energy      Retail Brands: ❖ NRG  
❖ Reliant  
❖ Green Mountain

Consideration ❖ 100% Stock, fixed exchange ratio  
❖ GenOn shareholders will receive 0.1216 shares of NRG in exchange for each share of GenOn  
❖ 20.6% premium based on closing prices at close of business on July 20, 2012

Pro Forma Ownership ❖ 71% NRG shareholders  
❖ 29% GenOn shareholders

Dual Headquarters ❖ Commercial/Financial: Princeton, NJ  
❖ Operational: Houston, TX

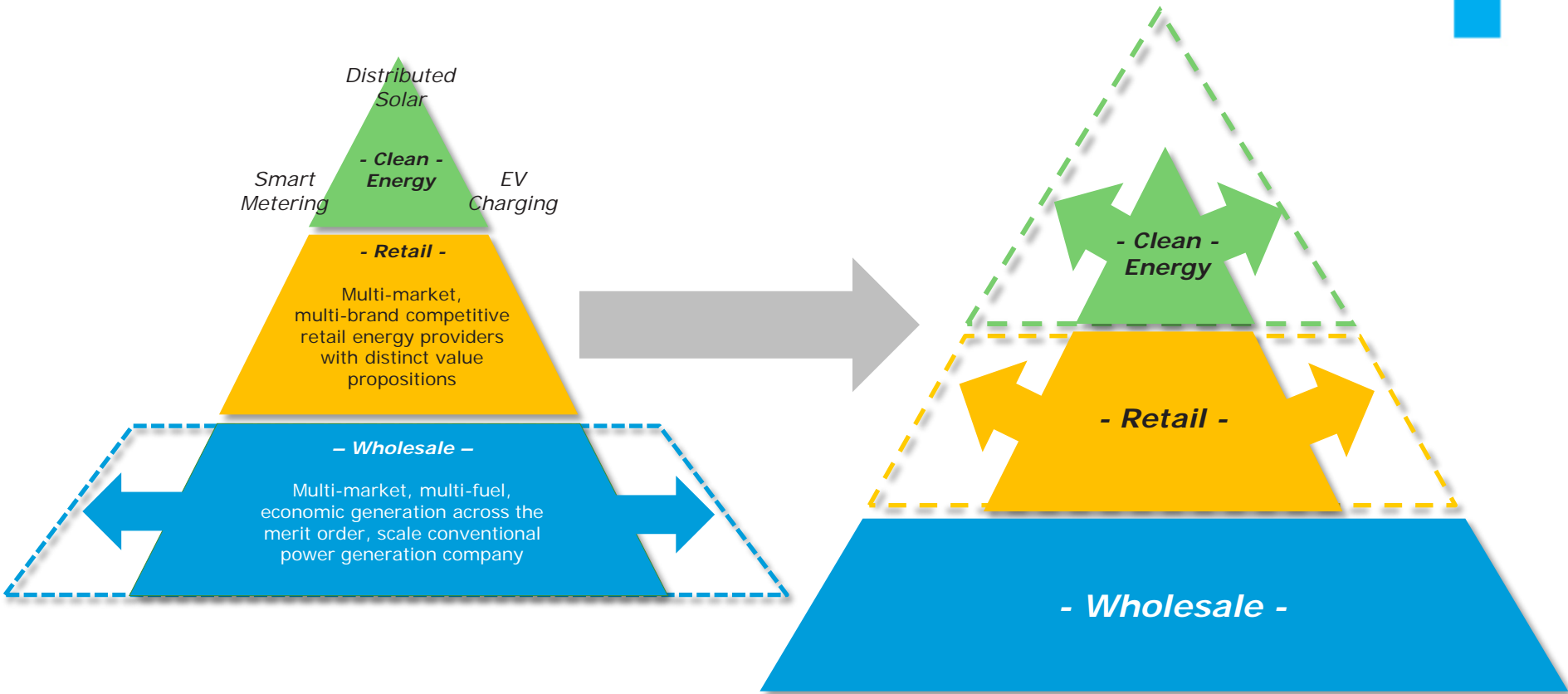
Governance ❖ Directors – 12 from NRG, 4 from GenOn  
❖ Howard Cosgrove (Chairman)  
❖ Edward R. Muller (Vice-Chairman)

Management ❖ David Crane – President and Chief Executive Officer  
❖ Kirk Andrews – Chief Financial Officer  
❖ Mauricio Gutierrez – Chief Operating Officer  
❖ Anne Cleary – Chief Integration Officer

Timing & Approvals ❖ Expected to close by Q1 2013  
❖ Shareholder approvals for NRG and GenOn expected Q4 2012  
❖ Regulatory approvals include FERC, antitrust, New York and Texas Public Utilities Commission  
❖ No debt holder consents or amendments required



# The Strategic Benefits of the Combination



★ Expanding and Strengthening the Base Enables NRG to Grow Across Its Competitive Energy Business Model ★



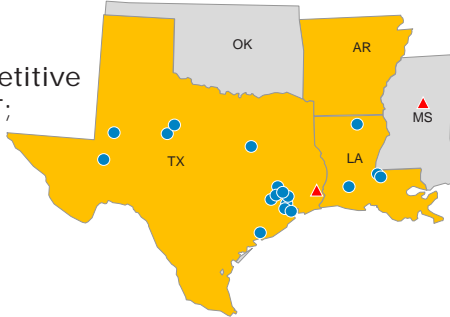
# Enabling NRG's Retail Growth Platform



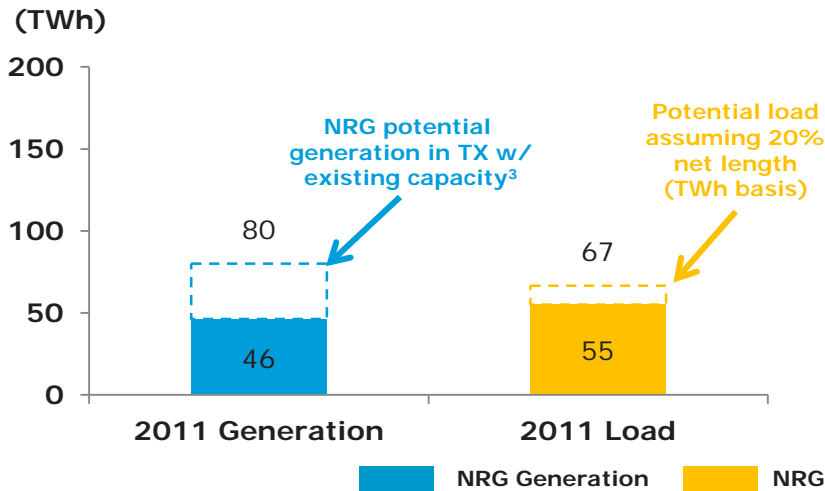
## Pro Forma Gulf Coast

- ✦ 16 GW capacity
- ✦ 55 TWh 2011 competitive retail load in ERCOT; contract and co-op loads

- NRG Plants
- ▲ GenOn Plants
- States Served by NRG retail<sup>1</sup>



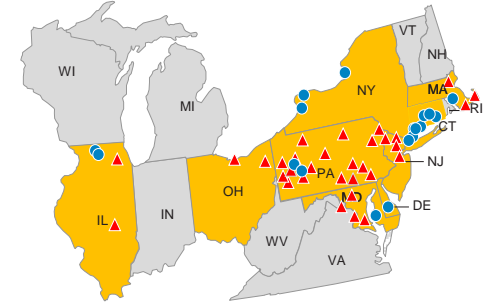
### ERCOT Market



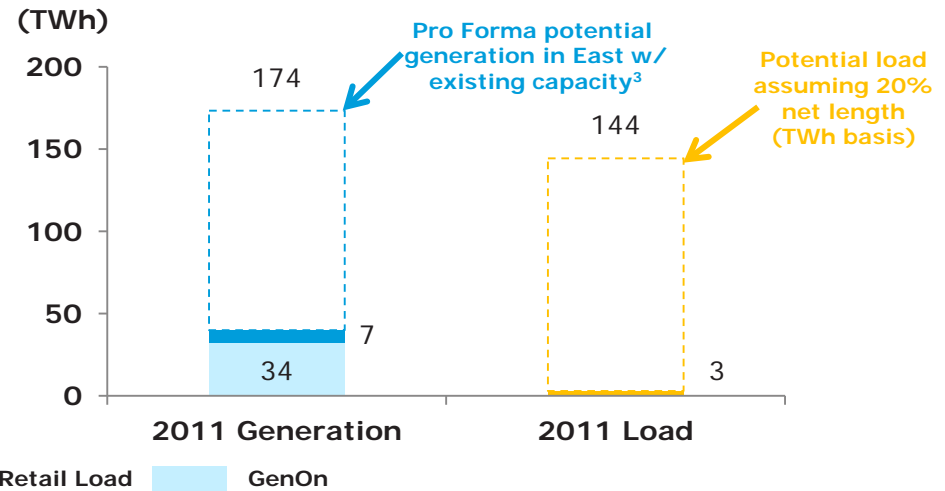
## Pro Forma East

- ✦ 23 GW capacity
- ✦ 3 TWh 2011 competitive retail load<sup>2</sup>

- NRG Plants
- ▲ GenOn Plants
- States served by NRG retail



### Eastern Markets



★ A Foundation to Duplicate NRG's Successful Texas-based Integrated Model ★



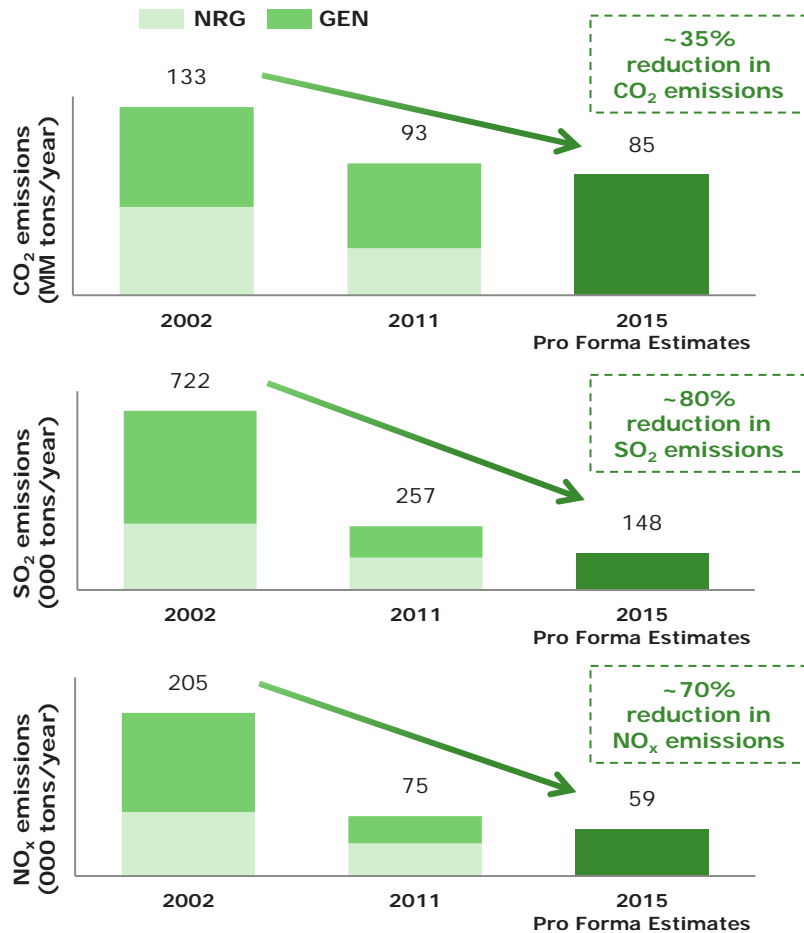
Source: Company filings; NRG and GEN capacity as of June 30, 2012, generation based on 2011 TWhs  
<sup>1</sup>Includes co-op and contracted loads <sup>2</sup>Includes full year Energy Plus volumes <sup>3</sup>Potential generation based on nameplate capacity at 85% availability factor



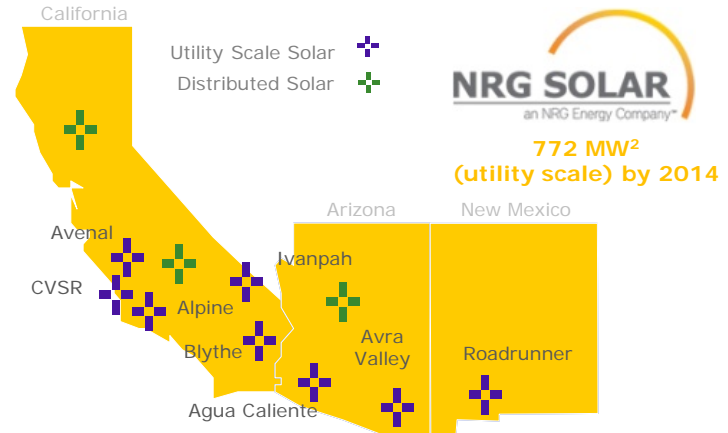
# Greening Conventional; Clean Renewables



## Continuous Improvement in Environmental Performance<sup>1</sup>



## Clean Energy Leadership



NRG Wind: 450 MW



★ The Combined Company Expects to Build on NRG's Leadership in the Clean Energy Economy on the Strength of its Greening Conventional Portfolio ★



Source: EPA and companies' estimates. Includes domestic units reporting through the EPA Acid Rain program  
<sup>1</sup>Excludes NRG International and Thermal assets. 2015 emissions estimates based on 2011 unit emissions adjusted for controls and retirements  
<sup>2</sup>Net MWs AC



# NRG Update

## Delivering on Financial Performance

- + Q2 2012 EBITDA ~\$530 million (YTD ~\$830 million)
- + Reaffirming 2012 Full Year Guidance:
  - + Consolidated Adjusted EBITDA: \$1,825-\$2,000 million
  - + FCF before growth investments: \$800-\$1,000 million

## Delivering on Capital Allocation Objectives

- + First ever quarterly dividend payment of \$0.09/share (\$0.36/share annually)
  - + Record Date: August 1, 2012
  - + Payable Date: August 15, 2012
  - + Implied dividend yield of ~2.0%<sup>1</sup>
  - + Payout ratio: ~9% of FCF before growth investments<sup>2</sup>
- + Sale of Schkopau resulting in \$174 million in net proceeds and expansion of the RP basket

## 2<sup>nd</sup> Quarter Results

- + Announcing full results on August 8, 2012



2012 On Track



<sup>1</sup>Based on NRG stock price as of July 20, 2012

<sup>2</sup>Payout ratio based on the midpoint of 2012 FCF before growth investments guidance



# Transaction Rationale and GenOn Updates





# Transaction Rationale

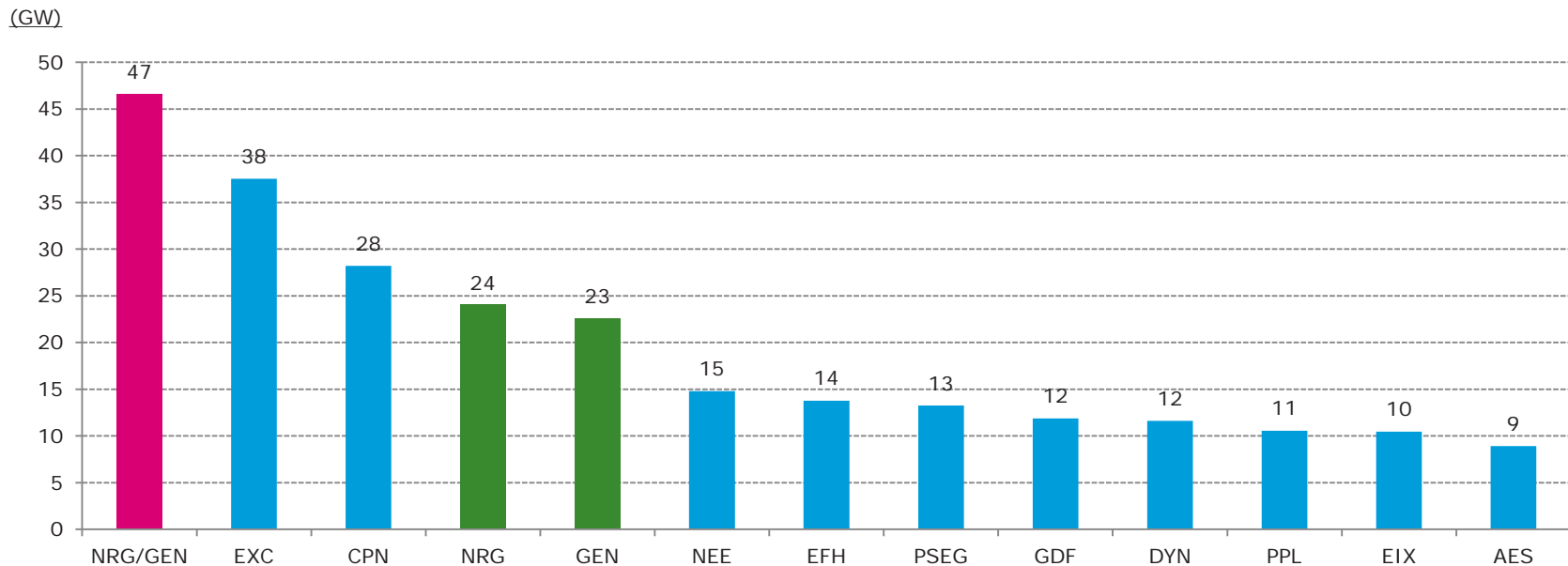
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- ✓ Combination efficiencies are a key driver of shareholder value in our sector
- ✓ A multi-region, multi-fuel portfolio that will be better positioned to compete throughout the commodity cycle
- ✓ Real, measurable, and actionable cost synergies of \$175 million per year plus \$25 million in annual operational efficiency synergies achievable within first full year of combined operations
- ✓ Total transaction free cash flow benefits of \$300 million per year to be realized from cost and operational efficiency synergies as well as balance sheet efficiencies
- ✓ Greater scale enhances combined company's ability to revitalize its generation fleet and optimize portfolio value

# Largest Owner of Competitive Generation



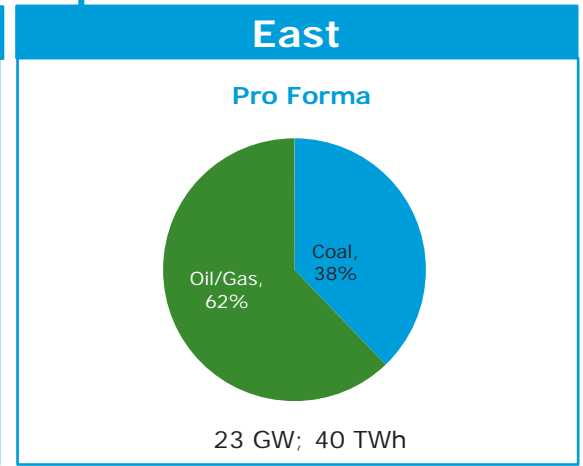
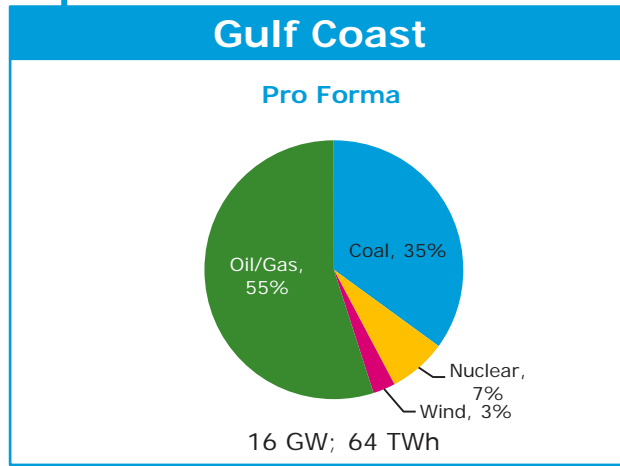
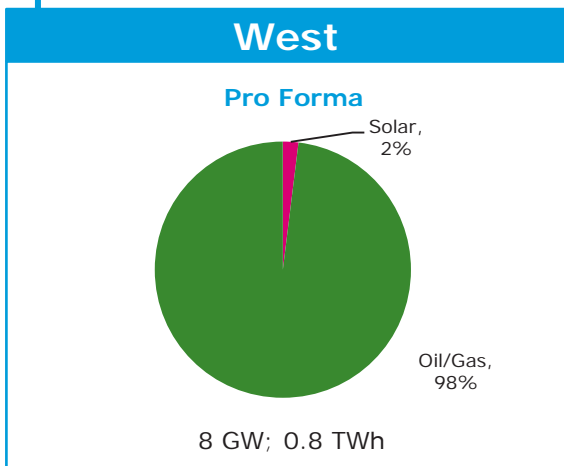
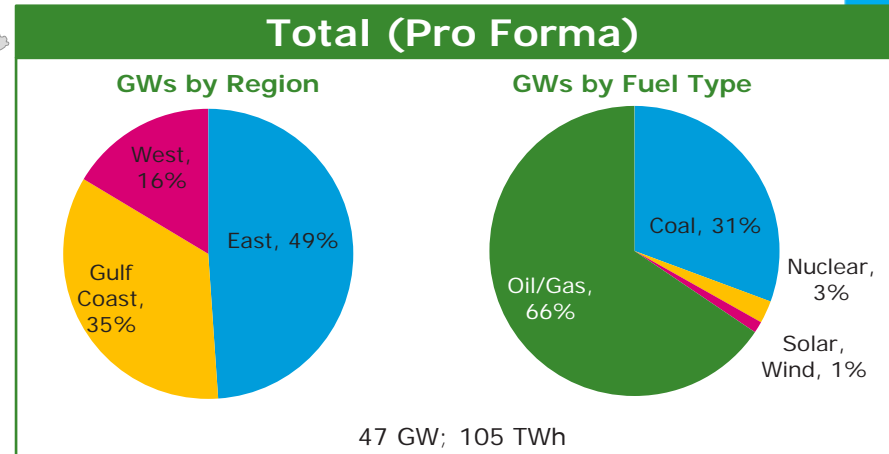
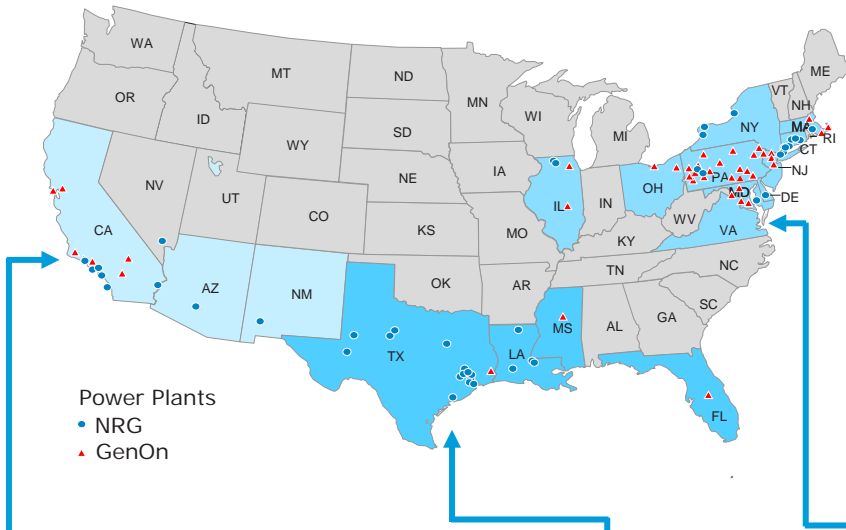
Top U.S. Companies By Competitive Generation Capacity



★ The Largest Competitive Power Generation Company in the US ★



# Enhanced Generation, Fuel and Revenue Diversity



★ The Combined Company Becomes a Truly Diversified ★  
 Competitive Power Generation Company



Note: Totals may not sum to 100 due to rounding  
 Source: Company filings; NRG and GEN capacity as of June 30, 2012, generation based on 2011 TWh  
 Excludes NRG International, NRG Thermal, and NRG and GEN projects under construction

# Substantial Transaction Benefits



## Significant Opportunities Across the Combined Company

### Synergies

#### Cost

- ❖ Create an integrated “best in class” organization by aligning key cost functions, including:
  - ❖ Personnel Synergies
  - ❖ IT Systems
  - ❖ Facilities
  - ❖ Fees / Services
  - ❖ Insurance
  - ❖ Other

\$175 MM/year

#### Operational

- ❖ Operational improvement and efficiencies across the combined fleet, driven by the application of:



\$25 MM/year

### Balance Sheet Efficiencies

- ❖ Create a more efficient pro forma capital structure, including:
  - ❖ Reduce leverage
  - ❖ Lower cash balance and liquidity requirements
  - ❖ Improve cost of capital through prudent cash management and stronger pro forma balance sheet
  - ❖ Collateral benefits

\$100 MM/year



Total Annual Free Cash Flow Benefits of \$300 MM, Including \$200 MM of EBITDA





# GenOn Update

**2012**      ✦ Raising Adjusted EBITDA Guidance<sup>1</sup> to \$467 million from \$446 million

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**2013 and 2014**      ✦ Raising 2013 Adjusted EBITDA Guidance<sup>1</sup> to \$687 million from \$669 million  
                         ✦ Providing 2014 Adjusted EBITDA Guidance<sup>1</sup> of \$730 million

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**2<sup>nd</sup> Quarter Results**      ✦ Announcing Q2 2012 results on August 9, 2012



2012 On Track



<sup>1</sup>Guidance numbers are based on forward curves as of July 9, 2012





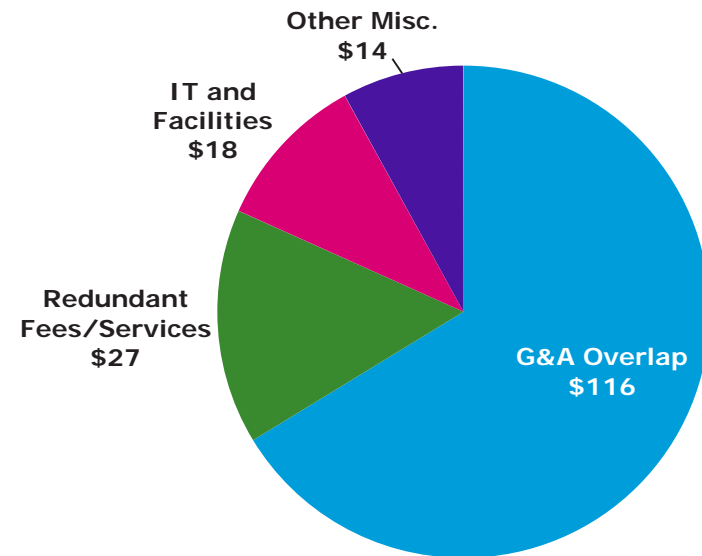
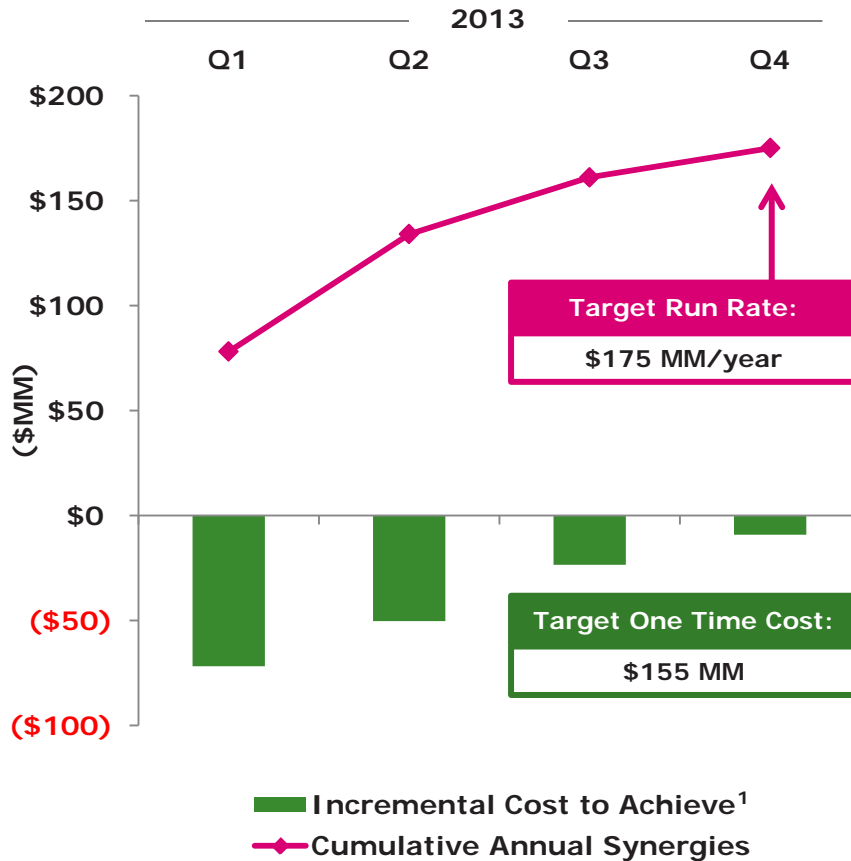
# Transaction Benefits



# Real, Measurable and Actionable Cost Synergies

## Delivering Synergy Value by YE 2013

## Cost Synergies by Functional Area (\$MM)



★ \$175 MM of Annual Cost Synergies to be Fully Realized in First Full Year of Operation ★

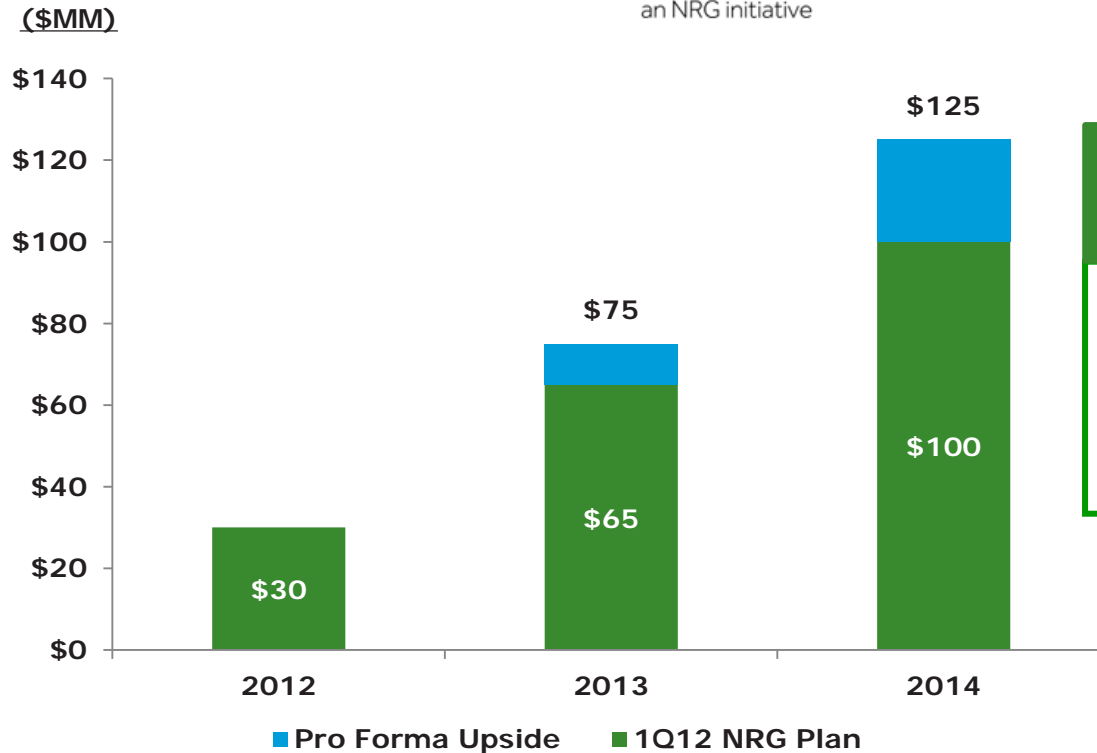


<sup>1</sup>Cost to achieve excludes advisor fees, bridge commitment fees, and other transaction-related costs; includes non-cash related expenses of approx. \$14 MM

# Operational Efficiency Synergies



## Leveraging the **for nrg** Program an NRG initiative



**Incremental \$25 MM operational efficiency synergies:**

- ✦ Reliability, capacity and efficiency improvements
- ✦ Procurement savings
- ✦ Asset optimization



\$25 MM/year by 2014 –  
a 25% Improvement to NRG's Existing Plan



# Transaction Benefit Summary

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□ Cost Synergies



\$175 MM

□ Operational Efficiency Synergies



\$25 MM

□ Balance Sheet Efficiencies



\$100 MM



The Pro Forma Combination Will Drive  
\$300 MM in Annual Transaction Benefits



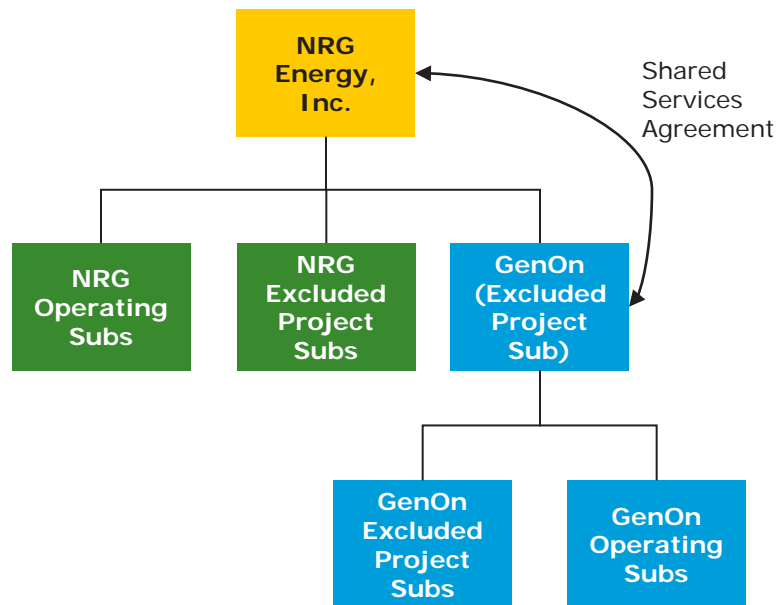


# Financial Summary

# Transaction Structure



## Description of Structure



- ✦ GenOn will combine with and, upon closing, become an excluded project subsidiary of NRG (non-guarantor)
- ✦ A shared services agreement between both companies will enable the value of synergies to be captured by the parent
- ✦ Structure permitted under indentures, with no bondholder approvals required from either NRG or GenOn bondholders
- ✦ Structure triggers a change of control put right by holders of GenOn's HoldCo debt
  - ✦ Cash on hand and \$1.6 billion bridge in place to fund if exercised



★ Transaction Structure Provides Maximum Flexibility ★

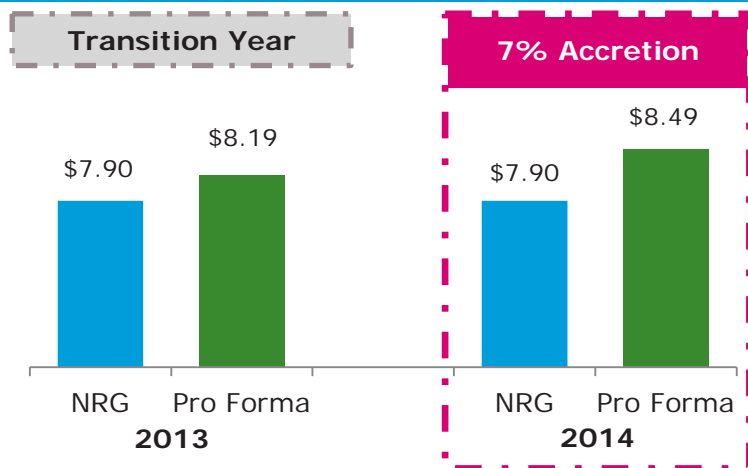


# Significant Accretion to Key Metrics

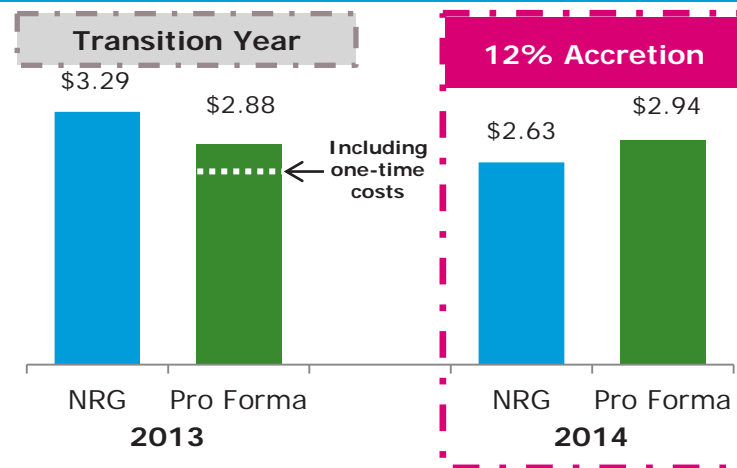


	EBITDA (\$MM)		Free Cash Flow Before Growth <sup>1</sup> (\$MM)	
	2013	2014	2013	2014
NRG	\$1,700-\$1,900	\$1,700-\$1,900	\$650-\$850	\$500-\$700
GenOn <sup>2</sup>	687	730	(75)	43
Synergies	150	200	150	200
Balance Sheet Efficiencies	N/A	N/A	100	100
Pro Forma	~\$2,535-\$2,735	~\$2,630-\$2,830	~\$825-\$1,025	~\$845-\$1,045
One-time Costs <sup>3</sup>			(141)	-

## EBITDA per Share<sup>4</sup>



## FCF Before Growth per Share<sup>4</sup>



Significantly Accretive to EBITDA and Free Cash Flow before Growth in First Full Year of Operations



<sup>1</sup>Assumes transaction closes on Jan 1 2013 and synergies are fully realized by 2014; <sup>2</sup>Based on forward curves as of July 9, 2012

<sup>3</sup>Excludes \$14 MM non-cash related expenses. Also excludes advisor fees, bridge commitment fees, and other transaction-related costs

<sup>4</sup>Per share figures based on midpoint of NRG and Pro Forma guidance ranges. Assumes 227.8 MM shares currently outstanding and 321.7 MM pro forma shares outstanding

# Balance Sheet Efficiencies

\$ in millions	As of March 31, 2012		Exchange and Debt Paydown <sup>2</sup>	March 31, 2012 ProForma
	NRG <sup>1</sup>	GEN <sup>1</sup>		
Cash and cash equivalents	\$1,014	\$1,693	(\$1,000)	\$1,707
Restricted cash	217	12	-	229
<b>Total cash:</b>	<b>1,231</b>	<b>1,705</b>	<b>(1,000)</b>	<b>1,936</b>
<b>Recourse debt:</b>				
Term loan facility	1,588	-	-	1,588
Unsecured Notes	6,090	-	-	6,090
Tax Exempt Bonds	273	-	-	273
<b>Recourse subtotal</b>	<b>7,951</b>	<b>-</b>	<b>-</b>	<b>7,951</b>
<b>Non-Recourse debt:</b>				
Solar non-recourse debt	1,561	-	-	1,561
Term Loan Facility	-	690	(690)	-
Unsecured Notes <sup>3</sup>	-	2,525	-	2,525
GenOn Americas Generation Notes	-	850	-	850
Conventional non-recourse debt	636	170	-	806
GMA/REMA Operating Leases <sup>4</sup>	-	-	-	-
<b>Non-Recourse subtotal</b>	<b>2,197</b>	<b>4,235</b>	<b>(690)</b>	<b>5,742</b>
To Be Determined			(310)	(310)
<b>Total Debt</b>	<b>\$10,148</b>	<b>\$4,235</b>	<b>(\$1,000)</b>	<b>\$13,383</b>

<sup>1</sup>Debt excludes discounts/premiums from balances

<sup>2</sup>Assumes that no debt is put and \$1.6 Bn bridge is not utilized

<sup>3</sup>Debt subject to change of control puts, that if exercised will be repurchased

<sup>4</sup>Present value of remaining lease payments is \$903 million and \$458 million, respectively



★ Reduced Leverage of At Least \$1 Billion and Other Collateral Synergies Drives Approximately \$100 MM of Annual Incremental Cash Flow Benefits ★





# Immediately Accretive to Target Credit Metrics



Credit Ratings	NRG		GenOn	
	S&P	Moody's	S&P	Moody's
First Lien Debt	BB+	Baa3	B+	B1
Unsecured Debt	BB-	B1	B-	B3
Corporate (Outlook)	BB- Negative	Ba3 Negative	B- Stable	B2 Negative

Credit Statistics	NRG Stand Alone <sup>1</sup>		Long Term Target	NRG Pro Forma <sup>2</sup>	
	2013	2014		2013	2014
Net Debt/Total Capital	54.1%	53.1%	45% - 60%	55.1%	54.4%
Corporate Debt/ Corporate EBITDA	4.8x	4.6x	≤ 4.25x	4.4x	4.1x
Corporate FFO/ Corporate Debt	13.3%	13.9%	> 18%	15.2%	16.4%



★ Transaction Structure Meaningfully Improves Target Prudent Balance Sheet Management Metrics ★



<sup>1</sup>NRG results assume the midpoint of guidance

<sup>2</sup>Net debt assumed for GenOn is based on balances as of March 31, 2012. Pro Forma metrics reflects impact of transaction benefits

# Liquidity Surplus



## Liquidity Improvement

\$ in millions	As of March 31, 2012		Debt Pay down / Retirement	Pro Forma
	NRG	GEN		
Cash and Cash Equivalents	\$1,014	\$1,693	(\$1,000)	\$1,707
Restricted/Reserved Cash	217	12	-	229
<b>Total Cash</b>	<b>1,231</b>	<b>1,705</b>	<b>(1,000)</b>	<b>1,936</b>
<b>Revolver Availability</b>	<b>1,141</b>	<b>532<sup>1</sup></b>	<b>(788)</b>	<b>885</b>
<b>Total Current Liquidity</b>	<b>\$2,372</b>	<b>\$2,237</b>	<b>(\$1,788)</b>	<b>\$2,821</b>

- ✦ Currently, the available combined liquidity meaningfully surpasses needs
- ✦ Surplus liquidity permits:
  - ✦ At least \$1 billion debt reduction
  - ✦ Elimination of GenOn credit facility (\$788 million)
- ✦ Combined with other collateral efficiencies, \$100 million annual free cash flow benefits
- ✦ \$2.8 billion pro forma liquidity more than sufficient to support the combined business
  - ✦ Minimum cash balance will be maintained at \$900 million



Balance Sheet Efficiency and Liquidity Surplus  
Delivers Annual Free Cash Flow Uplift of \$100 million



<sup>1</sup>Excludes availability under Marsh Landing credit facility



## Closing Remarks and Q&A

# Transaction Benefit Summary

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☐ Cost Synergies



\$175 MM

☐ Operational Efficiency Synergies



\$25 MM

☐ Balance Sheet Efficiencies



\$100 MM



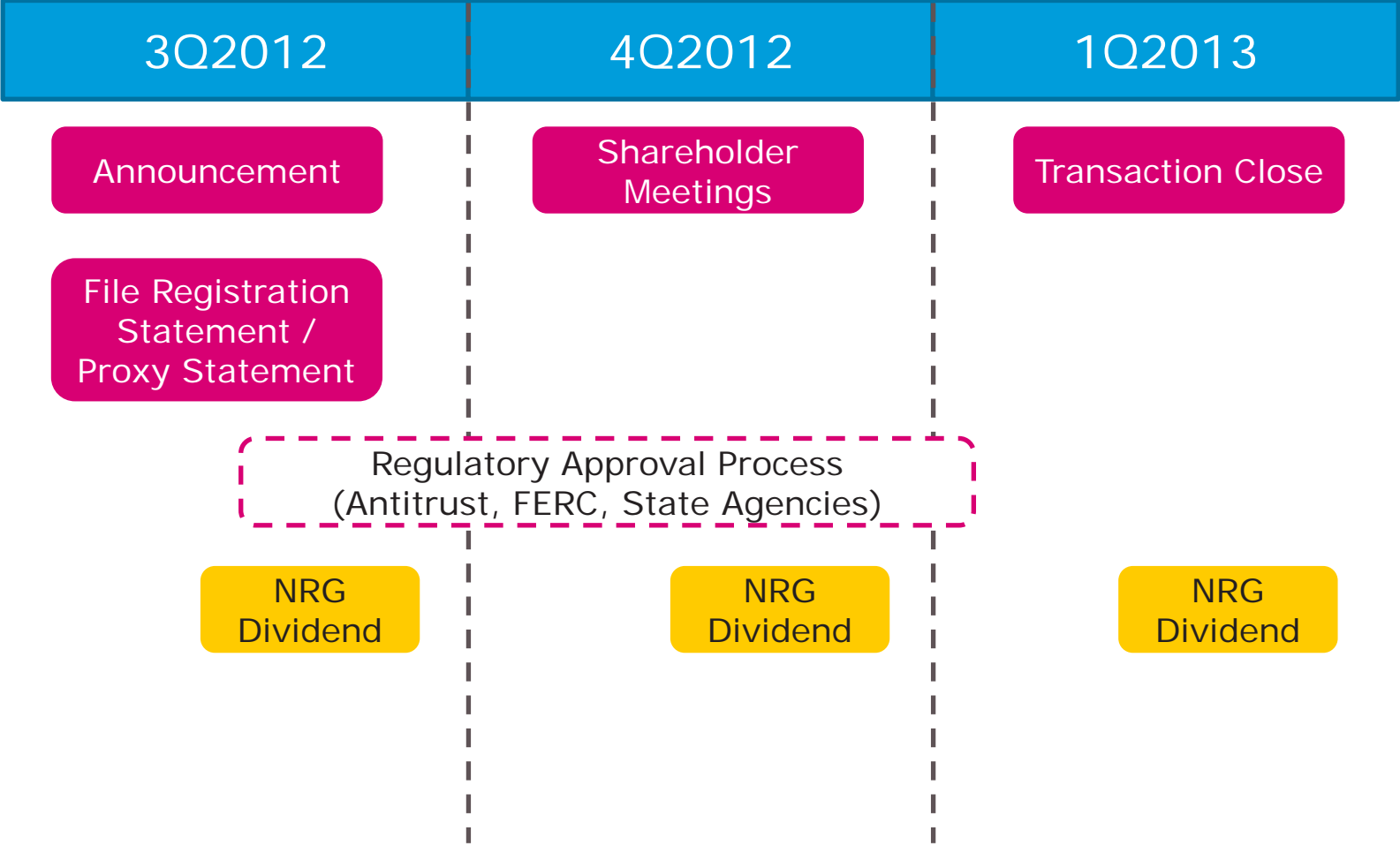
The Pro Forma Combination Will Drive  
\$300 MM in Annual Transaction Benefits





# Appendix

# Expected Transaction Timeline



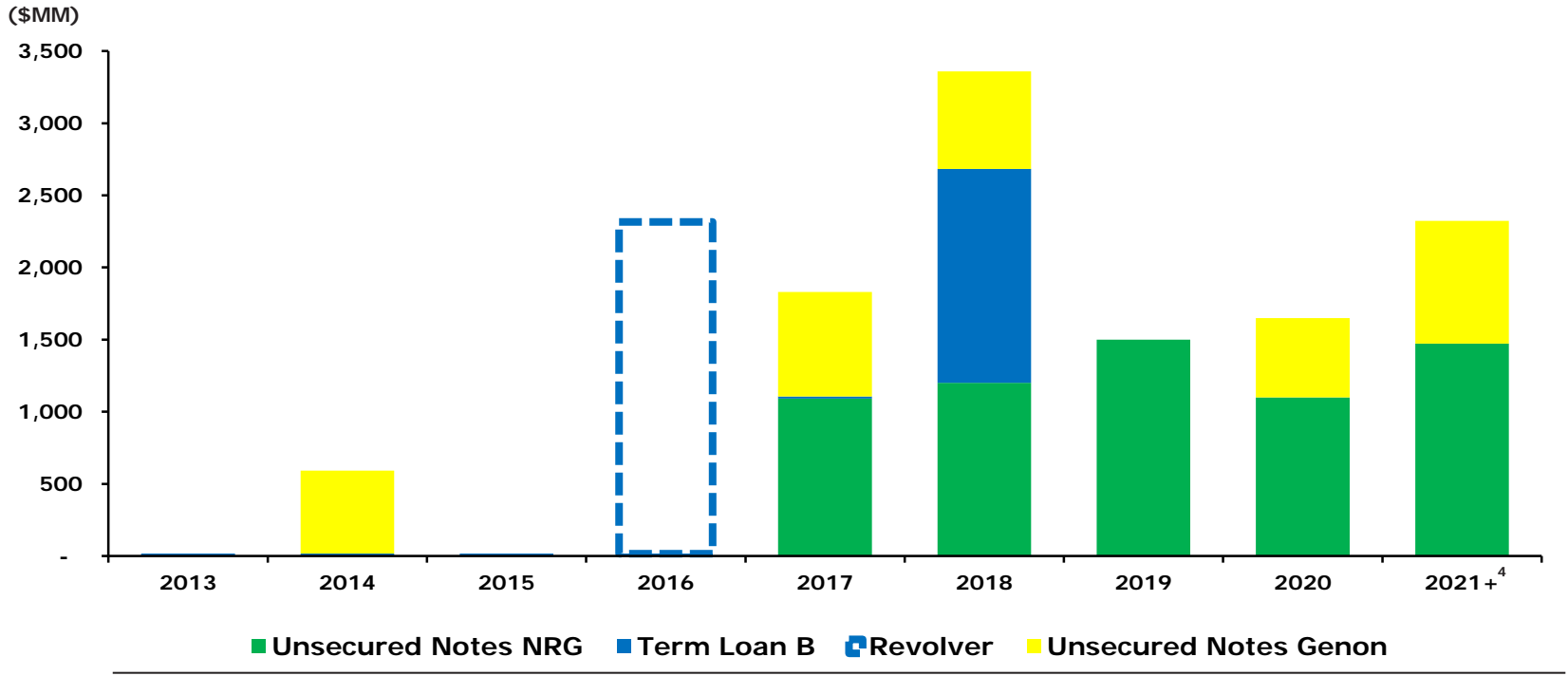
Expect to Close the Transaction by the First Quarter of 2013



# Manageable Proforma Debt Maturity Profile



## Debt Maturity Profile (2013–2021)<sup>1,2,3</sup>



<sup>1</sup>Based on preliminary analysis  
<sup>2</sup>Debt maturity schedule as of 3/31/12: Excludes Marsh Landing Project Financings  
<sup>3</sup>Does not include \$310 MM of debt repayment as the company will apply the payment to the best available option  
<sup>4</sup>Includes \$850 MM of GenOn Americas Generation notes in 2021 and beyond

# Combined Federal NOL Tax Attributes (assuming transaction is consummated)

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- ❖ As a result of the combination:
  - ❖ GenOn will experience an ownership change under Section 382 which further limits the utilization of its \$2.6 billion in NOLs
  - ❖ GenOn is expected to be in a Net Unrealized Built in Loss position (NUBIL) which further restricts the utilization of immediate tax deductions during the 5 year observable period 2013 – 2017
  
- ❖ NRG anticipates that it will not be subject to a Section 382 limitation for its \$600 million NOL balance as a result of the combination
  
- ❖ NRG expects to pay Alternative Minimum Tax and some state tax on taxable income over the next four years
  
- ❖ Any incremental NOLs generated post closing of the combination will be unrestricted



# Transaction Detail<sup>1</sup>

## Sources and Uses



Sources (\$MM)		Uses (\$MM)	
NRG Equity Issuance	\$1,694	Equity Purchase Price	\$1,694
Debt Assumed	3,235	Debt Assumed	3,235
Cash	1,060	Repayment of GenOn TLB	690
		Repayment of Debt – TBD	310
		Transaction Costs <sup>2</sup>	60
<b>Total Sources Of Funds</b>	<b>\$5,989</b>	<b>Total Uses Of Funds</b>	<b>\$5,989</b>

### Pro Forma Ownership

Exchange Ratio	0.1216
Implied Premium	20.6%

### Shares Owned:

NRG	227.8
GenOn	93.8
<b>Total Shares</b>	<b>321.67</b>

### % of Combined Company Owned:

NRG	71%
GenOn	29%
<b>Total</b>	<b>100%</b>

