



NRG Energy, Inc.

Fourth Quarter and Full Year 2024 Earnings Presentation

February 26, 2025

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, general economic conditions, hazards customary in the power industry, weather conditions and extreme weather events, competition in wholesale power, gas and smart home markets, the volatility of energy and fuel prices, the volatility in demand for power and gas, failure of customers or counterparties to perform under contracts, changes in the wholesale power and gas markets, changes in government or market regulations, the condition of capital markets generally and NRG's ability to access capital markets, NRG's ability to execute its supply strategy, risks related to data privacy, cyberterrorism and inadequate cybersecurity, the loss of data, unanticipated outages at NRG's generation facilities, operational and reputational risks related to the use of artificial intelligence and the adherence to developing laws and regulations related to the use thereof, NRG's ability to achieve its net debt targets, adverse results in current and future litigation, complaints, product liability claims and/or adverse publicity, failure to identify, execute or successfully implement acquisitions or asset sales, risks of the smart home and security industry, including risks of and publicity surrounding the sales, subscriber origination and retention process, the impact of changes in consumer spending patterns, consumer preferences, geopolitical tensions, demographic trends, supply chain disruptions, NRG's ability to implement value enhancing improvements to plant operations and company-wide processes, NRG's ability to achieve or maintain investment grade credit metrics, NRG's 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, NRG's ability to operate its business efficiently, NRG's ability to retain customers, the ability to successfully integrate businesses of acquired assets or companies, including Vivint Smart Home, NRG's 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, NRG's ability to execute its capital allocation plan, and the other risks and uncertainties discussed in this release and in our Forms 10-K, 10-Q and 8-K filed with or furnished to the SEC. Achieving investment grade credit metrics is not an 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 before growth investments, adjusted net income, adjusted earnings per share, and adjusted cash provided by operating activities guidance are estimates as of February 26, 2025. These estimates are based on assumptions NRG 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. For a more detailed discussion of these factors, see the information under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in NRG's most recent Annual Report on Form 10-K, and in subsequent SEC filings. NRG's forward-looking statements speak only as of the date of this communication or as of the date they are made.

Non-GAAP Measures

In addition to financial measures in accordance with U.S. GAAP, this presentation includes references to non-GAAP financial measures, including adjusted EBITDA, free cash flow before growth investments, adjusted net income, adjusted earnings per share, and adjusted cash provided / (used) by operating activities. NRG believes that these non-GAAP financial measures are useful to investors and other users of NRG's financial statements in evaluating NRG's operating performance and growth, as well as the impact of NRG's capital allocation program. They provide an additional tool to compare business performance across periods and adjust for items that management does not consider indicative of NRG's future operating performance. These non-GAAP financial measures are not recognized in accordance with GAAP and should not be viewed in isolation or as an alternative to GAAP measures of performance. In addition, other companies may calculate non-GAAP financial measures differently than NRG does, limiting their usefulness as a comparative measure. Reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures are included in the appendix to this presentation.

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Business Review

Dr. Larry Coben

Chair, President and CEO



The Power Demand Supercycle

Unlocking Significant Upside Opportunities

Robert Gaudette

President, NRG Business and Wholesale Operations



Financial Review

Bruce Chung

CFO

Closing Remarks

Dr. Larry Coben

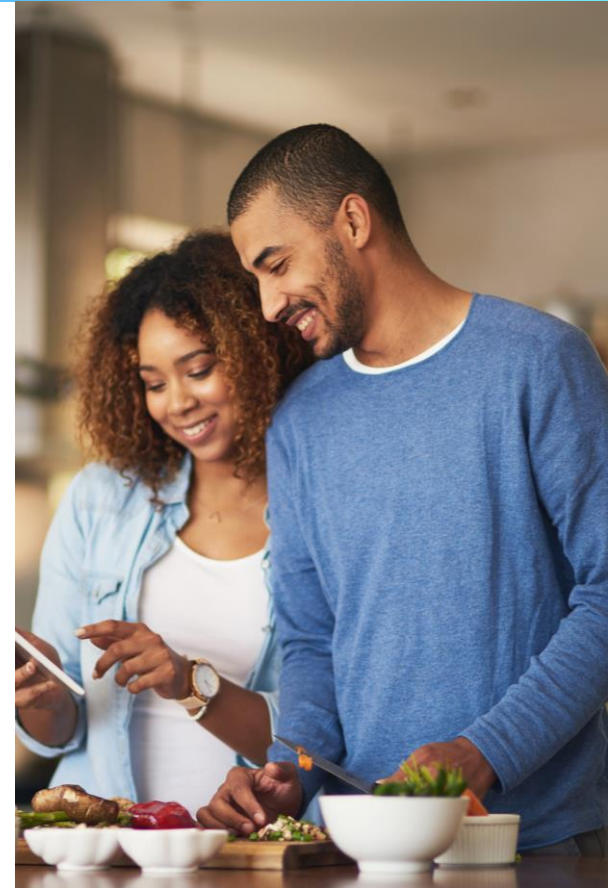
**Q&A
Management**

Exceeded Raised 2024 Adjusted EPS Guidance; Reaffirming 2025 Guidance Ranges

Delivering >10% Base Adjusted EPS CAGR Through 2029 Before Upside Opportunities

Starting to Unlock Data Center and Other Upside Opportunities

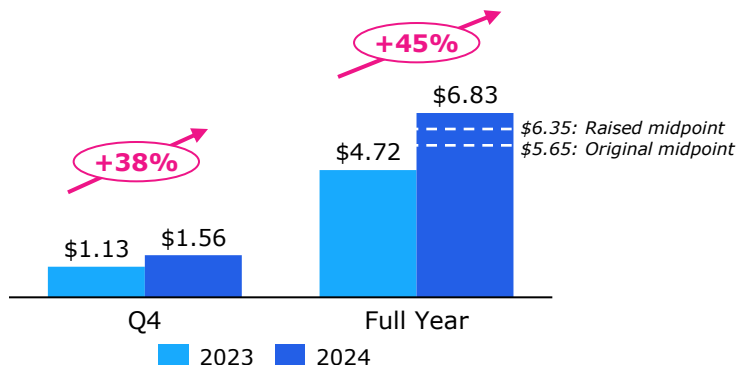
- Announcing Development Venture with GE Vernova & Kiewit-TIC
- Progressing Data Center Strategy with Developers PowLan and Menlo
- Advancing 1.5 GW Texas Brownfield Natural Gas Projects



(\$ millions, except per share amounts)

2024 Financial Results

Adjusted EPS



Supported By Strong FCFbG Growth

- **\$10.36** per share vs \$9.25 per share in 2023¹
- **\$2,062 MM** vs \$1,925 MM in 2023

2024 Priorities Scorecard

Financial and Operational Results

- ✓ Top decile safety performance
- ✓ Introduced Adjusted EPS Guidance with 5-year organic 10% CAGR plus upside opportunities

Cost & Growth Initiatives

- ✓ \$550 MM cost & growth program (run-rate 2025) - On Track
- ✓ Announced \$750 MM organic growth plan (2025-2029)

Optimize & Grow from Core

- ✓ Advanced 1.5 GW Texas brownfield natural gas projects
- ✓ Formed 1 GW VPP partnership with Renew Home & Google

Disciplined Capital Allocation

- ✓ Returned \$1.3 Bn to shareholders; Raised dividend by 8%
- ✓ Achieved target credit metrics

Financial Results Exceed Expectations with Successful Execution of 2024 Priorities

¹ 2024 and 2023 share count is based on ending December 31 outstanding shares of 199 MM and 208 MM, respectively

Near & Long-Term Outlook 2025-2029



(\$ millions, except per share amounts)

Reaffirming 2025 Guidance

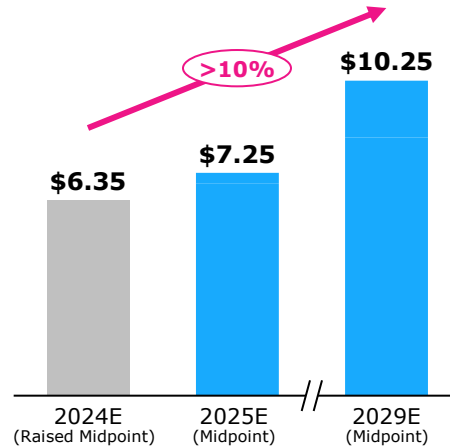
2025E	
Adjusted Earnings per Share	\$6.75 – \$7.75
Free Cash Flow before Growth	\$1,975 – \$2,225

2025 Areas of Focus

- Organic growth initiatives
- VPP full launch in Texas
- >\$1.6 Bn return of capital
- Advance upside opportunities

Targeting >10% Long-Term Base Adj EPS Growth¹

(growth rate will vary from year to year)



**Plus: ~\$7.00/Share
NOL Per Share Value Benefit**

Includes

>10% Base Organic Growth Plan¹

- \$750 MM Run-Rate Adj EBITDA Growth
- \$8.8 Bn Return of Capital

Excludes

Upside Opportunities Such As

- Data Center / Large Load Premium PPAs
- Leverage to Rising Power Prices
- 1.1 GW² of 1.5 GW ERCOT New Builds

Creating Long-Term Value Through Strategic Execution

¹ CAGR off midpoint of raised 2024 guidance of \$6.35; for full details see slides 6-9 of the 3Q24 earnings presentation; ² Greens Bayou 6 and Cedar Bayou 5, which were not selected for TEF review at the time of 2025 guidance and long-term growth rate initiation (3Q24 earnings call)

The Power Demand Supercycle

Unlocking Significant Upside Opportunities

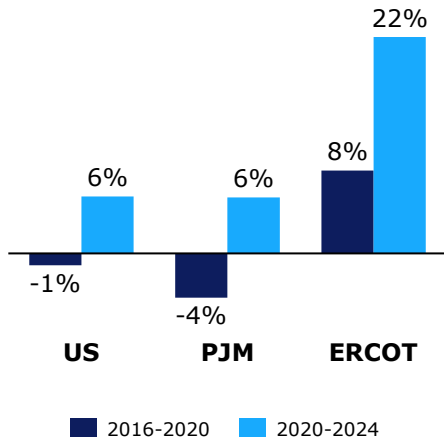
1 State of Power Markets

2 Advancing Data Center
and Large Load Strategy

3 Platform Leverage to
Rising Power Markets

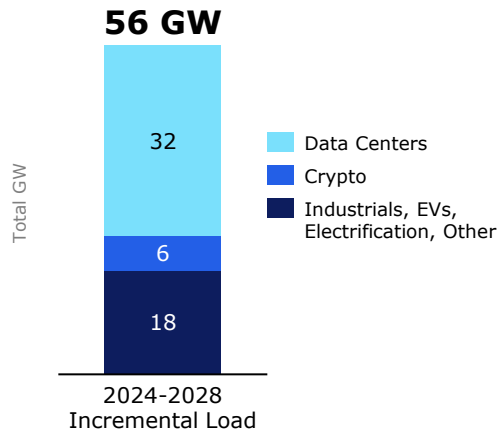
Load Growth is Underway

Electricity Demand Growth¹



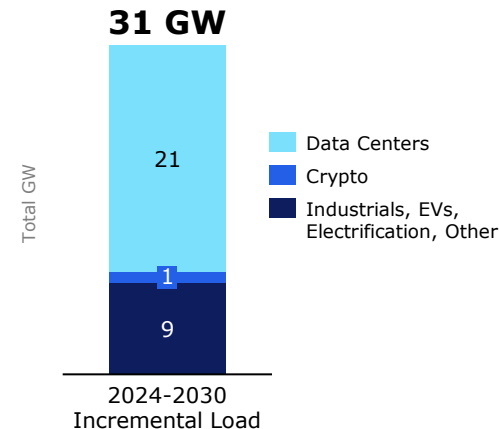
Texas: The Fastest-Growing U.S. Power Market

ERCOT Load Outlook²



PJM: Experiencing Unprecedented Growth

PJM Load Outlook³



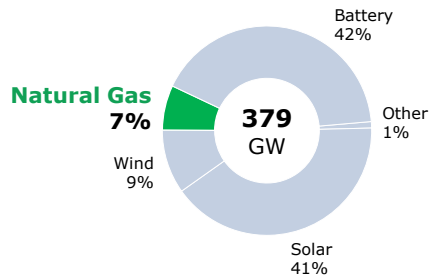
Demand Growth Significantly Outpaces U.S. Ability to Add New Dispatchable Generation

¹ EIA, PJM, ERCOT; ² Charles River Associates; November 2024 Load Analysis; ³ PJM Long-Term Load Forecast Report; internal analysis

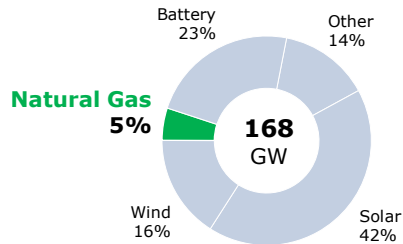
Intermittent Resources Dominate Planned Capacity

Interconnection Queue

ERCOT



PJM



Natural Gas Projects Account for <10% of Planned Capacity in Key Competitive Markets

Supply Constraints Limit Dispatchable New Builds

Timeline for New Generation

2025+ Solar / Wind

2025+ Batteries

2026-'28 Planned Natural Gas

(2030+) **Unplanned Natural Gas**

(2035+) **Small Modular Reactors**

Increasing Value of Existing Reliable and Dispatchable Generation

Increasing Power Price Volatility and the Value of Dispatchable Generation

2 Optimizing Site Portfolio



Site Categories	High Priority	Medium Priority	Lower Priority
	Data Center Hosts	Strategic Load Hubs	Future Growth Sites
	Premier sites, development ready or near-ready	Quality medium to small sites with high potential but unresolved constraints	Sites that may become more valuable over time
Highlights	10 sites + 2 Greenfield Options ~7.5 GW Data Center Capacity	8 sites + Greenfield Options ~7.5 GW Data Center Capacity	3 sites TBD GWs Use
Capabilities & Potential Outcomes	Front-of-the-Meter and Behind-the-Meter solutions Premium Long-Term Power Purchase Agreement New Onsite Generation ¹ (natural gas, renewables, storage)	Front-of-the-Meter and Behind-the-Meter solutions Premium Long-Term Power Purchase Agreement Medium to Small Data Center	Varying Use Cases Include: - Energy Storage - Interconnection Value - New Generation - Data Center - Monetization
Status	Actively Negotiating Multiple GWs with Several Parties with Target CODs by the end of 2029	Engaged in Strategic Discussions in Parallel with Feasibility Studies	N/A

Unlocking Sites Values Through Strategic Development

¹ Onsite generation capability is not available at all locations

U.S.-Based Fully Integrated Venture

Signed Project Development Agreement

GE Vernova, Kiewit-TIC, NRG: Developer, Operator, OEM and EPC Venture

Benefits

- ✓ Coordinated development, power equipment and EPC delivery
- ✓ GEV - #1 Power OEM Globally
- ✓ Kiewit - Most experienced EPC for GE-H class projects
- ✓ NRG - Leading gas and power platform for large energy customers

Status

- ✓ 1.2 GW CCGTs in-service by 2029
- ✓ Additional 4.2 GW CCGTs coming online 2030-2032
- ✓ Development activities in progress across all sites



GE VERNOVA



Kiewit

Improving Speed-to-Market

Progressing Data Center Strategy with Developers PowLan and Menlo

Signed Letters of Intent (LOI)

PowLan

Letter of Intent #1

- ✓ 500+ MW target; initial phase of 100 MW by 2027
- ✓ Existing NRG sites identified and in initial development
- ✓ Powered by NRG through long-term agreement at significant premium to current prices

Next Steps: Finalize Definitive Agreement with Partner in 2Q25

Letter of Intent #2

- ✓ 5+ GW target; first in-service 2029+
- ✓ NRG and developer exploring greenfield sites
- ✓ Powered by NRG through long-term agreement at significant premium to current prices and complemented by new NRG generation

Menlo Equities

Letter of Intent

- ✓ 1+ GW target; initial phase of 300 MW
- ✓ Existing NRG sites identified and in initial development
- ✓ Powered by NRG through long-term agreement at significant premium to current prices

Next Steps: Finalize Definitive Agreement with Partner in 2Q25

Beginning to Unlock Significant Growth Opportunities

Existing Texas Generation Fleet

Significant Upside Opportunity From Rising Power Prices

(\$ millions)

Illustrative Mark-to-Market for Texas Generation-Only Portfolio

	Year 1	Year 2	Year 3	Open	Gas Sensitivity	
					+\$0.25	-\$0.25
2025 Texas Base Gross Margin	\$1,710 MM	→		\$1,710		
% Hedge (as of Sept. 2024)	95-100%	~50%	<25%	0%		
ATC Power Price in '25 Guidance	\$47/MWh	→		\$47/MWh		
Implied GM @ Below ATC Price						
\$40/MWh	(\$50)	(\$150)	(\$200)	(\$260)	(\$10)	\$20
\$45/MWh	(\$30)	(\$60)	(\$80)	(\$90)	(\$20)	\$20
2025 Base Assumption - \$47/MWh	\$0	\$0	\$0	\$0	(\$20)	\$20
\$50/MWh	\$50	\$90	\$110	\$140	(\$30)	\$20
\$55/MWh	\$120	\$240	\$300	\$360	(\$30)	\$30
\$60/MWh	\$210	\$400	\$500	\$590	(\$30)	\$40
\$75/MWh	\$530	\$930	\$1,140	\$1,350	(\$50)	\$60
\$95/MWh	\$1,030	\$1,710	\$2,070	\$2,530	(\$60)	\$80

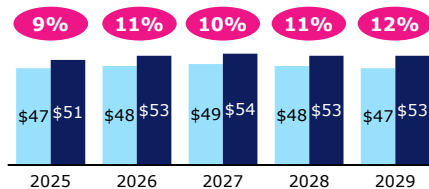
Base Earnings Assumptions:

- 2025 Texas Base Generation Margin \$1,710 MM (see 2025 guidance slide 31)
- Current Fleet:
 - 30 TWh Economic
 - 30 TWh Uneconomic
- Power Prices: Around-the-Clock Blend of Houston and North
- Natural Gas Prices:
 - HH: \$3.50/MMBtu
 - HSC: \$3.25/MMBtu
- Weather-normal, among other simplifying assumptions

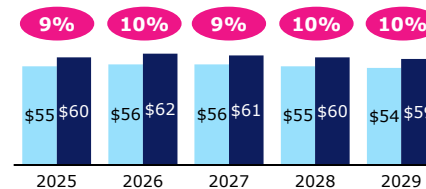
Forward Curves Do Not Reflect Demand Outlook

■ Guidance Date Sept. 2024
 ■ Current 2/14/2025

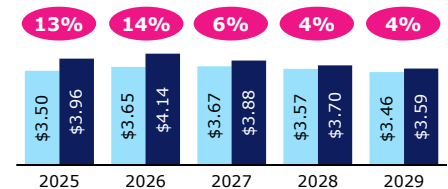
Texas Around-the-Clock



Texas On-Peak



NYMEX Gas

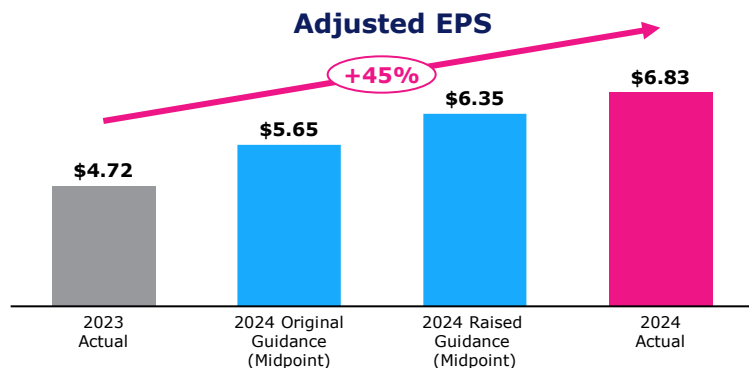


Financial Review

2024 Financial Results



(\$ millions, except per share amounts)



	2024	2023	2024 Raised Guidance (midpoint)
Adjusted EBITDA	\$3,789	\$3,319	\$3,730
Adjusted Net Income	\$1,408	\$1,076	\$1,310
Free Cash Flow before Growth ("FCFbG")	\$2,062	\$1,925	\$2,050

Full Year 2024 Results Driven by Strong Operational Performance and Robust Capital Allocation

- Power and natural gas margin expansion in the East and West driven by lower supply costs coupled with increase in customer count in the East
- Texas impacted by milder weather, lost earnings from 2023 asset sales, and incremental preventative plant maintenance expense to ensure reliable operations
- Strong Smart Home performance reflecting 5% increase in net subscriber count and higher recurring monthly service margin¹
- 10.6 MM² shares repurchased at average price of \$87.57
- \$10.36 FCFbG/share³, exceeding 2024 raised guidance midpoint

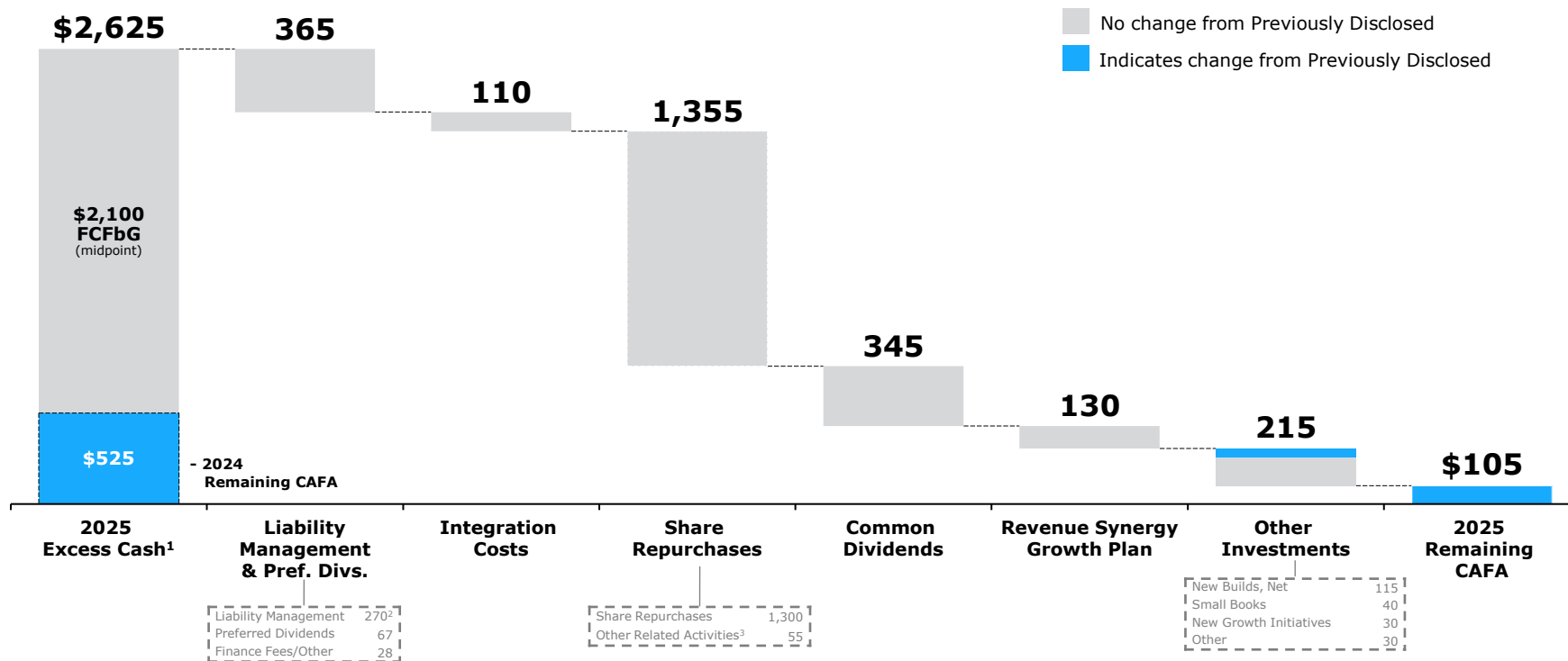
Strong 2024 Results; Reaffirming 2025 Guidance Ranges⁴

¹ 2024 includes full year of results compared to ten months of ownership in 2023; ² Open market share repurchases through December 31, 2024; ³ Based on 199 MM shares outstanding as of December 31, 2024; ⁴ See slides 37 and 38 for details

2025 Capital Allocation



(\$ millions)



¹ Excludes \$750 MM Minimum Cash reserved for liquidity purposes; ² Comprised of \$257 MM convertible note hedge premium and \$13 MM Term Loan B amortization; ³ Other Related Activities include "Federal Excise Tax" on share repurchases executed in prior year and shares repurchased in lieu of tax withholdings where the Company, instead of issuing shares related to certain stock-based compensation, settles employee tax obligations in cash

Closing Remarks

>10%

Adjusted EPS Growth

>10%

FCFbG / Share Growth

~\$8.8 Bn

Return of Capital

2.50-2.75x

Net Debt to Adj EBITDA

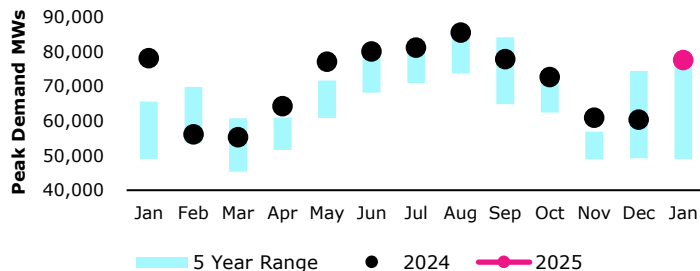
***Plus:
Significant and Highly Probable
Upside Opportunities***

¹ See 3Q24 earnings presentation for details

Appendix: Operations

Texas Continues to Realize Load Growth

Hit 6 New Record Peaks in 2024



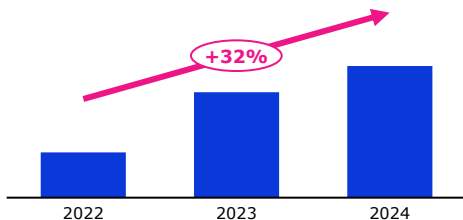
Business Highlights & Results

Full Year and 4Q Highlights

- 5% Smart Home subscriber growth YoY
- 9th straight year of top decile safety
- Returned \$1.3 Bn to shareholders
- Improved reliability across operations

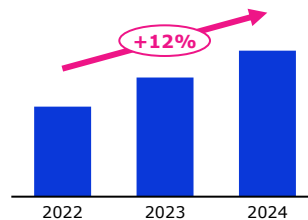
Resilient Plant Operations

Texas Asset In-the-Money Availability

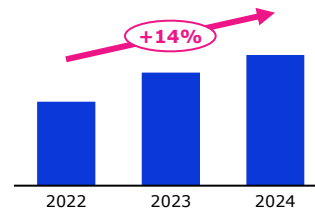


Smart Home Performance

Subscribers



Monthly Recurring Service Margin per Subscriber¹



Strategic Execution Driving Strength Across All Businesses

¹ See slide 48 for Smart Home performance metrics definitions

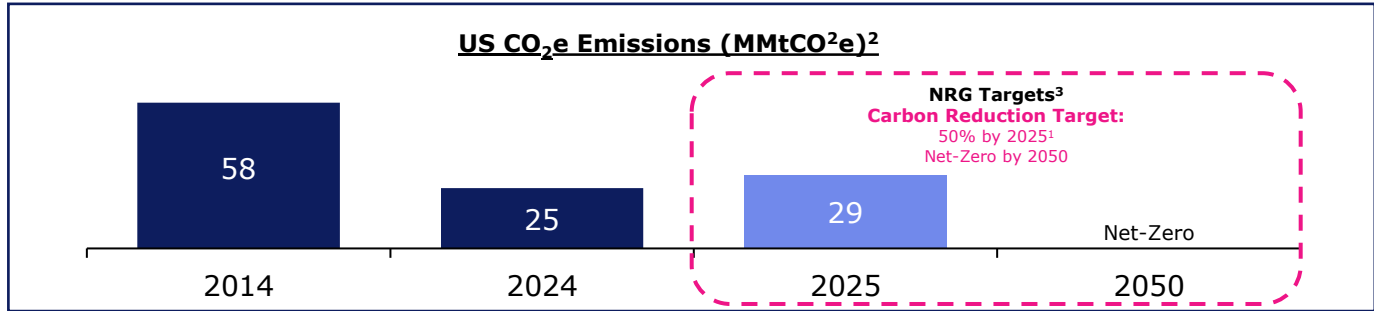
Progress Highlights¹

57%
Reduction in CO₂e emissions (2024)

71%
Reduction in SO₂ emissions (2023)

59%
Reduction in NO_x emissions (2023)

71%
Reduction in water withdrawal (2023)



2023 Sustainability Report Published August 2, 2024

Social Leadership:

- Consistent top decile safety performance
- 40,000+ volunteer hours by NRG employees

Environmental Leadership:

- 1st North American power company to report per SASB standards: 7th year reporting
- 1st company in North America – in any sector – to issue a sustainability-linked bond
- 14 years of sustainability reporting

¹ From 2014 base year; ² Data as of 12/31/2024; ³ NRG's goals include scope 1, 2, and 3 employee business travel

Power Market Review – Texas

- Texas has approved legislation to incentivize new dispatchable generation resources
- NRG well positioned having previously initiated development work on multiple brownfield opportunities
- Proposed projects are shovel-ready to meet the supply needs of our Texas retail business

Potential Benefits from Texas Legislation

- Low-interest rate (3%) loans from the Texas Energy Fund – SB2627
- Completion Bonus Grants of \$80-120k per MW based on COD – SB2627
- Property tax abatements with local school districts - HB5

	TH Wharton	Cedar Bayou 5	Greens Bayou 6
Type	Simple Cycle	Combined Cycle	Simple Cycle
Capacity (MW)	415	689	443
Heat Rate (Btu/kWh)	10,500	6,500	9,200
Technology	Siemens SGT6-5000F	Mitsubishi M501JAC	GE 7HA.03
Target COD	Mid 2026	Mid 2028	Mid 2028

*Texas Energy Fund (TEF)
Due Diligence Phase*

TH Wharton and Cedar Bayou 5 Projects Selected by Texas Energy Fund for Due Diligence

Mature Risk Strategy

Managing Through-Cycle Stability



1 Forecast & Price

- Proprietary forecasting program models expected load and variability
- Data analytics form actionable insights into macro and micro usage patterns and trends
- Pricing model reflects insights from customer data/usage

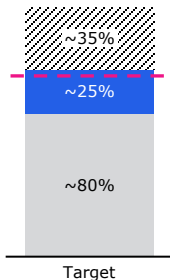
2 Retail Sale & Hedge

- Fully hedge priced load to firm gross margin
- Partially hedge expected future unpriced load (month-to-month) to mitigate bill shock
- Unique products require tailored hedging solutions to flex with usage variability

3 Optimize

- Enhance hedge profile to incorporate additional data (i.e. weather)
- Optimize hedge profile to reflect commercial market intelligence to achieve enhanced returns and lower supply costs

Home
(On-Peak, Texas & East)



Business (C&I)
(On-Peak, Texas & East)

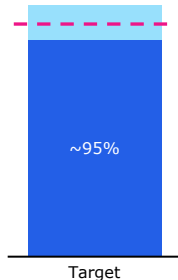
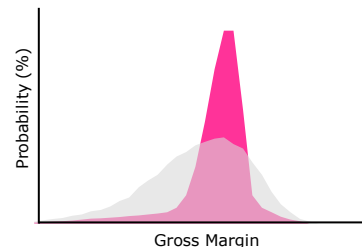


Chart Key:

- - 100% Expected Load
- Third-Party Flexible Supply
- ▨ Out-of-the-Money Owned Generation / Third-Party Flexible Supply
- Market Purchases
- Economic Owned Generation

Stabilize & Enhance Gross Margin

- Retail Hedged/Optimized
- Retail Unhedged

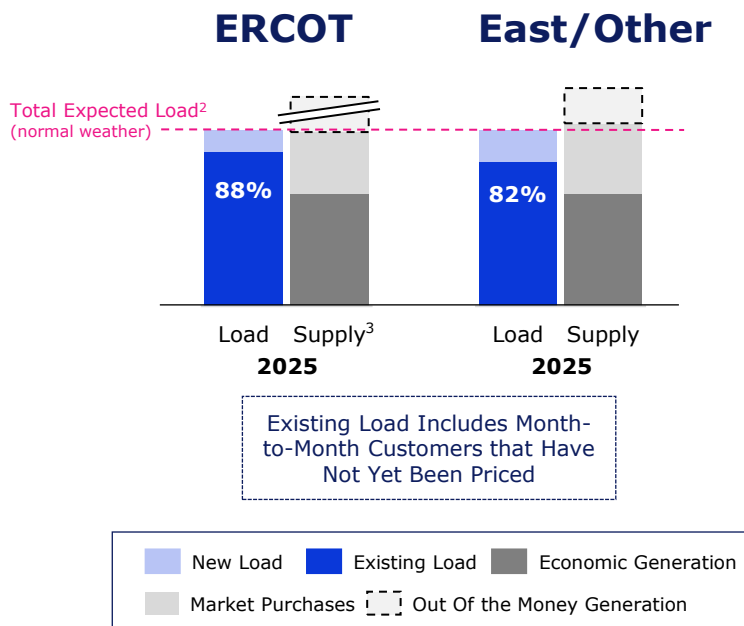


At Signing, Day 0: Hedge to Expected Load

Day 1 thru Delivery Day: Optimize

Net Home Position¹

(Avg. On-Peak MWh)



Supply Position Highlights

- ✓ Balance net generation and market purchases against priced load
- ✓ Manage current financial exposure while planning for physical delivery
- ✓ Maintains flexibility to adjust portfolio as priced load volumes increase
- ✓ Commercial & industrial load hedged with market purchases at execution

¹ Portfolio positions as December 31, 2024, inclusive of energy-only component; ² Total Expected Load is a forecast of total fixed price load at delivery; ³ Existing load is signed contracts and expected renewals with pricing flexibility

Deliver Financial, Operational, Safety, and Sustainability Objectives

Deliver on Cost and Growth Initiatives

- \$750 MM Adjusted EBITDA organic growth plan (2025-2029)
 - Launch Virtual Power Plant (VPP) energy management
 - Develop 1.5 GW shovel-ready dispatchable ERCOT capacity
 - Advance data center strategy with scalable energy solutions and strategic agreements
 - Optimize maintenance spend to maintain cycle-appropriate In-the-Money Fleet Availability
-

Disciplined Capital Allocation Plan

- >\$1.6 Bn return of capital (\$8.8 Bn 2025-2029)
- Maintain strong balance sheet
- 7-9% annual dividend growth

PowLan

- PowLan LLC specializes in delivering powered land solutions to the data center sector
- PowLan's portfolio includes up to 8 GW of data center development across strategic markets in the US and UK
- The company is Los Angeles-based and was founded by Adam Fisher and Peter Rumbold, principals of Los Angeles-based Commonwealth Asset Management

Menlo Equities

- Menlo Equities is a private, vertically integrated investment and development firm that focuses on technology-oriented real estate. The company was founded in 1994 and has 25-year track record investing in the data center space.
- Menlo currently owns 14 operational data centers, including two contracted to Nvidia. Menlo also has over 600 MW under development across five projects all in Tier 1 markets.
- Menlo's goal is to create value and generate superior, risk-adjusted returns through four investment platforms: Core-Plus, Value-Add, Digital Infrastructure, and Development

Appendix: Finance

Historical Consolidated Metrics



	2023	1Q24	2Q24	3Q24	4Q24	2024
Adjusted EBITDA	\$3,319	\$870	\$962	\$1,055	\$902	\$3,789
Adjusted Net Income	\$1,076	\$305	\$353	\$434	\$316	\$1,408
Adjusted EPS ¹	\$4.72	\$1.46	\$1.70	\$2.10	\$1.56	\$6.83
Basic Share Count – Average	228	209	208	207	202	206
Basic Share Count – Ending	208	208	207	205	199	199

¹ Earnings per share amount is based on weighted average number of common shares outstanding; See slides 39, 41, 45-46; Quarters may not sum to full year due to rounding

2025 Corporate Credit Profile



(\$ millions)

	2025 Guidance
Corporate Debt¹	\$10,892
Term Loan B Amortization	(13)
Debt for New Builds	200
Minimum Cash Balance	(750)
Corporate Net Debt	10,329
Corporate Adjusted EBITDA (midpoint)	3,850
Net Debt to Corporate Adjusted EBITDA Ratio	~2.75x

	Investment Grade Metrics
Net Debt / Adjusted EBITDA	2.50 – 2.75x
Adjusted CFO / Net Debt	27.5 – 32.5%

¹ Balance at 12/31/2024; Does not include \$14 MM Finance Leases

Debt Maturity Schedule

Balance as of 12/31/2024



(\$ millions)

Debt as of 12/31/24	Principal
5.75% Senior Notes, due 2028	\$821
5.25% Senior Notes, due 2029	733
3.375% Senior Notes, due 2029	500
5.75% Senior Notes, due 2029	798
3.625% Senior Notes, due 2031	1,030
3.875% Senior Notes, due 2032	480
6.00% Senior Notes, due 2033	925
6.25% Senior Notes, due 2034	950
2.75% Convertible Senior Notes, due 2048 ¹	232
2.00% Senior Secured First Lien Notes, due 2025	500
2.45% Senior Secured First Lien Notes, due 2027	900
4.45% Senior Secured First Lien Notes, due 2029	500
7.00% Senior Secured First Lien Notes, due 2033	740
Term Loan, due 2031	1,317
Tax-Exempt Bonds	466
Total Recourse Debt²	\$10,892

NRG Energy, Inc. Credit Rating		
S&P	Moody's	Fitch
BB Positive	Ba1 Stable	BB+ Stable

Key Financing Actions Taken Since 10/31/2024

- Repriced the \$1.3 Bn NRG Term Loan B from S+200 to S+175
 - Multi-year low price within the IPP sector

¹ The convertible note premium is fully hedged; See "Capped Call Options" in footnote 12 of the 2024 Form 10-K; ² Does not include \$14 MM Finance Leases

Energy Modeling Aid

2025 Metrics



	2025E	
	Texas	East/West/ Other (EWO ²)
Operational Statistics		
Retail Energy Sales¹:		
Home Power Expected Load (TWh)	~40	~17
Business Power Expected Load (TWh)	~40	~65
Total Power Expected Load (TWh)	~80	~82
Total Natural Gas Expected Sales (MMDths)	0	~1,900
Generation Statistics:		
Expected Owned Economic Generation Sales (TWh)	~30	~8
Expected Owned Uneconomic Generation Open (TWh) ¹	~30	~10
Financial Summary		
Economic Gross Margin ³ (\$ MM)	\$3,740-\$3,860	\$2,280-\$2,360
OPEX / Other (\$ MM)	~\$1,900	~\$1,420
Adj EBITDA (\$ MM)	\$1,840-\$1,960	\$860-\$940
Economic Gross Margin Mix		
Retail Energy	~55%	~90%
Generation	~45%	~10%

Additional Commentary-Power

Home Load served primarily by owned generation and supplemented with third-party hedges

Business (C&I) Load served exclusively by third-party hedges: Load 60% fixed priced / 40% indexed

Uneconomic generation provides near-term insurance and long-term optimization opportunities

¹ Weather normalized volumes; ² Includes Services; ³ Economic Gross Margin is defined as the sum of retail revenue, energy revenue, capacity revenue and other revenue, less cost of fuels, purchased energy and other cost of sales

Consolidated Modeling Data



	2025 Guidance	2026-2029 Pro Forma Outlook
Power Price, ERCOT ATC	\$47	flat (\$47), see sensitivity table (slide 13)
Adjusted EBITDA (midpoint)	\$3,850 MM	see growth plan
Depreciation & Amortization	~\$1.4 Bn	flat
Interest Expense, net	\$635 MM	~1.0% increase in average rate
Effective Tax Rate, for Adjusted EPS	~17%	~25%
Share Price for Share Repurchases ¹	\$100	~10% increase annually

¹ Assumed average share price used for share repurchases

Energy KPIs and Modeling Data



Operational KPIs ¹	4Q24		4Q23		Change		FY24		FY23		Change	
	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²
Home Power Load (TWh)	8	4	8	4	0	0	39	18	40	15	(1)	3
Business Power Load (TWh)	9	13	10	14	(1)	(1)	40	57	40	57	0	0
Total Power Load (TWh)	17	18	18	18	(1)	(0)	80	75	80	72	(0)	3
Total Natural Gas Sales (MMDths)	--	496	--	498	--	(2)	--	1,833	--	1,892	--	(59)
Total Owned Generation (TWh)³	6	2	6	1	0	1	23	8	31	8	(7)	0

Economic Gross Margin Mix ³	4Q24		4Q23		Change		FY24		FY23		Change	
	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²	Texas	EWO ²
Retail	54%	88%	49%	85%	5%	2%	56%	86%	56%	84%	(0%)	2%
Generation	46%	12%	51%	15%	(5%)	(2%)	44%	14%	44%	16%	0%	(2%)

¹ Volumes not weather normalized; ² EWO: East/West/Other; Includes Services; ³ Items may not sum due to rounding

Smart Home KPIs and Modeling Data



Key Metrics ¹	4Q24	4Q23	Change	FY24	FY23	Change
Portfolio						
Subscribers (MM) ²	2.15	2.04	+5%	2.15	2.04	+5%
Customer Lifetime (years) ²	~9	~9	--	~9	~9	--
Retention (%) ³	89.8%	89.2%	+60 bps	89.8%	89.2%	+60 bps
Bad Debt as % of Revenue	1.8%	2.8%	-100 bps	1.9%	2.1%	-20 bps
Per Subscriber						
Monthly Rec. Revenue per Subscriber	\$75.91	\$75.23	+1%	\$75.15	\$73.16	+3%
Monthly Rec. Svc. Revenue per Subscriber	\$49.77	\$48.21	+3%	\$49.21	\$47.78	+3%
Monthly Rec. Net Svc. Cost per Subscriber	\$8.39	\$8.60	-2%	\$8.30	\$8.73	-5%
Monthly Rec. Svc. Margin per Subscriber	\$41.38	\$39.61	+4%	\$40.92	\$39.05	+5%
Gross Acquisition Cost per <u>New</u> Subscriber ³	\$2,608	\$2,526	+3%	\$2,608	\$2,526	+3%
Net Acquisition Cost per <u>New</u> Subscriber ³	\$942	\$836	+13%	\$942	\$836	+13%
Product Interactions per Day	~17	~16	+6%	~17	~16	+6%

Optimized Pricing in Key Sales Channel⁴ Drives ~\$400 Improvement in Customer LTV

- Updated pricing generates increased Monthly Recurring Service Revenue per Subscriber while keeping the customer's total monthly payment the same
- Estimated financial impacts per new subscriber across blended Smart Home business:
 - \$5 **increase** in Monthly Recurring Service Margin per Subscriber
 - \$200 increase in Net Acquisition Cost per New Subscriber (including decrease in point-of-sale revenue and finance fee savings)
 - No change to **best-in-class** 9-year customer life or 2-year payback

¹ See slide 48 for Smart Home performance metric definitions; ² As of the period ended December 31; ³ Last twelve months as of period end; ⁴ Beginning 1Q24

Appendix: Reg. G Schedules

(\$ millions except per share amounts)

Appendix Table A-1: 2024 and 2025 Guidance

The following table summarizes the 2024 and 2025 Guidance calculations of Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	2024		2024		2025	
	Original Guidance	Earnings Per Share, Basic ²	Raised Guidance	Earnings Per Share, Basic ²	Guidance	Earnings Per Share, Basic ²
Net Income³	\$750 - \$1,000	N/A	\$925 - \$1,075	N/A	\$1,025 - \$1,225	N/A
Cumulative dividends attributable to Series A Preferred Stock	(67)	N/A	(67)	N/A	(67)	N/A
Net Income Available for Common Stockholders	\$683 - \$933	\$3.25 - \$4.55	\$858 - \$1,008	\$4.10 - \$4.90	\$958 - \$1,158	\$4.85 - \$5.85
Plus:						
Cumulative dividends attributable to Series A Preferred Stock	67	0.33	67	0.33	67	0.34
ARO expense	25	0.12	25	0.12	25	0.13
Stock-based compensation	100	0.49	100	0.49	100	0.51
Acquisition and divestiture integration and transaction costs	55	0.27	55	0.27	20	0.10
Other ⁴	95	0.46	95	0.46	130	0.66
Income tax expense ⁵	345	1.67	395	1.92	390 - 440	1.98 - 2.23
Adjusted Income before income taxes	\$1,370 - \$1,620	\$6.60 - \$7.90	\$1,595 - \$1,745	\$7.70 - \$8.50	\$1,690 - \$1,940	\$8.70 - \$9.70
Adjusted income tax expense ⁶	(263)	(1.28)	(293)	(1.42)	(293) - (343)	(1.49) - (1.74)
Adjusted Net Income before Preferred Stock dividends	\$1,107 - \$1,357	\$5.35 - \$6.65	\$1,302 - \$1,452	\$6.30 - \$7.10	\$1,397 - \$1,597	\$7.10 - \$8.10
Cumulative dividends attributable to Series A Preferred Stock	(67)	(0.33)	(67)	(0.33)	(67)	(0.34)
Adjusted Net Income⁷	\$1,040 - \$1,290	\$5.00 - \$6.30	\$1,235 - \$1,385	\$5.95 - \$6.75	\$1,330 - \$1,530	\$6.75 - \$7.75

¹ Items may not sum due to rounding; ² Earnings per share amount is based on weighted average number of common shares outstanding – basic of 206 MM and 197 MM for 2024 and 2025 guidance purposes, respectively; ³ The Company does not guide to Net Income due to the impact of fair value adjustments related to derivatives in a given year. For purposes of guidance, fair value adjustments related to derivatives are assumed to be zero; ⁴ Includes adjustments for sale of assets, adjustments to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates, deactivation costs, other non-recurring expenses, and does not include the adjustment for loss on debt extinguishment which was \$382 MM as of December 31, 2024 and does not include Gain on Sale of Airtron of \$208 MM; ⁵ Represents anticipated GAAP income tax expense; ⁶ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁷ Adjusted Net Income as shown here is 'Adjusted Net Income available for common stockholders'

(\$ millions except per share amounts)

Appendix Table A-2: 2024 and 2025 Guidance

The following table summarizes the 2024 and 2025 Guidance calculations of Adjusted EBITDA, Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	2024 Original Guidance	2024 Raised Guidance	2025 Guidance
Net Income²	\$750 - \$1,000	\$925 - \$1,075	\$1,025 - \$1,225
Interest expense, net	640	640	635
Income tax expense ³	345	395	390 - 440
Depreciation and amortization ¹	1,420	1,420	1,400
ARO expense	25	25	25
Stock-based compensation	100	100	100
Acquisition and divestiture integration and transaction costs	55	55	20
Other ⁴	95	95	130
Adjusted EBITDA	\$3,430 - \$3,680	\$3,655 - \$3,805	\$3,725 - \$3,975
Adjusted interest expense, net ⁵	(640)	(640)	(635)
Depreciation and amortization	(1,420)	(1,420)	(1,400)
Adjusted Income before income taxes	\$1,370 - \$1,620	\$1,595 - \$1,745	\$1,690 - \$1,940
Adjusted income tax expense ⁶	(263)	(293)	(293) - (343)
Adjusted Net Income before Preferred Stock dividends	\$1,107 - \$1,357	\$1,302 - \$1,452	\$1,397 - \$1,597
Cumulative dividends attributable to Series A Preferred Stock	(67)	(67)	(67)
Adjusted Net Income⁷	\$1,040 - \$1,290	\$1,235 - \$1,385	\$1,330 - \$1,530
Weighted average number of common shares outstanding - basic	206	206	197
Adjusted EPS	\$5.00 - \$6.30	\$5.95 - \$6.75	\$6.75 - \$7.75

¹ Adjusted EBITDA recast to exclude all impacts of amortization of capitalized contract costs related to fulfillment, now reflected in depreciation and amortization; ² The Company does not guide to Net Income due to the impact of fair value adjustments related to derivatives in a given year. For purposes of guidance, fair value adjustments related to derivatives are assumed to be zero; ³ Represents anticipated GAAP income tax expense; ⁴ Includes adjustments for sale of assets, adjustments to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates, deactivation costs, other non-recurring expenses and does not include the adjustment for loss on debt extinguishment which was \$382 MM as of December 31, 2024 and does not include Gain on Sale of Airtron of \$208 MM; ⁵ Adjusted interest expense excludes mark-to-market gains/losses on interest hedges; ⁶ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁷ Adjusted Net Income as shown here is 'Adjusted Net Income available for common stockholders'

(\$ millions)

Appendix Table A-3: 2024 and 2025 Guidance

The following table summarizes the calculation of FCFbG providing a reconciliation from Cash provided by operating activities and Adjusted Net Income

	2024 Original Guidance	2024 Raised Guidance	2025 Guidance
Adjusted Net Income	\$1,040 - \$1,290	\$1,235 - \$1,385	\$1,330 - \$1,530
Cumulative dividends attributable to Series A Preferred Stock	67	67	67
Adjusted interest expense, net less cash interest payments/receipts	40	40	25
Depreciation and amortization	1,420	1,420	1,400
Adjusted income tax expense less income tax payments	103	133	168 - 218
Gross Capitalized contract costs ¹	(830)	(830)	(895)
Working capital/other assets and liabilities ²	(15)	(90)	(10)
Cash provided by operating activities³	\$1,825 - \$2,075	\$1,975 - \$2,125	\$2,085 - \$2,335
Acquisition and other costs ²	124	124	35
Adjusted Cash provided by operating activities	\$1,949 - \$2,199	\$2,099 - \$2,249	\$2,120 - \$2,370
Maintenance capital expenditures, net ⁴	(240) - (260)	(240) - (260)	(240) - (260)
Environmental capital expenditures	(20) - (30)	(20) - (30)	(20) - (30)
Cost of acquisition	145	145	130
Free Cash Flow before Growth Investments (FCFbG)	\$1,825 - \$2,075	\$1,975 - \$2,125	\$1,975 - \$2,225

¹ Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit to Depreciation and amortization; ² Working capital/other assets and liabilities includes payments for Acquisition and divestiture integration and transition costs, which is adjusted in Acquisition and other costs, and includes net deferred revenues; ³ Excludes fair value adjustments related to derivatives and changes in collateral deposits in support of risk management activities; ⁴ Includes W.A. Parish Unit 8 expected insurance recoveries related to property, plant and equipment

(\$ millions except per share amounts)

Appendix Table A-4: Three months ended 12/31/24 and 12/31/23 Adjusted EBITDA Reconciliation by Operating Segment and Consolidated Adjusted EPS ReconciliationThe following table summarizes the calculation of Adjusted EBITDA, Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	Three Months ended 12/31/24						Three Months ended 12/31/23					
	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim ²	Total	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim ²	Total
Net Income/(Loss)	\$ 273	\$ 686	\$ 7	\$ 11	\$ (334)	\$ 643	\$ 1,560	\$ (527)	\$ (278)	\$ 20	\$ (293)	\$ 482
Plus:												
Interest expense, net	-	-	-	-	109	109	-	-	-	-	178	178
Income tax expense	-	-	-	-	72	72	-	-	-	-	171	171
Loss/(gain) on debt extinguishment	-	-	-	-	122	122	-	-	-	-	(109)	(109)
Depreciation and amortization ¹	83	41	18	206	10	358	91	45	26	203	9	374
ARO expense	3	2	-	-	-	5	8	5	-	-	-	13
Contract and emission credit amortization, net	2	4	4	-	-	10	2	17	4	-	-	23
EBITDA	361	733	29	217	(21)	1,319	1,661	(460)	(248)	223	(44)	1,132
Stock-based compensation	5	1	1	13	-	20	(2)	(1)	(1)	17	-	13
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	(3)	-	-	(3)	-	-	4	-	-	4
Acquisition and divestiture integration and transaction costs	-	-	-	2	6	8	-	-	-	2	6	8
Cost to achieve	-	-	-	-	5	5	-	-	-	-	14	14
Deactivation costs	-	7	-	-	-	7	-	15	3	-	-	18
Loss/(gain) on sale of assets ³	-	-	4	-	-	4	(1,319)	(31)	-	-	-	(1,350)
Other and non-recurring charges ⁴	(23)	(9)	(3)	39	(1)	3	(66)	-	1	13	16	(36)
Impairments	7	-	21	-	-	28	2	4	122	-	-	128
Mark-to-market (MTM) (gain)/loss on economic hedges	(23)	(450)	(16)	-	-	(489)	106	691	133	-	-	930
Adjusted EBITDA	\$ 327	\$ 282	\$ 33	\$ 271	\$ (11)	\$ 902	\$ 382	\$ 218	\$ 14	\$ 255	\$ (8)	\$ 861
Adjusted interest expense, net ⁵						(143)						(150)
Depreciation and amortization						(358)						(374)
Adjusted Income before income taxes						401						337
Adjusted income tax expense ⁶						(69)						(68)
Adjusted Net Income before Preferred Stock dividends						332						269
Cumulative dividends attributable to Series A Preferred Stock						(16)						(16)
Adjusted Net Income⁷						316						253
Weighted average number of common shares outstanding - basic						202						223
Adjusted EPS						\$ 1.56						\$ 1.13

¹ Adjusted EBITDA recast to exclude all impacts of amortization of capitalized contract costs related to fulfillment, now reflected in depreciation and amortization; ² Beginning in the fourth quarter of 2024, Corporate now includes interest expense related to its consolidated debt financing activities and income tax expense related to its consolidated U.S. federal, foreign and state income taxes conforming to the way the Company internally manages and monitors the business. Prior periods amounts have been recast for comparative purposes to reflect this change; ³ Excludes sale of land not associated with a generating asset; ⁴ 2024 includes reserves for legal matters, offset by one-time gain from change in benefits; 2023 includes \$(68) MM of property insurance proceeds. For the three months ended December 31, 2023, cash proceeds were \$67 MM; ⁵ Adjusted interest expense excludes mark-to-market gain on interest hedges of \$34 MM in 2024 and loss of \$28 MM in 2023; ⁶ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁷ Adjusted Net Income as shown here is 'Adjusted Net Income available for common stockholders'

(\$ millions except per share amounts)

Appendix Table A-5: Three months ended 12/31/24 and 12/31/23 Adjusted Net Income and Adjusted EPS ReconciliationThe following table summarizes the calculation of Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	Three Months Ended					
	December 31, 2024	Earnings Per Share, Basic ²	Earnings Per Share, Diluted ²	December 31, 2023	Earnings Per Share, Basic ²	Earnings Per Share, Diluted ²
Net Income Available for Common Stockholders	\$627	\$3.10	\$3.01	\$466	\$2.09	\$2.05
Plus:						
Cumulative dividends attributable to Series A Preferred Stock	\$16	\$0.08	\$0.08	\$16	\$0.07	\$0.07
Loss/(gain) on debt extinguishment	\$122	\$0.60	\$0.59	(\$109)	(\$0.49)	(\$0.48)
ARO expense	\$5	\$0.02	\$0.02	\$13	\$0.06	\$0.06
Contract and emission credit amortization, net	\$10	\$0.05	\$0.05	\$23	\$0.10	\$0.10
Stock-based compensation	\$20	\$0.10	\$0.10	\$13	\$0.06	\$0.06
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	(\$3)	(\$0.01)	(\$0.01)	\$4	\$0.02	\$0.02
Acquisition and divestiture integration and transaction costs	\$8	\$0.04	\$0.04	\$8	\$0.04	\$0.04
Cost to achieve	\$5	\$0.02	\$0.02	\$14	\$0.06	\$0.06
Deactivation costs	\$7	\$0.03	\$0.03	\$18	\$0.08	\$0.08
Loss/(gain) on sale of assets ³	\$4	\$0.02	\$0.02	(\$1,350)	(\$6.05)	(\$5.95)
Other and non-recurring charges ⁴	\$3	\$0.01	\$0.01	(\$36)	(\$0.16)	(\$0.16)
Impairments	\$28	\$0.14	\$0.13	\$128	\$0.57	\$0.56
Mark-to-market (MtM) (gain)/loss on economic hedges	(\$489)	(\$2.42)	(\$2.35)	\$930	\$4.17	\$4.10
Mark-to-market (MtM) (gain)/loss on interest hedges	(\$34)	(\$0.17)	(\$0.16)	\$28	\$0.13	\$0.12
Income tax expense ⁵	\$72	\$0.36	\$0.35	\$171	\$0.77	\$0.75
Adjusted Income before income taxes	\$401	\$1.99	\$1.93	\$337	\$1.51	\$1.48
Adjusted income tax expense ⁶	(\$69)	(\$0.34)	(\$0.33)	(\$68)	(\$0.30)	(\$0.30)
Adjusted Net Income before Preferred Stock dividends	\$332	\$1.64	\$1.60	\$269	\$1.21	\$1.19
Cumulative dividends attributable to Series A Preferred Stock	(\$16)	(\$0.08)	(\$0.08)	(\$16)	(\$0.07)	(\$0.07)
Adjusted Net Income⁷	\$316	\$1.56	\$1.52	\$253	\$1.13	\$1.11

¹ Items may not sum due to rounding; ² Earnings per share amount is based on weighted average number of common shares outstanding - basic of 202 MM and 223 MM for the three months ended December 31, 2024 and 2023, respectively, and on weighted average number of common shares outstanding - diluted of 208 MM and 227 MM for the three months ended December 31, 2024 and 2023, respectively; ³ Excludes sale of land not associated with a generating asset; ⁴ 2024 includes reserves for legal matters, offset by one-time gain from change in benefits; 2023 includes (\$68) MM of property insurance proceeds; ⁵ Represents GAAP income tax expense; ⁶ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon capture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁷ Adjusted Net Income as shown here is Adjusted Net Income available for common stockholders

(\$ millions except per share amounts)

Appendix Table A-6: Twelve months ended 12/31/24 and 12/31/23 Adjusted EBITDA Reconciliation by Operating Segment and Consolidated Adjusted EPS ReconciliationThe following table summarizes the calculation of Adjusted EBITDA, Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	Twelve Months ended 12/31/24						Twelve Months ended 12/31/23					
	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim ²	Total	Texas	East	West/ Services/ Other	Vivint Smart Home ²	Corp/Elim ²	Total
Net Income/(Loss)	\$ 534	\$ 1,805	\$ 97	\$ 113	\$ (1,424)	\$ 1,125	\$ 3,094	\$ (1,727)	\$ (944)	\$ 31	\$ (656)	\$ (202)
Plus:												
Interest expense, net	-	-	-	-	595	595	-	-	-	-	602	602
Income tax expense/(benefit)	-	-	-	-	323	323	-	-	-	-	(11)	(11)
Loss/(gain) on debt extinguishment	-	-	-	-	382	382	-	-	-	-	(109)	(109)
Depreciation and amortization ¹	323	158	114	767	41	1,403	348	167	99	645	36	1,295
ARO expense	18	15	1	-	-	34	15	12	-	-	-	27
Contract and emission credit amortization, net	9	58	11	-	-	78	11	100	14	-	-	125
EBITDA	884	2,036	223	880	(83)	3,940	3,468	(1,448)	(831)	676	(138)	1,727
Stock-based compensation ⁴	25	10	5	59	-	99	13	5	2	58	-	78
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	-	-	-	-	-	-	15	-	-	15
Acquisition and divestiture integration and transaction costs ⁴	-	-	-	11	24	35	-	-	-	41	82	123
Cost to achieve ⁴	-	-	-	-	28	28	-	-	-	-	14	14
Deactivation costs	-	20	2	-	-	22	-	34	11	-	-	45
Loss/(gain) on sale of assets ⁵	4	-	(204)	-	-	(200)	(1,319)	(233)	-	-	-	(1,552)
Other and non-recurring charges ⁶	(22)	-	9	50	(9)	28	(157)	4	(1)	15	17	(122)
Impairments	7	-	36	-	-	43	2	4	122	-	-	128
Mark-to-market (MtM) loss/(gain) on economic hedges	684	(1,060)	170	-	-	(206)	(315)	2,414	764	-	-	2,863
Adjusted EBITDA	\$ 1,582	\$ 1,006	\$ 241	\$ 1,000	\$ (40)	\$ 3,789	\$ 1,692	\$ 780	\$ 82	\$ 790	\$ (25)	\$ 3,319
Adjusted interest expense, net ⁷					(598)							(606)
Depreciation and amortization						(1,403)						(1,295)
Adjusted Income before income taxes						1,788						1,418
Adjusted income tax expense ⁸						(313)						(288)
Adjusted Net Income before Preferred Stock dividends						1,475						1,130
Cumulative dividends attributable to Series A Preferred Stock						(67)						(54)
Adjusted Net Income⁹						1,408						1,076
Weighted average number of common shares outstanding - basic						206						228
Adjusted EPS						\$ 6.83						\$ 4.72

¹ Adjusted EBITDA recast to exclude all impacts of amortization of capitalized contract costs related to fulfillment, now reflected in depreciation and amortization; ² Vivint Smart Home acquired in March 2023; ³ Beginning in the fourth quarter of 2024, Corporate now includes interest expense related to its consolidated debt financing activities and income tax expense related to its consolidated U.S. federal, foreign and state income taxes conforming to the way the Company internally manages and monitors the business. Prior periods amounts have been recast for comparative purposes to reflect this change; ⁴ 2024 stock-based compensation of \$2 MM is reflected in cost to achieve and \$1 MM is reflected in acquisition and divestiture integration and transaction costs; 2023 stock-based compensation of \$25 MM is reflected in acquisition and divestiture integration and transaction costs; ⁵ Excludes sale of land not associated with a generating asset ⁶ 2024 includes reserves for legal matters, offset by one-time gain from change in benefits; 2023 includes (\$164) MM of property insurance proceeds. For the year ended December 31, 2023, cash proceeds were \$240 MM; ⁷ Adjusted interest expense excludes mark-to-market gain on interest hedges of \$3 MM in 2024 and \$4 MM in 2023; ⁸ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁹ Adjusted Net Income as shown here is Adjusted Net Income available for common stockholders

(\$ millions except per share amounts)

Appendix Table A-7: Twelve months ended 12/31/24 and 12/31/23 Adjusted Net Income and Adjusted EPS Reconciliation

The following table summarizes the calculation of Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	Twelve Months Ended					
	December 31, 2024	Earnings Per Share, Basic ²	Earnings Per Share, Diluted ²	December 31, 2023	Earnings Per Share, Basic ²	Earnings Per Share, Diluted ²
Net Income/(Loss) Available for Common Stockholders	\$1,058	\$5.14	\$4.99	(\$256)	(\$1.12)	(\$1.12)
Plus:						
Dilutive impact adjustment on Net (Loss) Available for Common Stockholders ³						\$0.01
Cumulative dividends attributable to Series A Preferred Stock	\$67	\$0.33	\$0.32	\$54	\$0.24	\$0.23
Loss/(gain) on debt extinguishment	\$382	\$1.85	\$1.80	(\$109)	(\$0.48)	(\$0.47)
ARO expense	\$34	\$0.17	\$0.16	\$27	\$0.12	\$0.12
Contract and emission credit amortization, net	\$78	\$0.38	\$0.37	\$125	\$0.55	\$0.54
Stock-based compensation ⁴	\$99	\$0.48	\$0.47	\$78	\$0.34	\$0.34
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	\$0	\$0.00	\$0.00	\$15	\$0.07	\$0.07
Acquisition and divestiture integration and transaction costs ⁴	\$35	\$0.17	\$0.17	\$123	\$0.54	\$0.53
Cost to achieve ⁴	\$28	\$0.14	\$0.13	\$14	\$0.06	\$0.06
Deactivation costs	\$22	\$0.11	\$0.10	\$45	\$0.20	\$0.20
(Gain) on sale of assets ⁵	(\$200)	(\$0.97)	(\$0.94)	(\$1,552)	(\$6.81)	(\$6.75)
Other and non-recurring charges ⁶	\$28	\$0.14	\$0.13	(\$122)	(\$0.54)	(\$0.53)
Impairments	\$43	\$0.21	\$0.20	\$128	\$0.56	\$0.56
Mark-to-market (MTM) (gain)/loss on economic hedges	(\$206)	(\$1.00)	(\$0.97)	\$2,863	\$12.56	\$12.45
Mark-to-market (MTM) (gains) on interest hedges	(\$3)	(\$0.01)	(\$0.01)	(\$4)	(\$0.02)	(\$0.02)
Income tax expense/(benefit) ⁷	\$323	\$1.57	\$1.52	(\$11)	(\$0.05)	(\$0.05)
Adjusted Income before income taxes	\$1,788	\$8.68	\$8.43	\$1,418	\$6.22	\$6.17
Adjusted income tax expense ⁸	(\$313)	(\$1.52)	(\$1.48)	(\$288)	(\$1.26)	(\$1.25)
Adjusted Net Income before Preferred Stock dividends	\$1,475	\$7.16	\$6.96	\$1,130	\$4.96	\$4.91
Cumulative dividends attributable to Series A Preferred Stock	(\$67)	(\$0.33)	(\$0.32)	(\$54)	(\$0.24)	(\$0.23)
Adjusted Net Income⁹	\$1,408	\$6.83	\$6.64	\$1,076	\$4.72	\$4.68

¹ Items may not sum due to rounding; ² Earnings per share amount is based on weighted average number of common shares outstanding - basic of 206 MM and 228 MM for the twelve months ended December 31, 2024 and 2023, respectively, and on weighted average number of common shares outstanding - diluted of 212 MM and 230 MM for the twelve months ended December 31, 2024 and 2023, respectively; ³ Includes the potential dilutive impact of equity compensation of 2 million shares for the twelve months ended December 31, 2023. Under GAAP when there is a net loss, potentially dilutive securities are not included in the diluted loss per share calculation as they are anti-dilutive. As Adjusted Net Income is in an income position and not a loss position, this line item reflects the impact of the anti-dilutive securities as if they were dilutive; ⁴ 2024 stock-based compensation of \$2 MM is reflected in cost to achieve and \$1 MM is reflected in acquisition and divestiture integration and transaction costs; 2023 stock-based compensation of \$25 MM is reflected in acquisition and divestiture integration and transaction costs; ⁵ Excludes sale of land not associated with a generating asset; ⁶ 2024 includes reserves for legal matters, offset by one-time gain from change in benefits; 2023 includes (\$164) MM of property insurance proceeds; ⁷ Represents GAAP income tax expense/(benefit); ⁸ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁹ Adjusted Net Income as shown here is 'Adjusted Net Income available for common stockholders'

(\$ millions)

Appendix Table A-8: Three months ended 12/31/24 and 12/31/23 Free Cash Flow before Growth

The following table summarizes the calculation of FCFbG and provides a reconciliation Cash provided by operating activities and Adjusted Net Income

	Three Months Ended 12/31/24	Three Months Ended 12/31/23
Adjusted Net Income	\$ 316	\$ 253
Cumulative dividends attributable to Series A Preferred Stock	16	16
Adjusted interest expense, net less cash interest payments/receipts	26	64
Depreciation and Amortization	358	374
Adjusted income tax expense less income tax (payments)	(1)	59
Gross capitalized contract costs ¹	(147)	(127)
Collateral / working capital / other assets and liabilities ²	384	(398)
Cash provided by operating activities	952	241
Net (payments)/receipts from settlement of acquired derivatives that include financing elements	(1)	10
Acquisition and divestiture integration and transaction costs ³	50	36
Proceeds from sale of land	-	22
GenOn Pension	3	-
Adjustment for change in collateral	(325)	618
Nuclear decommissioning trust liability	-	1
Effect of exchange rate changes on cash and cash equivalents	(4)	2
Adjusted Cash provided by operating activities	675	930
Maintenance capital expenditures, net ⁴	(62)	(20)
Environmental capital expenditures	(6)	(2)
Cost of acquisition	17	34
Free Cash Flow before Growth Investments (FCFbG)	\$ 624	\$ 942

¹ Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit to Depreciation and amortization; ² Includes the cash impact of Net deferred revenue; ³ Three months ended 12/31/24 includes \$55 MM cash taxes from the sale of Airtron and \$5 MM Cost to achieve payments; three months ended 12/31/23 includes \$14 MM Cost to achieve payments and \$14 MM of STP; ⁴ Three months ended 12/31/23 is net of W.A. Parish Unit 8 insurance recoveries related to property, plant and equipment of \$67 MM

(\$ millions)

Appendix Table A-9: Twelve months ended 12/31/24 and 12/31/23 Free Cash Flow before Growth

The following table summarizes the calculation of FCFbG and provides a reconciliation Cash provided/(used) by operating activities and Adjusted Net Income

	Twelve Months Ended 12/31/24	Twelve Months Ended 12/31/23
Adjusted Net Income	\$ 1,408	\$ 1,076
Cumulative dividends attributable to Series A Preferred Stock	67	54
Adjusted interest expense, net less cash interest payments/receipts	28	124
Depreciation and Amortization	1,403	1,295
Adjusted income tax expense less income tax payments	129	238
Gross capitalized contract costs ¹	(846)	(749)
Collateral / working capital / other assets and liabilities ²	117	(2,259)
Cash provided by operating activities	2,306	(221)
Net (payments)/receipts from settlement of acquired derivatives that include financing elements	(3)	342
Acquisition and divestiture integration and transaction costs ³	113	134
Proceeds from sale of land	9	22
GenOn Pension	21	-
Encina site improvement	-	7
Proceeds from investment and asset sales	-	-
Adjustment for change in collateral	(245)	1,806
Nuclear decommissioning trust liability	-	(12)
Effect of exchange rate changes on cash and cash equivalents	(3)	2
Adjusted Cash provided by operating activities	2,198	2,080
Maintenance capital expenditures, net ⁴	(240)	(276)
Environmental capital expenditures	(21)	(3)
Cost of acquisition	125	124
Free Cash Flow before Growth Investments (FCFbG)	\$ 2,062	\$ 1,925

¹ Gross capitalized contract costs represent the costs directly related and incremental to the origination of new contracts, modification of existing contracts or to the fulfillment of the related subscriber contracts; these costs include installed products, commissions, other compensation and cost of installation of new or upgraded customer contracts; these costs are amortized on a straight-line basis over the expected period of benefit to Depreciation and amortization; ² Includes the cash impact of Net deferred revenue; ³ Twelve months ended 12/31/24 includes \$55 MM cash taxes from the sale of Airtron and \$24 MM Cost to achieve payments; twelve months ended 12/31/23 excludes \$20 MM non-cash stock-based compensation, includes \$14 MM Cost to achieve payments, \$14 MM of STP, and \$3 MM of Astoria fees; ⁴ Twelve months ended 12/31/24 is net of W.A. Parish Unit 8 insurance recoveries related to property, plant and equipment of \$3 MM; twelve months ended 12/31/23 is net of W.A. Parish Unit 8 and Limestone Unit 1 insurance recoveries related to property, plant and equipment of \$240 MM

(\$ millions except per share amounts)

Appendix Table A-10: Three months ended 3/31/24 and 6/30/24 Adjusted EBITDA Reconciliation by Operating Segment and Consolidated Adjusted EPS Reconciliation

The following table summarizes the calculation of Adjusted EBITDA, Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	Three Months ended 3/31/24						Three Months ended 6/30/24					
	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim ²	Total	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim ²	Total
Net Income/(Loss)	\$ 349	\$ 581	\$ (71)	\$ 47	\$ (395)	\$ 511	\$ 967	\$ 448	\$ 6	\$ 18	\$ (701)	\$ 738
Plus:												
Interest expense, net	-	-	-	-	134	134	-	-	-	-	147	147
Income tax expense	-	-	-	-	184	184	-	-	-	-	314	314
Loss on debt extinguishment	-	-	-	-	58	58	-	-	-	-	202	202
Depreciation and amortization ¹	82	39	25	177	10	333	77	39	48	186	10	360
ARO expense	1	3	-	-	-	4	3	(4)	-	-	-	(1)
Contract and emission credit amortization, net	-	72	1	-	-	73	2	(14)	2	-	-	(10)
EBITDA	432	695	(45)	224	(9)	1,297	1,049	469	56	204	(28)	1,750
Stock-based compensation ³	7	4	1	15	-	27	7	3	1	16	-	27
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	-	-	-	-	-	-	1	-	-	1
Acquisition and divestiture integration and transaction costs ³	-	-	-	6	4	10	-	-	-	2	6	8
Cost to achieve ⁵	-	-	-	-	9	9	-	-	-	-	8	8
Deactivation costs	-	5	1	-	-	6	-	4	1	-	-	5
Loss on sale of assets ⁴	4	-	-	-	-	4	-	-	-	-	-	-
Other and non-recurring charges	1	(2)	2	(1)	(11)	(11)	1	1	10	6	5	23
Impairments	-	-	-	-	-	-	-	-	15	-	-	15
Mark-to-market (MTM) (gain)/loss on economic hedges	(225)	(351)	104	-	-	(472)	(605)	(268)	(2)	-	-	(875)
Adjusted EBITDA	\$ 219	\$ 351	\$ 63	\$ 244	\$ (7)	\$ 870	\$ 452	\$ 209	\$ 82	\$ 228	\$ (9)	\$ 962
Adjusted interest expense, net ⁵					(146)	(146)						(153)
Depreciation and amortization					(333)	(333)						(360)
Adjusted Income before income taxes						391						449
Adjusted income tax expense ⁶						(69)						(79)
Adjusted Net Income before Preferred Stock dividends						322						370
Cumulative dividends attributable to Series A Preferred Stock						(17)						(17)
Adjusted Net Income⁷						305						353
Weighted average number of common shares outstanding - basic						209						208
Adjusted EPS						\$ 1.46						\$ 1.70

¹ Adjusted EBITDA recast to exclude all impacts of amortization of capitalized contract costs related to fulfillment, now reflected in depreciation and amortization; ² Beginning in the fourth quarter of 2024, Corporate now includes interest expense related to its consolidated debt financing activities and income tax expense related to its consolidated U.S. federal, foreign and state income taxes conforming to the way the Company internally manages and monitors the business. Prior periods amounts have been recast for comparative purposes to reflect this change; ³ Q1 stock-based compensation of \$2 MM is reflected in cost to achieve and \$1 MM is reflected in acquisition and divestiture integration and transaction costs; ⁴ Excludes sale of land not associated with a generating asset; ⁵ Adjusted interest expense excludes mark-to-market gain on interest hedges of \$12 MM in Q1 and \$6 MM in Q2; ⁶ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁷ Adjusted Net Income as shown here is 'Adjusted Net Income available for common stockholders'

(\$ millions except per share amounts)

Appendix Table A-11: Three months ended 9/30/24 Adjusted EBITDA Reconciliation by Operating Segment and Consolidated Adjusted EPS reconciliationThe following table summarizes the calculation of Adjusted EBITDA, Adjusted Net Income and Adjusted EPS and provides a reconciliation from Net Income¹

	Three Months ended 9/30/24					
	Texas	East	West/ Services/ Other	Vivint Smart Home	Corp/Elim ²	Total
Net (Loss) / Income	\$ (1,055)	\$ 90	\$ 155	\$ 37	\$ 6	\$ (767)
Plus:						
Interest expense, net	-	-	-	-	205	205
Income tax (benefit)	-	-	-	-	(247)	(247)
Depreciation and amortization ¹	81	39	23	198	11	352
ARO expense	11	14	1	-	-	26
Contract and emission credit amortization, net	5	(4)	4	-	-	5
EBITDA	(958)	139	183	235	(25)	(426)
Stock-based compensation	6	2	2	15	-	25
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	2	-	-	2
Acquisition and divestiture integration and transaction costs	-	-	-	1	8	9
Cost to achieve	-	-	-	-	6	6
Deactivation costs	-	4	-	-	-	4
(Gain) on sale of assets ³	-	-	(208)	-	-	(208)
Other and non-recurring charges	(1)	10	-	6	(2)	13
Mark-to-market (MtM) loss on economic hedges	1,537	9	84	-	-	1,630
Adjusted EBITDA	\$ 584	\$ 164	\$ 63	\$ 257	\$ (13)	\$ 1,055
Adjusted interest expense, net ⁴						(156)
Depreciation and amortization						(352)
Adjusted Income before income taxes						547
Adjusted income tax expense ⁵						(96)
Adjusted Net Income before Preferred Stock dividends						451
Cumulative dividends attributable to Series A Preferred Stock						(17)
Adjusted Net Income⁶						434
Weighted average number of common shares outstanding - basic						207
Adjusted EPS						\$ 2.10

¹ Adjusted EBITDA recast to exclude all impacts of amortization of capitalized contract costs related to fulfillment, now reflected in depreciation and amortization; ² Beginning in the fourth quarter of 2024, Corporate now includes interest expense related to its consolidated debt financing activities and income tax expense related to its consolidated U.S. federal, foreign and state income taxes conforming to the way the Company internally manages and monitors the business. Prior periods amounts have been recast for comparative purposes to reflect this change; ³ Excludes sale of land not associated with a generating asset; ⁴ Adjusted interest expense excludes mark-to-market loss on interest hedges of \$49 MM; ⁵ Income tax calculated using Adjusted ETR on Adjusted Income before income taxes. Adjusted ETR includes impact of NRG's tax credits, consisting of incentive tax credit in connection with renewable projects and production tax credits for carbon recapture for pre-IRA periods, as well as non-recurring tax items like movements in valuation allowances. Other Adjustments are shown on pre-tax basis; ⁶ Adjusted Net Income as shown here is 'Adjusted Net Income available for common stockholders'

Non-GAAP Financial Measures

NRG reports its financial results in accordance with the accounting principles generally accepted in the United States (GAAP) and supplements with certain non-GAAP financial measures. These measures are not recognized in accordance with GAAP and should not be viewed in isolation as an alternative to GAAP measures of performance. In addition, other companies may calculate non-GAAP financial measures differently than NRG does, limiting their usefulness as a comparative measure.

- **Adjusted EBITDA:** Defined as EBITDA (earnings before interest, taxes, depreciation, and amortization, impact of asset retirement obligation expenses and contract amortization consisting of amortization of power and fuel contracts and amortization of emission allowances) with further adjustments for stock-based compensation, impairment losses, deactivation costs, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from forward position of economic hedges, gains or losses on the repurchase, modification or extinguishment of debt, restructuring costs, and other non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments or non-controlling interests. Adjusted EBITDA is intended to facilitate period-to-period comparisons and is widely used by investors for performance assessment.
- **Adjusted Net Income:** Defined as net income available to common shareholders excluding the impact of asset retirement obligation expenses, contract amortization consisting of amortization of power and fuel contracts and amortization of emission allowances, stock-based compensation, impairment losses, deactivation costs, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from forward position of economic hedges, 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 and non-controlling interests.
- **Adjusted Earnings per Share (EPS):** Defined as Adjusted Net Income, divided by the average basic common shares outstanding. The Company believes that using average basic common shares outstanding offers a more accurate view of recurring per-share earnings, as it better reflects the impact of the fully hedged convertible note callable in mid-2025.
- **Adjusted Cash provided/(used) by operating activities:** Defined as Cash provided/(used) by operating activities 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, related restructuring costs, adjustment for change in collateral, and the impact of extraordinary, unusual or non-recurring items.
- **Free Cash Flow before Growth Investments:** Defined as Adjusted Cash provided/(used) by operating activities less maintenance and environmental capital expenditures, net of funding and insurance recoveries related to property, plant and equipment, and adjustments to exclude cost of acquisition related to growth.

Management believes these non-GAAP financial measures are useful to investors and other users of NRG's financial statements in evaluating the Company's operating performance and growth, as well as the impact of the Company's capital allocation program. They provide an additional tool to compare business performance across periods and adjust for items that management does not consider indicative of NRG's future operating performance. Management uses these non-GAAP financial measures to assist in comparing financial 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.

Industry and Market Data

In this presentation, NRG refers to certain industry and market data and statistics obtained from third-party sources. Such data is based on independent industry publications, government publications, reports by market research firms, or other published independent sources. While NRG believes such publications, reports, or other sources to be reliable, NRG has not independently investigated or verified the information contained or referred to therein and makes no representation as to the accuracy or completeness of such information. Such industry and market data used in this presentation may be inaccurate, and statements that incorporate them involve risks and uncertainties, including those discussed above under the heading "Forward-Looking Statements".

Smart Home Performance Metrics

Definitions



- **New Subscribers** is the aggregate number of new smart home and security subscribers originated during a given period. This metric excludes new subscribers acquired by the transfer of a service contract from one subscriber to another.
- **Average Monthly Subscribers** is the ending subscriber count each month of the period divided by the number of months in the period.
- **Monthly Recurring Revenue per Subscriber** is the average monthly recurring smart home and security revenue recognized during the period divided by Average Monthly Subscribers during the same period. This excludes revenues that are non-recurring which are recognized at the time of sale.
- **Monthly Recurring Service Revenue per Subscriber** is the recurring monthly service billings for smart home and security subscribers divided by Average Monthly Subscribers for the same period.
- **Monthly Recurring Net Service Cost per Subscriber** is the average monthly service costs incurred during the period (both in-period and capitalized), including monitoring, customer service, field service, equipment, and other service support costs less total non-recurring smart home services billings for the period net of associated financing fees (estimated), divided by Average Monthly Subscribers for the same period.
- **Monthly Recurring Service Margin per Subscriber** is Monthly Recurring Service Revenue per Subscriber for the period less Monthly Recurring Net Service Cost per Subscriber for the same period.
- **Net Subscriber Acquisition Costs per New Subscriber** is the net cost to create new smart home and security subscribers during a given 12-month period divided by New Subscribers for that same period. These costs include commissions, equipment, installation, marketing, sales support, allocations (general and administrative), and financing fees (estimated); less proceeds related to equipment sales and install fees. Excludes costs and proceeds associated with contract modifications.
- **Gross Subscriber Acquisition Costs per New Subscriber** is Net Subscriber Acquisition Costs per New Subscriber plus proceeds related to equipment sales and install fees. Excludes costs and proceeds associated with contract modifications.
- **Average Customer Payment – New Customers** is the total equipment and installation proceeds from new subscribers divided by 60 months (average contract term length) plus the average recurring monthly service billings per new subscriber.