UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

X Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended: MARCH 31, 2001 Commission File Number: 001-15891

NRG ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware	41-1724239
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
901 Marquette Avenue, Suite 2300 Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (612) 373-5300

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 26, 2001
Class A - Common Stock, $.01 par value	147,604,500 Shares
Common Stock, $.01 par value	50,897,097 Shares

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PART I - FINANCIAL INFORMATION
ITEM 1 - CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENT OF INCOME
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands, except per share amounts)	THREE MONTHS ENDED MARCH 31, 2001	2000
OPERATING REVENUES AND EQUITY EARNINGS		
Revenues from majority-owned operations	$ 624,262	$ 332,671
Equity (loss) in earnings of unconsolidated affiliates	18,904	(9,644)
Total operating revenues and equity earnings	643,166	323,027
OPERATING COSTS AND EXPENSES		
Cost of majority-owned operations	423,859	214,923
Depreciation and amortization	38,092	19,987
General, administrative and development	54,191	25,180
Total operating costs and expenses	516,142	260,090
OPERATING INCOME	127,024	62,937
OTHER INCOME (EXPENSE)		
Minority interest in earnings of consolidated subsidiaries	(2,059)	(1,798)
Other income, net	2,082	1,531
Interest expense	(86,992)	(52,317)
Total other expense	(86,969)	(52,584)
INCOME BEFORE INCOME TAXES	40,055	10,353
INCOME TAX EXPENSE	4,877	1,607

NET INCOME	$ 35,178	$ 8,746
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	183,925	147,605
EARNINGS PER WEIGHTED AVERAGE COMMON SHARE - BASIC	$ 0.19	$ 0.06
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	185,878	147,605
EARNINGS PER WEIGHTED AVERAGE COMMON SHARE - DILUTED	$ 0.19	$ 0.06

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
NRG ENERGY, INC. AND SUBSIDIARIES

(In thousands)	MARCH 31, 2001	DECEMBER 31, 2000
ASSETS	(UNAUDITED)	
CURRENT ASSETS		
Cash and cash equivalents	$ 126,588	$ 95,243
Restricted cash	91,785	12,135
Accounts receivable-trade, less allowance for doubtful accounts of $34,660 and $21,199	293,945	360,075
Accounts receivable-affiliates	118,787	--
Inventory	213,382	174,864
Current portion of notes receivable	1,690	267
Prepayments and other current assets	93,757	30,074
Total current assets	939,934	672,658
PROPERTY, PLANT AND EQUIPMENT, AT ORIGINAL COST		
In service	4,494,023	4,106,653
Under construction	1,133,829	206,992
	5,627,852	4,313,645
Less accumulated depreciation	(305,088)	(271,977)
Net property, plant and equipment	5,322,764	4,041,668
OTHER ASSETS		
Equity investments in affiliates	909,236	973,261
Capitalized project costs	24,773	10,262
Notes receivable, less current portion	86,517	76,745
Decommissioning fund investments	3,937	3,863
Intangible assets, net of accumulated amortization of $7,738 and $6,770	59,406	61,352
Debt issuance costs, net of accumulated amortization of $14,437 and $6,443	65,130	48,773
Other assets, net of accumulated amortization of $14,681 and $12,809	243,776	90,410
Total other assets	1,392,775	1,264,666
TOTAL ASSETS	$ 7,655,473	$ 5,978,992

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands) LIABILITIES AND STOCKHOLDERS' EQUITY	MARCH 31, 2001 (UNAUDITED)	DECEMBER 31, 2000
CURRENT LIABILITIES		
Current portion of long-term debt	$ 375,803	$ 146,469
Revolving line of credit	467,000	8,000
Revolving line of credit, non-recourse	40,000	--
Accounts payable-trade	239,559	255,917
Accounts payable-affiliate	--	7,191
Accrued income taxes	31,260	43,870
Accrued property and sales taxes	12,672	10,531
Accrued salaries, benefits and related costs	15,532	24,830
Accrued interest	60,112	51,962
Other current liabilities	50,688	14,220
Total current liabilities	1,292,626	562,990
OTHER LIABILITIES		
Consolidated project-level, long term, non-recourse debt	2,233,792	2,146,953
Corporate level, long-term, recourse debt	1,775,023	1,503,896
Deferred income taxes	141,175	55,642
Postretirement and other benefit obligations	78,988	83,098
Other long-term obligations and deferred income	167,024	149,640
Minority Interest	36,455	14,685
Total liabilities	5,725,083	4,516,904
STOCKHOLDERS' EQUITY		
Class A - common stock; $.01 par value; 250,000 shares authorized; 147,605 shares issued and outstanding	1,476	1,476
Common stock; $.01 par value; 550,000 shares authorized; 50,889 shares at March 31, 2001 and 32,396 shares at December 31, 2000 issued and outstanding	509	324
Additional paid-in capital	1,712,945	1,233,833
Retained earnings	405,323	370,145
Accumulated other comprehensive loss	(189,863)	(143,690)
Total stockholders' equity	1,930,390	1,462,088
COMMITMENTS AND CONTINGENCIES		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 7,655,473	$ 5,978,992

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands)	Class A Common Stock	Class A Common Shares	Common Stock	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
BALANCES AT DECEMBER 31, 1999	$ 1,476	147,605	--	--	$ 780,438	$ 187,210	$ (75,470)	$ 893,654
Net Income						8,746		8,746
Foreign currency translation adjustments							(30,280)	(30,280)
Comprehensive income								(21,534)
BALANCES AT MARCH 31, 2000	$ 1,476	147,605	--	--	$ 780,438	$ 195,956	$ (105,750)	$ 872,120
BALANCES AT DECEMBER 31, 2000	$ 1,476	147,605	$ 324	32,396	$1,233,833	$ 370,145	$ (143,690)	$1,462,088
Net Income						35,178		35,178
Foreign currency translation adjustments							(66,899)	(66,899)
Cumulative effect of SFAS No. 133							(22,631)	(22,631)
Current period impact of SFAS No. 133							43,357	43,357
Comprehensive income								(10,995)
Issuance of common stock, net			185	18,493	475,032			475,217
Issuance of corporate units					4,080			4,080
BALANCES AT MARCH 31, 2001	$ 1,476	147,605	$ 509	50,889	$1,712,945	$ 405,323	$ (189,863)	$1,930,390

See notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(Thousands of Dollars)	THREE MONTHS ENDED MARCH 31, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 35,178	$ 8,746
Adjustments to reconcile net income to net cash (used in) provided by operating activities		
Undistributed equity in (earnings)/losses of unconsolidated affiliates	(17,744)	17,145
Depreciation and amortization	38,092	19,987
Deferred income taxes and investment tax credits	10,429	10,906
Minority interest	2,059	(1,694)
Unrealized gains on energy contracts	(20,171)	--
Loss on disposition of project	2,274	--
Cash provided (used) by changes in certain working capital items, net of acquisition effects		
Accounts receivable	81,474	4,401
Accounts receivable-affiliates	(109,582)	--
Inventory	(31,475)	10,450
Prepayments and other current assets	(1,215)	(2,652)
Accounts payable-trade	(36,017)	28,778
Accounts payable-affiliates	(8,237)	(3,202)
Accrued income taxes	(12,036)	(13,793)
Accrued property and sales taxes	2,141	2,175
Accrued salaries, benefits and related costs	(13,856)	(4,106)
Accrued interest	2,920	20,289
Other current liabilities	3,676	(5,937)
Cash (used in) provided by changes in other assets and liabilities	(4,384)	65,317
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(76,474)	156,810
CASH FLOWS FROM INVESTING ACTIVITIES		
Businesses and assets acquired, net of liabilities assumed	(832,725)	(1,723,158)
Proceeds from sale of investments	4,063	--
Investments in projects	(38,173)	(17,933)
Changes in notes receivable (net)	3,540	293
Capital expenditures	(177,852)	(43,390)
(Increase)/decrease in restricted cash	(79,650)	2,456
NET CASH USED BY INVESTING ACTIVITIES	(1,120,797)	(1,781,732)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of stock, net	475,217	--
Proceeds from issuance of corporate units	4,080	--
Proceeds from issuance of long-term debt and term loans	873,141	2,482,853
Net borrowings/(payments) under line of credit agreements	499,000	(36,000)
Principal payments on long-term debt	(618,436)	(715,491)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,233,002	1,731,362
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(4,386)	--
NET INCREASE IN CASH AND CASH EQUIVALENTS	31,345	106,440
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	95,243	31,483
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 126,588	$ 137,923

See notes to consolidated financial statements.

NRG ENERGY, INC.
NOTES TO FINANCIAL STATEMENTS

NRG Energy, Inc. (NRG Energy or the Company) is a leading global energy company primarily engaged in the acquisition, development, ownership and operation of power generation facilities and the sale of energy, capacity and related products.

The accompanying unaudited consolidated financial statements have been prepared in accordance with SEC regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accounting policies followed by NRG Energy are set forth in Note 1 to the company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2000 (Form 10-K). The following notes should be read in conjunction with such policies and other disclosures in the Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim financial statements contain all material adjustments necessary to present fairly the consolidated financial position of NRG Energy as of March 31, 2001 and December 31, 2000, the results of its operations for the three months ended March 31, 2001 and 2000, and its cash flows and stockholders' equity for the three months ended March 31, 2001 and 2000. Certain prior year amounts have been reclassified for comparative purposes. These reclassifications had no effect on net income or stockholders equity as previously reported.

1. BUSINESS DEVELOPMENTS

In January 2001, NRG Energy purchased a 5,633 MW portfolio of operating projects and projects in construction and advanced development that are located primarily in the north central and south central United States from LS Power LLC, for approximately $777 million. Approximately 1,697 MW are currently in operation or under construction, and NRG Energy expects that an additional $1,850 million will be required to complete construction of the projects currently under construction or about to commence construction. Each facility employs natural gas-fired, combined cycle technology. Through December 31, 2005, NRG Energy also has the opportunity to acquire ownership interests in an additional 3,000 MW of generation projects developed and offered for sale by LS Power and its partners.

In March 2001, NRG Energy purchased from Cogentrix the remaining 430 MW, or 51.37% interest, in a 873 MW operating natural gas-fired combined-cycle plant in Batesville, Mississippi for $64 million. NRG Energy acquired 48.63% of the plant in January 2001, from LS Power. NRG Energy expects to expand the capacity of the plant by 292 MW. The expansion is expected to begin commercial operations in 2002.

During March 2001, NRG Energy increased its ownership interest in Penobscot Energy Recovery Company (PERC) from 26.12% to 59% for an acquisition cost of $17.5 million. The increased ownership percentage required NRG Energy to consolidate the operations of PERC as a consolidated entity.

During May 2001, NRG Energy purchased from Duke Energy North America LLC for approximately $325 million a 720 MW winter rated/640 MW summer rated simple-cycle plant. The project is under construction on a greenfield site near St. Louis, Missouri in Audrain County. The project consists of eight simple-cycle combustion turbine generators that use natural gas as the primary fuel. Construction began in May 2000 and the facility is expected to enter into commercial operation by June 2001.

2. SUMMARIZED INCOME STATEMENT INFORMATION OF AFFILIATES

NRG Energy has investments in four companies that are considered significant subsidiaries, as defined by applicable SEC regulations, and accounts for those investments using the equity method. The following

summarizes the income statements of these unconsolidated entities:

(In thousands)	THREE MONTHS ENDED MARCH 31, 2001	2000
Net sales	$ 671,713	$ 185,771
Other income	2,120	696
Costs and expenses:		
Cost of sales	610,595	169,521
Interest expense	9,134	6,470
General and administrative	11,733	6,012
Other	(263)	195
Total costs and expenses	631,199	182,198
Income before income taxes	42,634	4,269
Income taxes	2,642	5,801
Net (loss) income	$ 39,992	$ (1,532)
Company's share of net (loss) income	$ 18,121	$ (2,871)

3. SHORT TERM DEBT

NRG Energy has a $500 million revolving credit facility under a commitment fee arrangement that matures in March 2002. This facility provides short-term financing in the form of bank loans. At March 31, 2001 NRG Energy had $467 million outstanding under this facility. At March 31, 2001, the weighted average interest rate of such outstanding advances was 6.97% per year.

In January 2001, NRG Energy entered into a bridge credit agreement, with a final maturity date of December 31, 2001. Approximately $600 million was borrowed under this facility to partially finance NRG Energy's acquisition of the LS Power generation assets. In March 2001, the bridge credit facility was repaid with proceeds from NRG Energy's offering of common stock and equity units.

As of March 31, 2001, NRG Energy's wholly owned subsidiary, NRG South Central Generating LLC, had outstanding approximately $40 million under a project level, non-recourse revolving credit agreement which matures in March 2002. At March 31, 2001, the weighted average interest rate of such outstanding advances was 8.0% per year. The maximum amount available under this facility is $40 million.

4. LONG TERM DEBT

CORPORATE LEVEL - RECOURSE
On March 13, 2001, NRG Energy completed the sale of 11.5 million equity units for an initial price of $25 per unit. The 11.5 million equity units sold included 1.5 million units sold pursuant to the underwriters' over-allotment option. NRG Energy received gross proceeds from the issuance of $287.5 million. Net proceeds from this issuance were $278.4 million

after deducting underwriting discounts, commissions and estimated offering expenses. Each equity unit initially consists of a corporate unit comprising a $25 principal amount of NRG Energy's senior debentures and an obligation to acquire shares of NRG Energy common stock no later than May 18, 2004 at a price ranging from between $27.00 and $32.94. Approximately $4.1 million of the gross proceeds has been recorded as additional paid in capital to reflect the value of the obligation to purchase NRG Energy's common stock. Interest payments will be payable on the debentures quarterly in arrears on each February 16, May 16, August 16 and November 16, commencing May 16, 2001. Interest will be payable initially at an annual rate of 6.50% of the principal amount of $25 per debenture to, but excluding, February 17, 2004, or May 18, 2004 if the interest rate is not reset three business days prior to February 17, 2004 or three business days prior to May 18, 2004, the debentures will bear interest from February 17, 2004, or May 18, 2004, as applicable, at the reset rate to, but excluding, May 16, 2006. In addition, original issued discount will accrue on the debentures. The net proceeds were used in part to reduce amounts outstanding under NRG Energy's short term bridge credit agreement which was used to finance in part NRG Energy's acquisition of LS Power generation assets.

In April 2001, NRG Energy issued $690 million of senior notes in two tranches. The first tranche of $350 million matures in April 2011 and bears an interest rate of 7.75%. The second tranche of $340 million matures in April

2031 and bears an interest rate of 8.625%. Interest on the notes is due semi-annually each April and October. The net proceeds of the issuance were used for repayment of short-term indebtedness incurred to fund acquisitions, for investments, general corporate purposes and to provide capital for future planned acquisitions.

PROJECT LEVEL - NON-RECOURSE

Upon the acquisition of the LS Power assets, NRG Energy assumed approximately $326 million of outstanding bonds originally issued to finance the construction of the Batesville generation plant. In May 1999, LSP Energy Limited Partnership (Partnership) and LSP Batesville Funding Corporation (Funding) issued two series of Senior Secured Bonds (Bonds) in the following total principle amounts: $150 million 7.16% Series A Senior Secured Bonds due 2014 and $176 million 8.160% Series B Senior Secured Bonds due 2025. Interest is payable semiannually on each January 15 and July 15. In March 2000, a registration statement was filed by Partnership and Funding and became effective. The registration statement was filed to allow the exchange of the Bonds for two series of debt securities (Exchange Bonds), which are in all material respects substantially identical to the Bonds. The Exchange Bonds are secured by substantially all of the personal property and contract rights of the Partnership and Funding. The Exchange Bonds are redeemable, at the option of Partnership and Funding, at any time in whole or from time to time in part, on not less than 30 nor more than 60 days prior notice to the holders of that series of Exchange Bonds, on any date prior to their maturity at a redemption price equal to 100% of the outstanding principal amount of the Exchange Bonds being redeemed and a make whole premium. In no event will the redemption price ever be less than 100% of the principal amount of the Exchange Bonds being redeemed plus accrued and unpaid interest thereon. Principal payments are payable on each January 15 and July 15 beginning July 15, 2001. Scheduled maturities are as follows, in thousands:

2001	$ 4,125

2002	7,575
2003	7,125
2004	7,575
2005	9,600
Thereafter	290,000
Total	$326,000

In March 2001, NRG Energy increased its ownership interest in PERC, which resulted in the consolidation of its equity investment in PERC. As a result, the assets and liabilities of PERC became part of the assets and liabilities of NRG Energy. Upon completion of the transaction, NRG Energy recorded approximately $37.9 million of outstanding Financial Authority of Maine (FAME) Electric Rate Stabilization Revenue Refunding Bonds Series 1998 (FAME bonds) which were issued on PERC's behalf by FAME in June 1998. The face amount of the bonds that was initially issued were approximately $44.9 million and was used to repay the Floating Rate Demand Resource Revenue Bonds issued by the Town of Orrington, Maine on behalf of PERC. The FAME bonds are fixed rate bonds with yields ranging from 3.75% to 5.2%. The weighted average yield on the FAME bonds is approximately 5.1%. The FAME bonds are subject to mandatory redemption in annual installments of varying amounts through July 1, 2018. Beginning July 1, 2008 the FAME bonds are subject to redemption at the option of PERC at a redemption price equal to 102% through June 30, 2009, 101% for the period July 1, 2009 to June 30, 2010 and 100% thereafter, of the principal amount outstanding, plus accrued interest. The loan agreement with FAME contains certain restrictive covenants relating to the FAME bonds, which restrict PERC's ability to incur additional indebtedness, and restricts the ability of the general partners to sell, assign or transfer their general partner interests. The bonds are collateralized by liens on substantially all of PERC's assets. Aggregate principle maturities as of December 31, 2000 for the next five years and thereafter are as follows, in thousands:

2001	$ 1,535
2002	1,600
2003	1,670
2004	1,735
2005	1,820
Thereafter	29,625
Total	$37,985

GUARANTEES

NRG Energy is directly liable for the obligations of certain of its project affiliates and other subsidiaries pursuant to guarantees relating to certain of their indebtedness, equity and operating obligations. In addition, in connection with the purchase and sale of fuel, emission credits and power generation products to and from third parties with respect to the operation of some of NRG Energy's generation facilities in the United States, NRG Energy may be required to guarantee a portion of the obligations of certain of its subsidiaries. As of March 31, 2001, NRG Energy's obligations pursuant to its guarantees of the performance, equity and indebtedness obligations of its subsidiaries totaled approximately $514.2 million.

5. FINANCIAL INSTRUMENTS

As of March 31, 2001, NRG Energy had eleven interest rate swap agreements with notional amounts totaling approximately $918 million, as described below. NRG Energy also has one foreign currency swap with a notional amount of approximately $9.2 million or (pound)6.4 million. If the swaps had been discontinued on March 31, 2001, NRG Energy would have owed the counter-parties approximately $36 million. Based on the investment grade rating of the counter-parties, NRG Energy believes that its exposure to credit risk due to nonperformance by the counter-parties to its hedging contracts is insignificant.

- NRG Energy entered into a swap agreement effectively converting the 6.96% floating rate on AUD$105 million debt into fixed rate debt. The swap expires on September 8, 2012.

- A second swap effectively converts a $16 million issue of non-recourse variable rate debt into fixed rate debt. The swap expires on September 30, 2002 and is secured by the Camas Power Boiler assets.

- A third swap converts $177 million of non-recourse variable rate debt into fixed rate debt. The swap expires on December 17, 2014 and is secured by the Crockett Cogeneration assets.

- A fourth swap converts (pound)188 million of non-recourse variable rate debt into fixed rate debt. The swap expires on June 30, 2019 and is secured by the Killingholme assets.

- During March 2000, NRG Energy entered into approximately $400 million of forward starting interest rate swaps to partially hedge the risk of rising interest rates for NRG Energy's corporate debt issuance. The swaps terminated on April 2, 2001.

- NRG Energy also entered into a foreign currency swap with a notional amount of approximately (pound)6.4 million or $9.2 million to hedge or protect foreign currency denominated cash flows. The swap expires on July 31, 2001.

6. SEGMENT REPORTING

NRG Energy conducts its business within six segments: Independent Power Generation in North America, Europe, Asia Pacific and Other Americas regions, and Alternative Energy and Thermal projects. These segments are distinct components of NRG Energy with separate operating results and management structures in place. The "Other" category includes operations that do not meet the threshold for separate disclosure and corporate charges (primarily interest expense) that have not been allocated to the operating segments. Segment information for the quarter ended March 31, 2001 and 2000 is as follows:

	FOR THE THREE MONTHS ENDED MARCH 31, 2001			
	POWER GENERATION			
(IN THOUSANDS)	NORTH AMERICA	EUROPE	ASIA PACIFIC	OTHER AMERICAS
OPERATING REVENUES AND EQUITY EARNINGS				

Revenues from majority-owned operations	$416,268	$ 68,708	$ 88,277	$ 96
Inter-segment Revenues	--	--	--	--
Equity in earnings of unconsolidated Affiliates	12,461	5,986	4,097	2,195
Total operating revenues and equity earnings	428,729	74,694	92,374	2,291
Net Income	$ 37,059	$ 11,968	$ 16,614	$ 944

	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
Operating Revenues and Equity Earnings				
Revenues from majority-owned Operations	$ 9,886	$ 32,474	$ 7,907	$623,616
Inter-segment Revenues	646	--	--	646
Equity in earnings of unconsolidated Affiliates	(5,840)	5	--	18,904
Total operating revenues and equity earnings	4,692	32,479	7,907	643,166
Net Income (Loss)	$ 3,171	$ 2,241	$(36,819)	$ 35,178

Total assets as of March 31, 2001 for North America, Europe, Asia Pacific and Other Americas total $5,999 million, $884 million, $626 million and $146 million, respectively.

	FOR THE THREE MONTHS ENDED MARCH 31, 2000 POWER GENERATION			
(IN THOUSANDS)	NORTH AMERICA	EUROPE	ASIA PACIFIC	OTHER AMERICAS
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$263,370	$ 36,622	$ --	$ 71
Inter-segment Revenues	--	--	--	--
Equity in earnings of unconsolidated Affiliates	(9,509)	1,865	(1,237)	1,730
Total operating revenues and equity earnings	253,861	38,487	(1,237)	1,801
Net Income	22,827	4,302	(2,417)	967

	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES AND EQUITY EARNINGS				
Revenues from majority-owned operations	$ 7,017	$ 21,575	$ 3,716	$332,371
Inter-segment Revenues	300	--	--	300
Equity in earnings of unconsolidated Affiliates	(2,498)	5	--	(9,644)
Total operating revenues and equity earnings	4,819	21,580	3,716	323,027
Net Income (Loss)	3,373	2,003	(22,309)	8,746

Total assets as of March 31, 2000 for North America, Europe, Asia Pacific and Other Americas total $3,954 million, $827 million, $394 million and $119 million, respectively.

7. COMMITMENTS AND CONTINGENCIES

DISPUTED REVENUES

As of March 31, 2001, NRG Energy had approximately $10.5 million of disputed revenues in respect of certain wholly-owned subsidiaries, primarily NRG Northeast Generating LLC. NRG Energy is actively pursuing resolution and/or collection of these amounts. These disputed revenues

relate to the interpretation of certain transmission power

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sales agreements and certain sales to the New York Power Pool and New England Power Pool, conflicting meter readings, pricing of firm sales and other power pool reporting issues. These amounts have not been recorded in the financial statements and will not be recognized as income until disputes are resolved and collection is assured. As previously disclosed in its annual report on Form 10-K, NRG Energy had approximately $13.1 million of disputed revenues as of December 31, 2000. During the quarter ended March 31, 2001, $3.1 million of disputed revenues were resolved, and $0.5 million of new disputed revenues were added.

CALIFORNIA LIQUIDITY CRISIS

NRG Energy's California generation assets consist primarily of interests in the Crockett and Mt. Poso facilities and a 50% interest in West Coast Power LLC. Through the California Power Exchange (PX) and the California Independent System Operator (ISO), the West Coast Power facilities sell uncommitted power to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E), the three major California investor owned utilities. Crockett, Mt. Poso and certain of NRG Energy's other California facilities also sell directly to PG&E and SCE. The liquidity crisis faced by both PG&E and SCE, as a result of tight electricity supplies, rising wholesale electric prices and caps on the rates that PG&E and SCE may charge their retail customers, caused both PG&E and SCE to partially suspend payments to the California PX and the California ISO. In April 2001, PG&E filed for bankruptcy under Chapter 11 of the Bankruptcy Code. In March 2001, certain affiliates of West Coast Power entered into a four year contract with the California Department of Water Resources (CDWR) pursuant to which the affiliates have agreed to sell up to 1,000 MW to CDWR for the remainder of 2001 and up to 2,300 MW from January 1, 2002 through December 31, 2004.

NRG Energy's share of the total net amounts owed to all of its California affiliates by the California PX, the California ISO, and the three major California utilities is approximately $217 million as of March 31, 2001, based upon unaudited financial information provided by such affiliates. This amount consists of NRG Energy's share of total accounts receivables of approximately $344 million, less approximately $127 million of reserves for credit issues and contingent revenues. Of the total accounts receivable amount, approximately $305 million represents NRG Energy's share of the receivables from the California ISO/PX at the end of March 2001. In addition to the amounts due from the California ISO/PX, NRG Energy's affiliates have approximately $39 million of direct exposure to Pacific Gas and Electric as a result of sales under QF contracts. NRG Energy believes that the amounts that have been recorded as accounts receivable will ultimately be collected in full; however, if some form of financial relief or support is not provided to PG&E and SCE, the collectibility of these receivables will become more questionable in terms of both timing and amount. With respect to disputed revenues, these amounts relate to billing disputes arising in the ordinary course of business and to disputes that have arisen as a result of the California ISO imposing various revenue caps on the wholesale price of electricity. None of the disputed revenues will be recorded until after the particular issue that caused them to be excluded from the financial statements is resolved. Since the date of the PG&E bankruptcy filing, PG&E is paying Crockett and Mt. Poso on a current basis.

The Federal Energy Regulatory Commission (FERC) has jurisdiction over sales for resale of electricity in the California wholesale power markets. In March 2001, FERC issued orders that presumptively approved prices up to $273/MWh during January 2001 and $430/MWh during February 2001. The orders direct electricity suppliers to either refund a portion of their January

and February sales or justify prices charged above these approved prices. The orders, if finalized, could require West Coast Power to refund approximately $45 million in revenues from January and February, of which NRG Energy's share would be approximately $22.5 million. Dynegy Power Marketing, Inc., as the power marketer for West Coast Power, has submitted notice of its intent to submit information justifying each component of the prices charged.

Various legislative, regulatory and legal remedies to the liquidity crisis faced by PG&E and SCE have been implemented or are being pursued. Assembly Bill 1X, which authorizes the California Department of Water Resources to enter into contracts for the purchase of electric power through January 1, 2003 and to issue revenue bonds to fund such purchases, was signed into law by the Governor of California on February 1, 2001. On May 11, 2001, the Governor of California signed SB 31X, which authorizes the issuance of $13.4 billion in revenue bonds to pay for power for customers of the state's three investor owned utilities. The bonds will repay the State general fund for $6.7 billion authorized for power buys since January and will finance future electricity purchases. Additionally, on March 27, 2001, the California Public Utilities Commission (PUC) approved an approximately 40% increase in the energy component of the retail electric rates paid by certain California ratepayers. This increase is in addition to the 9% increase approved in January and a 10% increase expected to take effect next year. The

PUC also ordered the utilities to pay qualifying facilities for power delivered on a go-forward basis. However, the order did not address repayment of amounts owed for past deliveries.

The delayed collection of receivables owed to West Coast Power resulted in a covenant default under its credit agreement. West Coast Power is working with its lenders to secure their agreement to forebear exercising their remedies under the credit agreement with respect to such covenant default. Crockett Cogeneration, a majority owned affiliate of NRG Energy, was recently notified by its lenders that it is in technical default under its loan agreement. As a result, NRG Energy has reclassified the long-term portion of the Crockett debt to current. Defaults under the Crockett and West Coast Power credit agreements do not trigger defaults under any of NRG Energy's corporate-level financing facilities.

PENDING ACQUISITIONS

PowerGen Acquisition

In April 2001, NRG Energy announced that it had agreed to acquire PowerGen's interest in two energy businesses - Saale Energie GmbH (SEG) and MIBRAG mbH, and had agreed to acquire a third, Csepel I and II, for approximately $190 million.

By acquiring PowerGen's interest in SEG, NRG Energy has increased its ownership of the Schkopau power station from 200 to 400 MW. Schkopau is a 960 MW lignite-fueled mid-merit power station commissioned in 1996 and located near Halle, Germany. It obtains lignite under a long-term contract from MIBRAG's Profen mine. SEG sells its output from the Schkopau station to VEAG under a 25-year contract.

NRG Energy has also acquired PowerGen's interest in MIBRAG, an integrated energy business in eastern Germany, increasing its ownership from 33.3% to 66.7%. However, NRG Energy has granted an option to MIBRAG's other shareholder, the Washington Group International, Inc. to acquire 16.7% of NRG Energy's interest, bringing each partner's share to 50%. The Washington Group exercised its option to acquire the 16.7% interest in April 2001, and the parties expect to complete the transaction in June via a repurchase of

Shares by MIBRAG.

NRG Energy is also acquiring 100% of the Csepel power generation facilities in Budapest, Hungary. These power generation facilities, Csepel I, a 116 MW thermal plant, and Csepel II, a 389 MW gas turbine power station are both located on Csepel Island in Budapest. Csepel II reached commercial operation in November 2000 and is the primary facility. The acquisition is subject to Hungarian regulatory approval and is expected to be completed in July 2001.

McClain Acquisition

In May 2001, NRG Energy signed an asset purchase agreement with Duke Energy North America for its 77% interest in the McClain Energy Generating Facility located in McClain County, Oklahoma. The facility is a 520 MW winter rated (500 MW summer rated) combined-cycle, natural gas fired facility. The Oklahoma Municipal Power Authority owns the remaining 23% interest. The generation facility is in the final stages of construction on a greenfield site in Newcastle, Oklahoma, south of Oklahoma City. Construction began in March 2000, with commercial operations expected to commence during the summer of 2001. NRG Energy will operate the facility.

8. EARNINGS PER SHARE

Diluted earnings per average common share is calculated by dividing net income by the weighted average shares of common stock outstanding including stock options outstanding, under NRG Energy's stock option plans considered to be common stock equivalents. The following table shows the effect of those stock options on the weighted average number of shares outstanding used in calculating diluted earnings per average common share.

	FOR THE THREE MONTHS ENDED MARCH 31,	
(In thousands)	2001	2000
Weighted Average Number of Common Shares Outstanding	183,925	147,605
Assumed Exercise of Dilutive Stock Options	1,953	--
Potential Weighted Average Diluted Common Shares Outstanding	185,878	147,605

9. PRO FORMA RESULTS OF OPERATIONS - CAJUN ACQUISITION

During March 2000, NRG Energy completed the acquisition of two fossil fueled generating plants from Cajun Electric Power Cooperative, Inc. for approximately $1,056 million. The following information summarizes the pro forma results of operations as if the acquisition had occurred as of the beginning of the three-month period ended March 31, 2000. Incremental tax expense (benefit) is based on a rate of 41.37%. The pro forma information presented is for informational purposes only and is not necessarily indicative of future earnings or financial position or of what the earnings and financial position would have been had the acquisition of the Cajun Electric Facilities been consummated at the beginning of the respective period or as of the date for which pro forma financial information is presented.

(In thousands)	Pro Forma 3 Months Ended March 31, 2000
OPERATING REVENUES AND EQUITY EARNINGS	
Revenues from majority-owned operations	$ 410,077
Equity in earnings of unconsolidated affiliates	(9,644)
TOTAL OPERATING REVENUES AND EQUITY EARNINGS	400,433
Total operating costs and expenses	328,198
OPERATING INCOME	72,235
Other expense	(70,375)
INCOME BEFORE INCOME TAXES	1,860
Income tax benefit	(1,907)
NET INCOME	$ 3,767

10. INVENTORY

Inventory, which is stated at the lower of weighted average cost or market, consisted of:

(In thousands)	MARCH 31, 2001	DECEMBER 31, 2000
Fuel oil	$ 57,253	$ 48,541
Spare parts	92,865	85,136
Coal	39,300	17,439
Kerosene	1,287	1,524
Other	22,677	22,224
TOTAL	$213,382	$174,864

11. COMMON STOCK OFFERING

In March 2001, concurrently with the offering of 11.5 million equity units described above, NRG Energy completed the sale of 18.4 million shares of common stock for an initial price of $27 per share. The 18.4 million shares sold included 2.4 million shares sold pursuant to the underwriters' over-allotment option. NRG Energy received gross proceeds from the issuance of $496 million. Net proceeds from this issuance were $473.8 million after deducting underwriting discounts, commissions and estimated offering expenses. The net proceeds were used in part to reduce amounts outstanding under NRG Energy's short term bridge credit agreement which was used to finance in part NRG Energy's acquisition of LS Power generation assets.

12. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2001, NRG Energy adopted Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133), as amended by SFAS No. 137 and SFAS No. 138. SFAS No. 133 requires NRG Energy to record all derivatives on the balance sheet at fair value. Changes in the fair value of non-hedge derivatives will be immediately recognized in earnings. Changes in fair values of derivatives accounted for as hedges will either be recognized in earnings

as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a

component of other accumulated comprehensive income until the hedged transactions occur and are recognized in earnings. The ineffective portion of a hedging derivative's change in fair value will be immediately recognized in earnings. NRG Energy also formally assesses both at inception and at least quarterly thereafter, whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in either the fair value or cash flows of the hedged item. When it is determined that a derivative ceases to be a highly effective hedge, NRG Energy discontinues hedge accounting.

The adoption of SFAS No. 133 on January 1, 2001, resulted in an after-tax unrealized loss of $22.6 million recorded to other accumulated comprehensive income (OCI). The impact to OCI is related to previously deferred net losses on derivatives designated as cash flow hedges. During the first quarter of 2001, NRG Energy recorded an after-tax gain of approximately $51.0 million in OCI. This gain related to favorable changes in fair values of the derivatives accounted for as hedges recorded on January 1, 2001. Also during the first quarter of 2001, NRG Energy reclassified from OCI into earnings $7.7 million of accumulated net derivative gains. The net balance in OCI relating to SFAS No. 133 as of March 31, 2001 was a gain of approximately $20.7 million. Unrealized gains and losses on derivatives are recorded in other current and long term assets and liabilities.

NRG Energy's earnings for the first quarter of 2001 were increased by an unrealized gain of $20.2 million relating to derivative instruments not accounted for as hedges in accordance with SFAS No. 133 as follows:

Gains/(Losses) in thousands	
Equity in earnings of unconsolidated affiliates	$ (1,887)
Cost of majority-owned operations	20,742
Other income, net	1,316
Total impact before income tax	$ 20,171

SFAS No. 133 applies to NRG Energy's energy and energy related commodities financial instruments, long-term power sales contracts and long-term gas purchase contracts used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investment in fuel inventories. SFAS No. 133 also applies to various interest rate swaps used to mitigate the risks associated with movements in interest rates and foreign exchange contracts to reduce the effect of fluctuating foreign currencies on foreign denominated investments and other transactions.

Energy and energy related commodities

NRG Energy is exposed to commodity price variability in electricity, emission allowances and natural gas, oil and coal used to meet fuel requirements. In order to manage these commodity price risks, NRG Energy enters into financial instruments, which may take the form of fixed price,

floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps. Derivatives designated to be hedges by NRG Energy are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings in the same period or periods during which the hedged transaction affects earnings i.e., when electricity is generated or fuel is consumed. No ineffectiveness was recognized on commodity cash flow hedges during the first quarter of 2001. No gains or losses were recognized related to derivative instruments excluded from the assessment of effectiveness. At March 31, 2001, NRG Energy had various commodity related contracts extending through December 2003 and several fixed-price gas and electricity purchase contracts extending through 2005 to 2018. During the first quarter of 2001, NRG Energy reclassified from OCI into earnings $7.8 million of accumulated net derivative gains. NRG Energy expects to reclassify into earnings in cost of majority-owned operations and equity in earnings of unconsolidated affiliates during the next twelve months net gains/(losses) from OCI of approximately $30.0 million and $(7.3) million, respectively.

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NRG Energy generally attempts to balance its fixed-price physical and financial purchase and sales commitments in terms of contract volumes, and the timing of performance and delivery obligations. However, within guidelines established by the board of directors and its Financial Risk Management Committee, NRG Energy does take certain market positions. These derivatives do not qualify for hedge accounting and, accordingly, changes in the fair value are reported in earnings in revenues from majority-owned operations and cost of majority-owned operations. Furthermore, for various commodity derivatives considered to be economic hedges, NRG Energy has elected not to designate them as accounting hedges due to the burdensome documentation requirements under SFAS No. 133. The changes in fair value of these derivatives resulted in earnings/(losses) for the first quarter of 2001 of $20.7 million and $(1.9) million reported in earnings in cost of majority-owned operations and equity in earnings of unconsolidated affiliates, respectively.

Interest rates

To manage interest rate risk, NRG Energy has entered into interest rate swaps that effectively fix the interest payments of certain floating rate debt instruments. Interest rate swap agreements are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings as the underlying interest expense is incurred. No ineffectiveness was recognized on interest rate cash flow hedges during the first quarter of 2001. During the first quarter of 2001, NRG Energy reclassified from OCI into earnings $(0.1) million of accumulated net derivative losses. NRG Energy expects to reclassify into earnings in interest expense during the next twelve months net losses from OCI of approximately $(0.9) million.

Foreign currency exchange rates

To preserve the U.S. dollar value of projected foreign currency cash flows, NRG Energy may hedge, or protect, those cash flows if appropriate foreign hedging instruments are available. During the first quarter of 2001, NRG Energy had various foreign currency exchange contracts not designated as accounting hedges. Accordingly, the changes in fair value of these derivatives, totalling $1.3 million for the first quarter of 2001, are reported in earnings in other income, net.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net income for the quarter ended March 31, 2001, was $35.2 million, an increase of $26.4 million compared to $8.7 million in the same period in 2000, an increase of approximately 302%. This increase was due to the factors described below.

OPERATING REVENUES

For the quarter ended March 31, 2001, NRG Energy had total revenues and equity earnings of $643.2 million, compared to $323.0 million for the quarter ended March 31, 2000, an increase of $320.1 million or approximately 99%. NRG Energy's revenues from majority-owned operations were $624.3 million, an increase of $291.6 million or approximately 88%, over the same period in 2000. The increase of approximately $291.6 million, over the same period in 2000 is primarily due to increased sales resulting from NRG Energy's recently completed acquisitions. Subsequent to March 30, 2000, NRG Energy completed the acquisition of the Cajun Facilities (March 31, 2000) in Louisiana, the Killingholme assets (March 30, 2000) in the United Kingdom and the Flinders Power facilities (September 8, 2000) in South Australia. Additionally, NRG Energy has recently acquired Entrade AG, an energy trading company active in Europe. Each of these recently completed acquisitions has significantly affected NRG Energy's revenues from majority-owned operations. In addition, the power generating facilities that NRG Energy acquired in 1999 also contributed significantly to the increase in revenues from majority-owned operations for the three months ended March 31, 2001 as compared to the same period in 2000.

Equity in operating earnings of unconsolidated affiliates was $18.9 million for the quarter ended March 31, 2001, compared to a loss of $9.6 million for the quarter ended March 31, 2000, an increase of $28.5 million or 296%. The increase is primarily due to NRG Energy's investment in West Coast Power LLC and NRG Energy's international investments, primarily Loy Yang and MIBRAG, which have experienced favorable results of operations for the three months ended March 31, 2001 as compared to the same period in 2000. These increases were partially offset by increased losses from NEO Corporation. NEO Corporation derives a significant portion of its net income from Section 29 tax credits. In addition, the increase in equity in operating earnings of unconsolidated affiliates decreased by approximately $1.9 million due to the impact of SFAS No. 133 which was adopted on January 1, 2001. This amount reflects the impact of the mark-to-market of energy related contracts at certain of NRG Energy's affiliates, primarily Loy Yang.

OPERATING COSTS AND EXPENSES

Cost of majority-owned operations was $423.9 million for the quarter, net of unrealized gains on energy contracts, an increase of $208.9 million, or approximately 97%, over the same period in 2000. Cost of majority-owned operations, as a percentage of operating revenues and equity earnings for the period, was 65.9% compared to 66.5% for the same period in 2000. The increase of $208.9 million is primarily a result of increased costs incurred as a result of NRG Energy's recently completed acquisitions described above, each of which has significantly affected NRG Energy's cost of majority-owned operations. The increase in cost of majority owned operations was partially offset by the recognition of a gain of approximately $20.7 million due to the impact of SFAS No. 133 which was adopted on January 1, 2001. This amount reflects the impact of the mark-to-market of certain energy related long-term contracts and short term positions that NRG Energy and its affiliates have entered into.

Depreciation and amortization costs were $38.1 million for the quarter ended March 31, 2001, compared to $20.0 million for the quarter ended March 31, 2000, an increase of $18.1 million, or 90.6%. The increase resulted

primarily from the addition of the Cajun and Killingholme facilities acquired in March 2000, and the acquisition of the Flinders Power assets in September 2000.

General, administrative and development costs were $54.2 million for the quarter ended March 31, 2001, compared to $25.2 million for the quarter ended March 31, 2000. The $29.0 million, or 115% increase, is due primarily to increased business development, associated legal, technical, and accounting expenses, employees and equipment resulting from expanded operations and acquisitions that took place in 2000 and during the first quarter of 2001. As a percent of total operating revenues and equity earnings, administrative and general expenses increased to 8.4% from 7.8% during the same period in 2000. NRG Energy's asset base has grown to approximately $7,655 million at March 31, 2001 compared to approximately $5,294 million at March 31, 2000, an increase of approximately $2,361 million or 44.6%. NRG Energy expects this trend to continue as it expands its operations through closure of pending acquisitions and business development activities.

OTHER (EXPENSE) INCOME

Other expense was $87.0 million for the quarter ended March 31, 2001, compared to $52.6 million for the same period in 2000, an increase of approximately $34.4 million or 65.4%. The increase in other expense was primarily due to an increase in interest expense of approximately $34.7 million. This increase was partially offset by the recognition of a gain of approximately $1.3 million recorded as other income, net due to the impact of SFAS No. 133 which was adopted on January 1, 2001. For the quarter ended March 31, 2001, interest expense was approximately $86.9 million compared to $52.3 million, an increase of $34.7 million or 66.3%. Interest expense includes both corporate and project level interest expense. The increase in interest expense of $34.7 million is due to increased corporate and project level debt issued and outstanding during 2000 as compared to 1999. During 2000, NRG Energy issued substantial amounts of long and short-term debt at both the corporate level (recourse debt) and the project level (non-recourse debt) to either directly finance the acquisition of electric generating facilities or refinance short-term bridge loans incurred to finance such acquisitions. NRG Energy's outstanding long-term debt balances have grown to approximately $4,385 million at March 31, 2001 compared to $1,972 million at December 31, 1999 an increase of $2,413 million or 122.4%. The growth of such outstanding debt balances has contributed directly to the growth in interest expense during the quarter ended March 31, 2001 compared to the same period in 2000.

INCOME TAX

For the quarter ended March 31, 2001, income tax expense was $4.9 million, compared to $1.6 million for the same period in 2000, an increase of $3.3 million, or 203%. The increase in income tax expense in 2001 compared to 2000 is due primarily to higher domestic taxable income and the impact of SFAS No. 133 for the first quarter 2001 activity. This increase was partially offset by additional IRC Section 29 energy credits. For the quarter ended March 31, 2001, NRG Energy's overall effect income tax rate was 12.2%, compared to an overall effective tax rate of 15.5% for the same period in 2000. NRG Energy's overall effective income tax rate before recognition of tax credits is 38.8%. NRG Energy's effective tax rate is lower than the combined federal and Minnesota statutory rate because of a lower effective rate on foreign earnings.

LIQUIDITY AND CAPITAL RESOURCES

NRG Energy and its majority-owned subsidiaries have obtained cash from operations, issuance of debt and equity securities, borrowings under credit facilities, reimbursement by Xcel Energy of tax benefits pursuant to tax sharing agreements and proceeds from non-recourse project financings. NRG Energy has used these funds to finance operations, service debt obligations, fund the

acquisition, development and construction of generation facilities, finance capital expenditures and meet other cash and liquidity needs.

CASH FLOWS

	FOR THE QUARTER ENDED MARCH 31, 2001	MARCH 31, 2000
NET CASH (USED IN) / PROVIDED BY OPERATING ACTIVITIES (IN THOUSANDS)	$(76,474)	$156,810

Net cash from operating activities decreased approximately $233.3 million for the following reasons: Net income excluding the approximately $20.7 million gain resulting from the mark-to-market of certain short and long-term energy contracts in accordance with SFAS No. 133 increased in comparison to the same period in 2000 thus benefiting operating cash flows in 2001. Depreciation and amortization expense also increased in comparison to the same period in 2000 also benefiting cash flows from operations. Net cash flows from operating activities for the three-month period decreased in comparison to the same period in 2000 due primarily to adverse changes in working capital. Outstanding accounts receivable balances increased during the period resulting in an adverse impact on cash flows from operations, these outstanding receivables are primarily related to NRG Energy's affiliates located in California. For additional information refer to the discussion under the California Liquidity Crisis section. In addition, the balances of prepayments also increased resulting in an adverse impact on cash flows from operations. NRG Energy's working capital position has also experienced significant reductions in the outstanding balances of certain payables and accrued expenses primarily accounts payable-trade, accounts payable-affiliates, accrued salaries, benefits and related costs and accrued interest. Changes in working capital such as these also adversely impact cash from operations. NRG Energy also increased its inventory balances, which also resulted in an adverse impact on cash flows from operations.

NET CASH (USED IN) INVESTING ACTIVITIES (IN THOUSANDS)	$(1,120,797)	$(1,781,732)

During the three months ended March 31, 2001, cash used by investing activities decreased approximately $660.9 million. During the three months ended March 31, 2001, NRG Energy invested approximately $1,121 million in the acquisition of newly acquired generating facilities such as the LS Power acquisition and the Cogentrix buyout, capital expenditures for its existing facilities and investments in unconsolidated projects. During the same period in 2000, NRG Energy invested approximately $1,782 million in primarily the Cajun and Killingholme facilities.

NET CASH PROVIDED BY / (USED IN) FINANCING ACTIVITIES (IN THOUSANDS)	$1,233,002	$1,731,362

During the three months ended March 31, 2001, NRG Energy generated a net amount of approximately $1,233 million of cash from financing activities. These cash flows resulted from the issuance of long and short-term debt securities and equity securities during the period. During the same period in 2000, NRG Energy generated a net amount of approximately $1,731 million of cash through its financing activities, primarily through long and short-term debt issuances. During both periods, NRG Energy used these amounts to finance recently acquired generating facilities and/or for general corporate purposes.

CAPITAL SOURCES

NRG Energy expects to meet it future financing requirements through a combination of internally generated cash, corporate and project level short and long-term debt and equity securities. NRG Energy has generally financed the acquisition and development of its projects under financing arrangements to be repaid solely from each of its project's cash flows, which are typically secured by the plant's physical assets and equity interests in the project company.

During March 2001, NRG Energy completed the sale of 18.4 million shares of common stock for an initial price of $27 per share. The offering was completed with all 16 million shares of common stock being sold, including the over-allotment shares of 2.4 million. NRG Energy received gross proceeds from the issuance of $496 million. Net proceeds from this issuance were $473.8 million after deducting underwriting discounts, commissions and estimated offering expenses. The net proceeds were used in part to reduce amounts outstanding under NRG Energy's short term bridge credit agreement which was used to finance in part NRG Energy's acquisition of LS Power generation assets.

During March 2001, NRG Energy also completed the sale of 11.5 million equity units for an initial price of $25 per unit. NRG Energy received gross proceeds from the issuance of $287.5 million. Net proceeds from this issuance were $278.4 million after deducting underwriting discounts, commissions and estimated offering expenses. Each equity unit, initially consisting of corporate units, comprises a $25 principal amount of NRG Energy's senior debentures and an obligation to acquire shares of NRG Energy common stock no later than May 18, 2004. The net proceeds were used in part to reduce amounts outstanding under NRG Energy's short term bridge credit

agreement which was used to finance in part NRG Energy's acquisition of LS Power generation assets.

Remaining net proceeds were used for general corporate purposes, such as the funding of capital expenditures and potential acquisitions, the development and construction of new facilities and additions to working capital.

During April 2001, NRG Energy completed the sale of $690 million of Senior Notes. The Senior Notes were issued in two tranches, the first tranche of $350 million of 7.75% Senior Notes due April 1, 2011 and the second tranche of $340 million of 8.625% Senior Notes due April 1, 2031. NRG Energy received approximately $683.3 million in net proceeds after underwriting discounts, commissions and estimated offering expenses. The net proceeds were used to repay all amounts outstanding under NRG Energy's revolving credit facility and for investments, other general corporate purposes and to provide capital for planned acquisitions.

CAPITAL COMMITMENTS

NRG Energy's capital expenditure program is subject to continuing review and modification. Actual expenditures may differ significantly depending upon factors as the success, timing of and level of involvement in projects under construction. NRG Energy has entered into the following acquisition agreements.

Audrain Acquisition

During May 2001, NRG Energy purchased from Duke Energy North America LLC for approximately $325 million a 720 MW winter rated/640 MW summer rated simple-cycle plant that employs natural gas and has duel-fuel capability. The project is under construction on a greenfield site near St. Louis, Missouri in Audrain County. The project consists of eight simple-cycle combustion turbine generators that use natural gas as the primary fuel. Construction began in May 2000 and the facility is expected to enter into commercial operation by June

2001.

PowerGen Acquisition

In April 2001, NRG Energy announced that it had agreed to acquire PowerGen's interest in two energy businesses - Saale Energie GmbH (SEG) and MIBRAG mbH, and had agreed to acquire a third, Csepel I and II, for approximately $190 million.

By acquiring PowerGen's interest in SEC, NRG Energy has increased its ownership of the Schkopau power station from 200 to 400 MW. Schkopau is a 960 MW lignite-fueled mid-merit power station commissioned in 1996 and located near Halle, Germany. It obtains lignite under a long-term contract from MIBRAG's Profen mine. SEG sells its output from the Schkopau station to VEAG under a 25-year contract.

NRG Energy has also acquired PowerGen's interest in MIBRAG, an integrated energy business in eastern Germany, increasing its ownership from 33.3% to 66.7%. However, NRG Energy has granted an option to MIBRAG's other shareholder, the Washington Group International, Inc. to acquire 16.7% of NRG Energy's interest, bringing each partner's share to 50%. The Washington Group exercised its option to acquire the 16.7% interest in April 2001, and the parties expect to complete the transaction in June via a repurchase of shares by MIBRAG.

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construction on a greenfield site in Newcastle, Oklahoma, south of Oklahoma City. Construction began in March 2000, with commercial operations expected to commence during the summer of 2001. NRG Energy will operate the facility.

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The adoption of SFAS No. 133 on January 1, 2001, resulted in an after-tax unrealized loss of $22.6 million recorded to other accumulated comprehensive income (OCI). The impact to OCI is related to previously deferred net losses on derivatives designated as cash flow hedges. During the first quarter of 2001, NRG Energy recorded an after-tax gain of approximately $51.0 million in OCI. This gain related to favorable changes in fair values of the derivatives accounted for as hedges recorded on January 1, 2001. Also during the first quarter of 2001, NRG Energy reclassified from OCI into earnings $7.7 million of accumulated net derivative gains. The net balance in OCI relating to SFAS No. 133 as of March 31, 2001 was a gain of approximately $20.7 million. Unrealized gains and losses on derivatives are recorded in other current and long term assets and liabilities.

NRG Energy's earnings for the first quarter of 2001 were increased by an unrealized gain of $20.2 million relating to derivative instruments not accounted for as hedges in accordance with SFAS No. 133 as follows:

Gains/(Losses) in thousands	
Equity in earnings of unconsolidated affiliates	$ (1,887)
Cost of majority-owned operations	20,742
Other income, net	1,316
Total impact before income tax	$ 20,171

SFAS No. 133 applies to NRG Energy's energy and energy related commodities financial instruments, long-term power sales contracts and long-term gas purchase contracts used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investment in fuel inventories. SFAS No. 133 also applies to various interest rate swaps used to mitigate the risks associated with movements in interest rates and foreign exchange contracts to reduce the effect of fluctuating foreign currencies on foreign denominated investments and other transactions.

Energy and energy related commodities

NRG Energy is exposed to commodity price variability in electricity, emission allowances and natural gas, oil and coal used to meet fuel requirements. In order to manage these commodity price risks, NRG Energy enters into financial instruments, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps. Derivatives designated to be hedges by NRG Energy are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings in the same period or periods during which the hedged transaction affects earnings i.e., when electricity is generated or fuel is consumed. No ineffectiveness was recognized on commodity cash flow hedges during the first quarter of 2001. No gains or losses were recognized related to derivative instruments excluded from the assessment of effectiveness. At March 31, 2001, NRG Energy had various commodity related contracts extending through December 2003 and several

fixed-price gas and electricity purchase contract extending through 2005 to 2018. During the first quarter of 2001, NRG Energy reclassified from OCI into earnings $7.8 million of accumulated net derivative gains. NRG Energy expects to

reclassify into earnings in cost of majority-owned operations and equity in earnings of unconsolidated affiliates during the next twelve months net gains/(losses) from OCI of approximately $30.0 million and $(7.3) million, respectively.

NRG Energy generally attempts to balance its fixed-price physical and financial purchase and sales commitments in terms of contract volumes, and the timing of performance and delivery obligations. However, within guidelines established by the board of directors and its Financial Risk Management Committee, NRG Energy does take certain market positions. These derivatives do not qualify for hedge accounting and, accordingly, changes in the fair value are reported in earnings in revenues from majority-owned operations and cost of majority-owned operations. Furthermore, for various commodity derivatives considered to be economic hedges, NRG Energy has elected not to designate them as accounting hedges due to the burdensome documentation requirements under SFAS No. 133. The changes in fair value of these derivatives resulted in earnings/(losses) for the first quarter of 2001 of $20.7 million and $(1.9) million reported in earnings in cost of majority-owned operations and equity in earnings of unconsolidated affiliates, respectively.

Interest rates

To manage interest rate risk, NRG Energy has entered into interest rate swaps that effectively fix the interest payments of certain floating rate debt instruments. Interest rate swap agreements are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings as the underlying interest expense is incurred. No ineffectiveness was recognized on interest rate cash flow hedges during the first quarter of 2001. During the first quarter of 2001, NRG Energy reclassified from OCI into earnings $(0.1) million of accumulated net derivative losses. NRG Energy expects to reclassify into earnings in interest expense during the next twelve months net losses from OCI of approximately $(0.9) million.

Foreign currency exchange rates

To preserve the U.S. dollar value of projected foreign currency cash flows, NRG Energy may hedge, or protect, those cash flows if appropriate foreign hedging instruments are available. During the first quarter of 2001, NRG Energy had various foreign currency exchange contracts not designated as accounting hedges. Accordingly, the changes in fair value of these derivatives, totalling $1.3 million for the first quarter of 2001, are reported in earnings in other income, net.

On a going forward basis, NRG Energy expects that the results of its operations will become significantly more volatile due to the impact of adopting SFAS No. 133. NRG Energy generally enters into various transactions to hedge and optimize the value of its investments. However, NRG Energy has taken certain market positions. Furthermore, for various commodity derivatives considered to be economic hedges, NRG Energy has elected not to designate them as accounting hedges due to the burdensome documentation requirements under SFAS No. 133. As a result, management expects that NRG Energy will experience significant mark-to-market adjustments that will impact its results of operations depending upon the movements of the markets in which it operates and has entered into market positions. Management is unable to determine the impact such volatility may have on NRG Energy's results of operations and financial position.

OTHER CONTINGENCIES

DISPUTED REVENUES

As of March 31, 2001, NRG Energy had approximately $10.5 million of disputed revenues in respect of certain wholly-owned subsidiaries, primarily NRG Northeast Generating LLC. NRG Energy is actively pursuing resolution and/or collection of these amounts. These disputed revenues relate to the interpretation of certain transmission power sales agreements and certain sales to the New York Power Pool and New England Power Pool, conflicting meter readings, pricing of firm sales and other power pool reporting issues. These

amounts have not been recorded in the financial statements and will not be recognized as income until disputes are resolved and collection is assured. As previously disclosed in its annual report on Form 10-K, NRG Energy had approximately $13.1 million of

disputed revenues as of December 31, 2000. During the quarter ended March 31, 2001, $3.1 million of disputed revenues were resolved, and $0.5 million of new disputed revenues were added.

CALIFORNIA LIQUIDITY CRISIS

NRG Energy's California generation assets consist primarily of interests in the Crockett and Mt. Poso facilities and a 50% interest in West Coast Power LLC. Through the California Power Exchange (PX) and the California Independent System Operator (ISO), the West Coast Power facilities sell uncommitted power to Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE) and San Diego Gas and Electric Company (SDG&E), the three major California investor owned utilities. Crockett, Mt. Poso and certain of NRG Energy's other California facilities also sell directly to PG&E and SCE. The liquidity crisis faced by both PG&E and SCE, as a result of tight electricity supplies, rising wholesale electric prices and caps on the rates that PG&E and SCE may charge their retail customers, caused both PG&E and SCE to partially suspend payments to the California PX and the California ISO. In April 2001, PG&E filed for bankruptcy under Chapter 11 of the Bankruptcy Code. In March 2001, certain affiliates of West Coast Power entered into a four year contract with the California Department of Water Resources (CDWR) pursuant to which the affiliates have agreed to sell up to 1,000 MW to CDWR for the remainder of 2001 and up to 2,300 MW from January 1, 2002 through December 31, 2004.

NRG Energy's share of the total net amounts owed to all of its California affiliates by the California PX, the California ISO, and the three major California utilities is approximately $217 million as of March 31, 2001, based upon unaudited financial information provided by such affiliates. This amount consists of NRG Energy's share of total accounts receivables of approximately $344 million, less approximately $127 million of reserves for credit issues and contingent revenues. Of the total accounts receivable amount, approximately $305 million represents NRG Energy's share of the receivables from the California ISO/PX at the end of March 2001. In addition to the amounts due from the California ISO/PX, NRG Energy's affiliates have approximately $39 million of direct exposure to Pacific Gas and Electric as a result of sales under QF contracts. NRG Energy believes that the amounts that have been recorded as accounts receivable will ultimately be collected in full; however, if some form of financial relief or support is not provided to PG&E and SCE, the collectibility of these receivables will become more questionable in terms of both timing and amount. With respect to disputed revenues, these amounts relate to billing disputes arising in the ordinary course of business and to disputes that have arisen as a result of the California ISO imposing various revenue caps on the wholesale price of electricity. None of the disputed revenues will be recorded until after the particular issue that caused them to be excluded from the financial statements is resolved. Since the date of the PG&E bankruptcy filing, PG&E is paying Crockett and Mt. Poso on a current basis.

The Federal Energy Regulatory Commission (FERC) has jurisdiction over sales for resale of electricity in the California wholesale power markets. In March 2001, FERC issued orders that presumptively approved prices up to $273/MWh during January 2001 and $430/MWh during February 2001. The orders direct electricity suppliers to either refund a portion of their January and February sales or justify prices charged above these approved prices. The orders, if finalized, could require West Coast Power to refund approximately $45 million in revenues from January and February, of which NRG Energy's share would be approximately $22.5 million. Dynegy Power Marketing, Inc., as the power marketer for West Coast Power, has submitted notice of its intent to submit information

justifying each component of the prices charged.

Various legislative, regulatory and legal remedies to the liquidity crisis faced by PG&E and SCE have been implemented or are being pursued. Assembly Bill 1X, which authorizes the California Department of Water Resources to enter into contracts for the purchase of electric power through January 1, 2003 and to issue revenue bonds to fund such purchases, was signed into law by the Governor of California on February 1, 2001. On May 11, 2001, the Governor of California signed SB 31X, which authorizes the issuance of $13.4 billion in revenue bonds to pay for power for customers of the state's three investor owned utilities. The bonds will repay the State general fund for $6.7 billion authorized for power buys since January and will finance future electricity purchases. Additionally, on March 27, 2001, the California Public Utilities Commission (PUC) approved an approximately 40% increase in the energy component of the retail electric rates paid by certain California ratepayers. This increase is in addition to the 9% increase approved in January and a 10% increase expected to take effect next year. The PUC also ordered the utilities to pay qualifying facilities for power delivered on a go-forward basis. However, the order did not address repayment of amounts owed for past deliveries.

The delayed collection of receivables owed to West Coast Power resulted in a covenant default under its credit agreement. West Coast Power is working with its lenders to secure their agreement to forebear exercising their remedies under the credit agreement with respect to such covenant default. Crockett Cogeneration, a majority owned affiliate of NRG Energy, was recently notified by its lenders that it is in technical default under its loan agreement. As a result, NRG Energy has reclassified the long-term portion of the Crockett debt to current. Defaults under the Crockett and West Coast Power credit agreements do not trigger defaults under any of NRG Energy's corporate-level financing facilities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NRG Energy and its subsidiaries are exposed to market risks, including changes in commodity prices, interest rates and currency exchange rates as disclosed in Management's Discussion and Analysis in its annual report on Form 10-K for the year ended December 31, 2000. There have been no material changes, as of March 31, 2001, to the market risk exposures that affect the quantitative and qualitative disclosures presented as of December 31, 2000.

FORWARD LOOKING STATEMENTS

Certain statements included in this quarterly report are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. While NRG Energy believes that the expectations expressed in such forward-looking statements are reasonable, NRG Energy can give no assurances that these expectations will prove to have been correct. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements contained in this Form 10-Q, factors that could cause actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- Economic conditions including inflation rates and monetary or currency exchange rate fluctuations;
- Trade, monetary, fiscal, taxation, and environmental policies of governments, agencies and similar organizations in geographic areas where NRG Energy has a financial interest;
- Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;
- Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange

Commission, the Federal Energy Regulatory Commission and similar entities with regulatory oversight;
- Availability or cost of capital such as changes in: interest rates; market perceptions of the power generation industry, the Company or any of its subsidiaries; or security ratings;
- Factors affecting power generation operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;
- Employee workforce factors including loss or retirement of key executives, collective bargaining agreements with union employees, or work stoppages;
- Volatility of energy prices in a deregulated market environment;
- Increased competition in the power generation industry;
- Cost and other effects of legal and administrative proceedings, settlements, investigations and claims;
- Technological developments that result in competitive disadvantages and create the potential for impairment of existing assets;
- Factors associated with various investments including conditions of final legal closing, partnership actions, competition, operating risks, dependence on certain suppliers and customers, domestic and foreign environmental and energy regulations;
- Limitations on NRG Energy's ability to control the development or operation of projects in which NRG Energy has less than 100% interest;
- The lack of operating history at development projects, the lack of NRG Energy's operating history at the projects not yet owned and the limited operating history at the remaining projects provide only a limited basis for management to project the results of future operations;

- Risks associated with timely completion of projects under construction, including obtaining competitive contracts, obtaining regulatory and permitting approvals, local opposition, construction delays and other factors beyond NRG Energy's control;
- The failure to timely satisfy the closing conditions contained in the definitive agreements for the acquisitions of projects subject to definitive agreements but not yet closed, many of which are beyond NRG Energy's control;
- Factors challenging the successful integration of projects not previously owned or operated by NRG Energy, including the ability to obtain operating synergies;
- Factors associated with operating in foreign countries including: delays in permitting and licensing, construction delays and interruption of business, political instability, risk of war, expropriation, nationalization, renegotiation, or nullification of existing contracts, changes in law, and the ability to convert foreign currency into United States dollars;
- Changes in government regulation or the implementation of government regulations, including pending changes within or outside of California as a result of the California energy crisis, which could result in NRG Energy's failure to obtain regulatory approvals required to close project acquisitions, and which could adversely affect the continued deregulation of the electric industry;
- Other business or investment considerations that may be disclosed from time to time in NRG Energy's Securities and Exchange Commission filings or in other publicly disseminated written documents, including NRG Energy's Registration Statement No. 333-52508, as amended, and all supplements thereto.

NRG Energy undertakes no obligation or publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause our actual results to differ materially from those contemplated in any forward-looking statements included in this Form 10-Q should not be construed as exhaustive.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

FORTISTAR CAPITAL V. NRG ENERGY

In July 1999, Fortistar Capital Inc., a Delaware corporation, filed a complaint in District Court in Minnesota against NRG Energy asserting claims for injunctive relief and for damages as a result of NRG Energy's alleged breach of a confidentiality letter agreement with Fortistar relating to the purchase of the Oswego facility from Niagara Mohawk Power Corporation (NiMo) and Rochester Gas and Electric Company.

NRG Energy disputed Fortistar's allegations and has asserted numerous counterclaims. NRG Energy has counterclaimed against Fortistar for breach of contract, fraud and negligent misrepresentations and omissions, unfair competition and breach of the covenant of good faith and fair dealing. NRG Energy seeks, among other things, dismissal of Fortistar's complaint with prejudice and rescission of the letter agreement.

A temporary injunction hearing was held on September 27, 1999. The acquisition of the Oswego facility was closed on October 22, 1999, following notification to the court of Oswego Power LLC's and Niagara Mohawk Power Corporation's intention to close on that date. In January 2000, the court denied Fortistar's request for a temporary injunction. In April and December 2000, NRG Energy filed summary judgment motions to dispose of the litigation. A hearing on these motions was held in April 2001 and certain of Fortistar's claims were dismissed. No trial date has been set in respect of the remaining claims. NRG Energy intends to continue to vigorously defend the suit and believes Fortistar's complaint to be without merit.

NEW YORK DEPARTMENT OF ENVIRONMENTAL CONSERVATION NOTICE OF VIOLATION

On May 25, 2000 the New York Department of Environmental Conservation issued a Notice of Violation to NRG Energy and the prior owner of the Huntley and Dunkirk facilities relating to physical changes made at those facilities prior to our assumption of ownership. The Notice of Violation alleges that these changes represent major modifications undertaken without obtaining the required permits. Although NRG Energy has a right to indemnification by the previous owner for fines, penalties, assessments, and related losses resulting from the previous owner's failure to comply with environmental laws and regulations, if these facilities did not comply with the applicable permit requirements, NRG Energy could be required, among other things, to install specified pollution control technology to further reduce air emissions from the Dunkirk and Huntley facilities and NRG Energy could become subject to fines and penalties associated with the current and prior operation of the facilities. NRG Energy is currently in settlement discussions with the Department of Environmental Conservation and the State Attorney General's office. On May 14, 2001, NRG Energy received a Notice of Intent to Sue from the New York Attorney General, notifying NRG Energy pursuant to section 304 of the Clean Air Act (the "Act") of the State's intent to file suit against NRG Energy and Niagara Mohawk Power Corporation in federal district court for violations of the Act, unless a settlement is reached within 60 days. NRG Energy will continue its settlement discussions with the Attorney General's office and the Department of Environmental Conservation.

CALIFORNIA LITIGATION

On May 2, 2001, certain partially-owned subsidiaries of NRG Energy, and other power generators and power traders, were named as defendants in a class action filed in the Superior Court of the States of California for the County of Los Angeles (Cruz M. Bustamante and Barbara Matthews v. Dynegy, Inc.,

et al.). The complaint alleges that defendants engaged in various anti-competitive, unlawful, fraudulent and unfair business practices and acts, and acted with the anti-competitive purpose of using economic and physical withholding of electricity from the California electric generation market in order to derive monopoly profits from the sale of their electricity in California. NRG Energy does not believe that its affiliates named in this lawsuit engaged in any illegal activities, and NRG Energy's affiliates intend to vigorously contest these allegations.

Except as described above and in NRG Energy's Annual Report on Form 10-K for the fiscal years ended December 31, 2000 filed with the Securities and Exchange Commission, there are no other material legal proceedings pending to which NRG Energy is a party. There are no material legal proceedings to which an officer or director is a party or has a material interest adverse to NRG Energy or its subsidiaries. There are no other material administrative or judicial proceedings arising under environmental quality statutes pending or known to be contemplated by governmental agencies to which NRG Energy is or would be a party.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

In December 2000, NRG Energy filed a universal shelf registration statement with the Securities and Exchange Commission. The registration statement (SEC File No. 333-52508) was declared effective on January 29, 2001. The registration statement initially allowed NRG Energy to issue up to $1.65 billion of debt securities, preferred stock, common stock, depositary shares, warrants and convertible securities. In March 2001, NRG Energy increased the amount of securities issuable under the registration statement to $1.77 billion.

On March 13, 2001, NRG Energy completed the sale of 18.4 million shares of common stock for an initial price of $27 per share. Credit Suisse First Boston and Merrill Lynch & Co. acted as Joint Book-Running Managers with Goldman, Sachs & Co. and Saloman Smith Barney, Senior Co-Managers and ABN AMRO Rothschild LLC and Banc of America Securities LLC, Co-Managers. The offering was completed with all 18.4 million shares of common stock being sold, including over-allotment shares of 2.4 million. NRG Energy received gross proceeds from the issuance of $496 million. Net proceeds from this issuance were $473.8 million after deducting underwriting discounts, commissions and estimated offering expenses of approximately $22.2 million. The net proceeds were used in part to reduce amounts outstanding under NRG Energy's short term bridge credit agreement which was used to finance in part NRG Energy's acquisition of LS Power generation assets.

On March 13, 2001, NRG Energy completed the sale of 11.5 million equity units for an initial price of $25 per unit. Merrill Lynch & Co. and Credit Suisse First Boston acted as Joint Book-Running Managers. The offering was completed with all 11.5 million equity units being sold, including over-allotment units of 1.5 million. NRG Energy received gross proceeds from the issuance of $287.5 million. Net proceeds from this issuance were $278.4 million after deducting underwriting discounts, commissions and estimated offering expenses of approximately $9.1 million. The net proceeds were used in part to reduce amounts outstanding under NRG Energy's short term bridge credit agreement which was used to finance in part NRG Energy's acquisition of LS Power generation assets.

Remaining net proceeds were used for general corporate purposes, such as the funding of capital expenditures and potential acquisitions, the development and construction of new facilities and additions to working capital.

On April 2, 2001, NRG Energy completed the sale of $690 million of Senior Notes. The Senior Notes were issued in two tranches, the first tranche of $350 million of 7.75% Senior Notes due April 1, 2011 and the second tranche of $340 million of 8.625% Senior Notes due April 1, 2031. Banc of America Securities LC and Solomon Smith Barney acted as Joint Book-Running Managers with ABN AMRO Incorporated and Deutsche Banc Alex. Brown, Senior Co-Managers. NRG

Energy received approximately $683.3 million in net proceeds after underwriting discounts and commissions and estimated offering expenses. The net proceeds were used to repay all amounts outstanding under NRG Energy's revolving credit facility and for investments, other general corporate purposes and to provide capital for planned acquisitions.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

During May 2001, NRG Energy's affiliate Crockett Cogeneration became technically in default of its loan agreements. The default arose as a result of Crockett not making full payment of its fuel supply billings to BP Amoco because it was not receiving payment on its energy sales. No default in principal or interest payment has occurred. Crockett is current in its work-out payment arrangements with BP Amoco for its prior billings, and is current on new billings.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(A) EXHIBITS

4.20 364-Day Revolving Credit Agreement dated as of March 9, 2001 among NRG Energy, Inc., The Financial Institutions Party Hereto, and ABN Amco Bank N.V. as agent.

(B) REPORTS ON FORM 8-K:

On February 2, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

NRG Energy reported its financial results for the year ended December 31, 2000.

On February 12, 2001, NRG Energy filed a Form 8-K reporting under Item 2 - Acquisition or Disposition of Assets.

NRG Energy announced the closing of its acquisition of a 5,633 megawatt portfolio of operating projects and projects in construction and advanced development from LS Power, LLC and its partners.

On March 1, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

NRG Energy filed certain exhibits relating to the offering of up to $230,000,000 of equity units.

On March 5, 2001, NRG Energy filed a Form 8-K reporting under Item 5- Other Events.

NRG Energy filed as exhibit 99.1 the audited financial statements of NRG Energy Inc. for the year ended December 31, 2000.

On March 9, 2001, NRG Energy filed a Form 8-K reporting under Item 7 - Exhibits.

NRG Energy filed an opinion of Gibson, Dunn & Gutcher LLP regarding certain tax matters in connection with its From S-3 Registration Statement No. 333-52508.

On March 15, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

NRG Energy filed certain exhibits under Item 7 - Exhibits in connection with its Registration Statement No. 333-52508.

On April 3, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

NRG Energy announced the On March 23, 2001, NRG Energy Inc. announced its appointment of W. Mark Hart to the position of Senior Vice President, NRG Energy and President, NRG Europe and Latin America.

On April 10, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

On April 5, 2001, NRG Energy completed the offering of $350,000,000 of its 7.75% Senior Notes due 2011 and $340,000,000 of its 8.625% Senior Notes due 2031. In connection with NRG Energy's December 2000 Registration Statement on Form S-3 (File No. 333-52508), NRG Energy filed certain exhibits under Item 7 - Exhibits.

On April 30, 2001, NRG Energy filed a Form 8-K reporting under Item 5 - Other Events.

On April 25, 2001, NRG Energy, Inc. reported its financial results for the three months ended March 31, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NRG ENERGY, INC.

(Registrant)

/s/ Leonard A. Bluhm

Leonard A. Bluhm
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

/s/ William T. Pieper

William T. Pieper
Controller
(Principal Accounting Officer)

Date: May 15, 2001

EXHIBIT 4.20

364-DAY REVOLVING CREDIT AGREEMENT

DATED AS OF

MARCH 9, 2001

AMONG

NRG ENERGY, INC.

THE FINANCIAL INSTITUTIONS PARTY HERETO,

AND

ABN AMRO BANK N.V.

AS AGENT

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364-DAY REVOLVING CREDIT AGREEMENT

364-DAY REVOLVING CREDIT AGREEMENT, dated as of March 9, 2001 among NRG Energy, Inc., a Delaware corporation (the "Borrower"), the financial institutions from time to time party hereto (each a "Bank," and collectively the "Banks") and ABN AMRO Bank N.V. in its capacity as agent for the Banks hereunder (in such capacity, the "Agent").

WITNESSETH THAT:

WHEREAS, the Borrower desires to obtain the several commitments of the Banks to make available a revolving credit for loans (the "Revolving Credit"), as described herein; and

WHEREAS, the Banks are willing to extend such commitments subject to all of the terms and conditions hereof and on the basis of the representations and warranties hereinafter set forth;

NOW, THEREFORE, in consideration of the recitals set forth above and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1 Definitions. The following terms when used herein have the following meanings:

"Adjusted LIBOR" is defined in Section 2.3(b) hereof.

"Affiliate" means, as to any Person, any other Person which directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with their correlative meanings, "controlled by" and "under common control with") means possession, directly or indirectly, of power to direct or cause the direction of management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event for purposes of this definition: (i) any Person which owns directly or indirectly 5% or more of the securities having ordinary voting power for the election of directors or other governing body of a corporation or 5% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person; and (ii) each director and executive officer of the

Borrower or any Subsidiary shall be deemed an Affiliate of the Borrower and each Subsidiary.

"Agent" is defined in the first paragraph of this Agreement and includes any successor Agent pursuant to Section 10.7 hereof.

"Agreement" means this 364-Day Revolving Credit Agreement, including all Exhibits and Schedules hereto, as it may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"Applicable Margin" means, at any time (i) with respect to Base Rate Loans, the Base Rate Margin and (ii) with respect to Eurocurrency Loans, the Eurocurrency Margin.

"Applicable Telerate Page" is defined in Section 2.3(b) hereof.

"Authorized Representative" means those persons shown on the list of officers provided by the Borrower pursuant to Section 6.1(e) hereof, or on any updated such list provided by the Borrower to the Agent, or any further or different officer of the Borrower so named by any Authorized Representative of the Borrower in a written notice to the Agent.

"Bank" is defined in the first paragraph of this Agreement.

"Base Rate" is defined in Section 2.3(a) hereof.

"Base Rate Loan" means a Loan bearing interest prior to maturity at a rate specified in Section 2.3(a) hereof.

"Base Rate Margin" means the percentage set forth in Schedule 1 hereto beside the then applicable Rating.

"Borrower" is defined in the first paragraph of this Agreement.

"Borrowing" means the total of Loans of a single type advanced, continued for an additional Interest Period, or converted from a different type into such type by the Banks on a single date and for a single Interest Period. Borrowings of Loans are made and maintained ratably from each of the Banks according to their Percentages. A Borrowing is "advanced" on the day Banks advance funds comprising such Borrowing to the Borrower, is "continued" on the date a new Interest Period for the same type of Loan commences for such Borrowing, and is "converted" when such Borrowing is changed from one type of Loan to the other, all as requested by the Borrower pursuant to Section 2.5(a).

"Business Day" means any day other than a Saturday or Sunday on which Banks are not authorized or required to close in Chicago, Illinois or New York, New York and, if the applicable Business Day relates to the borrowing or payment of a Eurocurrency Loan, on which dealings in U.S. Dollars may be carried on by the Agent in the interbank eurodollar market.

"Capital Lease" means at any date any lease of Property which, in accordance with GAAP, would be required to be capitalized on the balance sheet of the lessee.

"Capitalized Lease Obligations" means, for any Person, the amount of such Person's liabilities under Capital Leases determined at any date in accordance with GAAP.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commitments" means the Revolving Credit Commitments.

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"Compliance Certificate" means a certificate in the form of Exhibit B hereto.

"Consolidated Capitalization" means Consolidated Net Worth plus Indebtedness of the Borrower.

"Consolidated Current Liabilities" means such liabilities of the Borrower on a consolidated basis as shall be determined in accordance with GAAP to constitute current liabilities.

"Consolidated Net Income" means, for any period, the net income (or net loss) of the Borrower for such period computed on a consolidated basis in accordance with GAAP.

"Consolidated Net Tangible Assets" means, as of the date of determination thereof, Consolidated Total Assets as of such date less the sum of (i) Consolidated Current Liabilities and (ii) Intangible Assets.

"Consolidated Net Worth" means, as of the date of determination thereof, the amount which would be reflected as stockholders' equity upon a consolidated balance sheet of the Borrower (determined in accordance with GAAP) prior to making any adjustment thereto (i) as a result of application of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities or (ii) in connection with the account entitled "currency translation account" on such balance sheet.

"Consolidated Total Assets" means, as of the date of determination thereof, the total amount of all assets of the Borrower determined on a consolidated basis in accordance with GAAP.

"Contingent Performance Guarantee" means a Performance Guarantee as to which (i) the guarantor's obligation cannot be reasonably quantified, and (ii) neither the Borrower nor any Subsidiary has information which raises a reasonable possibility that a demand under such Performance Guarantee may be made prior to, or within 18 months after, the Termination Date. A Contingent Performance Guarantee which for any reason fails to meet the criteria set forth in either clause (i) or (ii) of this definition shall immediately cease to be deemed a Contingent Performance Guarantee for purposes of this Agreement.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its Property is bound.

"Controlled Group" means all members of a controlled group of corporations and all trades and businesses (whether or not incorporated) under common control that, together with the Borrower or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

"Credit Documents" means this Agreement, the Notes and the Fee Letter.

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"Credit Event" means the advancing of any Loan or the continuation of or conversion into a Eurocurrency Loan.

"Default" means any event or condition the occurrence of which would, with the passage of time or the giving of notice, or both, constitute an Event

of Default.

"Effective Date" means March 9, 2001.

"Environmental Law" means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. Section 1802 et seq., the Toxic Substances Control Act, 15 S.C. Section 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. Section 1252 et seq., the Clean Water Act, 33 U.S.C. Section 1321 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., and any other federal, state, county, municipal, local or other statute, law, ordinance or regulation which may relate to or deal with human health or the environment, all as may be from time to time amended.

"ERISA" is defined in Section 5.9 hereof.

"Eurocurrency Loan" means a Loan bearing interest prior to maturity at the rate specified in Section 2.3(b) hereof.

"Eurocurrency Margin" means the percentage set forth in Schedule 1 hereto beside the then applicable Rating.

"Eurocurrency Reserve Percentage" is defined in Section 2.3(b) hereof.

"Event of Default" means any of the events or circumstances specified in Section 8.1 hereof.

"Existing Credit Agreement" means that certain 364-Day Revolving Credit Agreement dated as of March 10, 2000 among NRG Energy, Inc., ABN AMRO Bank N.V., as administrative agent, and the banks from time-to-time party thereto, as amended or otherwise modified from time to time.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Facility Fee Rate" means the percentage set forth in Schedule 1 hereto beside the then applicable Rating.

"Federal Funds Rate" means the fluctuating interest rate per annum described in part (x) of clause (ii) of the definition of Base Rate set forth in Section 2.3(a) hereof.

"Fee Letter" means that certain letter between the Agent and the Borrower dated as of the date hereof pertaining to fees to be paid by the Borrower to the Agent for the Agent's sole account and benefit.

"FinCo" means NRG Finance Company I LLC, a Delaware special purpose limited liability company which is a Wholly-Owned Subsidiary of the Borrower and whose sole purpose is to facilitate the financing of a revolving working capital, acquisition and construction loan facility.

"FinCo Revolving Loan Facility" means a revolving working capital, acquisition and construction loan facility (i) under which FinCo is the sole borrower, (ii) as to which FinCo's obligations are or may be Guaranteed by some or all of the Borrower's Project Finance Subsidiaries whose projects or turbines are being financed by FinCo and for which there is no other financing on a senior basis being provided by any other Person, and (iii) which is unsecured by any assets of, or stock or other equity interest of or owned by, the Borrower or its Subsidiaries, other than (x) assets and/or the stock or other equity interest of FinCo, and (y) assets and/or the stock or other equity interest of such Project Finance Subsidiaries; provided, however, that any Guaranty of the Indebtedness of FinCo or any security therefor given by or in respect of a

Project Finance Subsidiary to the extent permitted hereunder may continue in existence only until the financing received by the Project Finance Subsidiary from FinCo has been repaid.

"GAAP" means generally accepted accounting principles as in effect in the United States from time to time, applied by the Borrower and its Subsidiaries on a basis consistent with the preparation of the Borrower's financial statements furnished to the Banks.

"Guaranty" by any Person means all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation (including, without limitation, limited or full recourse obligations in connection with sales of receivables or any other Property and Performance Guarantees) of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including, without limitation, all obligations incurred through an agreement, contingent or otherwise, by such Person: (i) to purchase such Indebtedness or obligation or any Property or assets constituting security therefor, (ii) to advance or supply funds (x) for the purchase or payment of such Indebtedness or obligation, or (y) to maintain working capital or other balance sheet condition, or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation, or (iii) to lease property or to purchase Securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the ability of the primary obligor to make payment of the Indebtedness or obligation, or (iv) otherwise to assure the owner of the Indebtedness or obligation of the primary obligor against loss in respect thereof. For the purpose of all computations made under this Agreement, the amount of a Guaranty in respect of any obligation shall be deemed to be equal to the maximum aggregate amount of such obligation or, if the Guaranty is limited to less than the full amount of such obligation, the maximum aggregate potential liability under the terms of the Guaranty. Notwithstanding anything in this definition to the contrary, a Person's support of its subsidiary's obligation to (a) make equity contributions or (b) pay liquidated damages under an operating and maintenance agreement should such subsidiary fail to comply with the terms thereof shall not be considered a "Guaranty" by such Person.

"Hazardous Material" means any substance or material which is hazardous or toxic, and includes, without limitation, (a) asbestos, polychlorinated biphenyls, dioxins and petroleum or its by-products or derivatives (including crude oil or any fraction thereof) and (b) any other material or substance classified or regulated as "hazardous" or "toxic" pursuant to any Environmental Law.

"Indebtedness" means and includes, for any Person, all obligations of such Person, without duplication, which are required by GAAP to be shown as liabilities on its balance sheet, and in any event shall include all of the following whether or not so shown as liabilities: (i) obligations of such Person for borrowed money, (ii) obligations of such Person representing the deferred purchase price of property or services, (iii) obligations of such Person evidenced by notes, acceptances, or other instruments of such Person or arising out of letters of credit issued for such Person's account, (iv) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (v) Capitalized Lease Obligations of such Person and (vi) obligations for which such Person is obligated pursuant to a Guaranty, provided that Contingent Performance Guarantees of the Borrower shall not be deemed "Indebtedness" for purposes of this Agreement. All calculations of the Indebtedness of any Person (and the components thereof) shall be performed on a consolidated basis, provided, that Indebtedness shall not include obligations which are required by GAAP to be shown as liabilities on such Person's balance sheet, but which are non-recourse to such Person.

"Interest Period" is defined in Section 2.6 hereof.

"Intangible Assets" means, as of the date of determination thereof, all assets of the Borrower properly classified as intangible assets determined on a consolidated basis in accordance with GAAP.

"Investment Grade Rating" means, with respect to any Person, that its (i) Moody's Rating is at least Baa3 and (ii) S&P Rating is at least BBB-. If either clause (i) or (ii) is not satisfied, such Person shall not be deemed to have an "Investment Grade Rating".

"Lending Office" is defined in Section 9.4 hereof.

"LIBOR" is defined in Section 2.3(b) hereof.

"LIBOR Index Rate" is defined in Section 2.3(b) hereof.

"Lien" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, including, but not limited to, the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale, security agreement or trust receipt, or a lease, consignment or bailment for security purposes. The term "Lien" shall also include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting Property. For the purposes of this

definition, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention of title shall constitute a "Lien."

"Loan" is defined in Section 2.1(a) hereof and, as so defined, includes a Base Rate Loan or Eurocurrency Loan, each of which is a "type" of Loan hereunder.

"Material Adverse Effect" means any material adverse change in, or any adverse development which materially affects or could reasonably be expected to affect, the business, financial position or results of operations of the Borrower and its Subsidiaries, taken as a whole, or the ability of the Borrower to perform its obligations under the Credit Documents.

"Material Subsidiary" means a Subsidiary of the Borrower whose total assets represent at least 5% of the total assets of the Borrower and its Subsidiaries determined based upon the most recent financial statements delivered pursuant to Section 7.6 (as determined in accordance with GAAP).

"Minimum Consolidated Net Worth" means an amount, as of any determination thereof, equal to the sum of $1,000,000,000 plus 25% of Consolidated Net Income for the period from and including January 1, 2001 to such determination date but which amount shall in no event be less than $1,000,000,000.

"Moody's Rating" means the rating assigned by Moody's Investors Service, Inc. and any successor thereto that is a nationally recognized rating agency to the outstanding senior unsecured non-credit enhanced long-term debt obligations of a Person (or if neither Moody's Investors Service, Inc. nor any such successor shall be in the business of rating long-term indebtedness, a nationally recognized rating agency in the U.S. as mutually agreed between the

Required Banks and Holdings). Any reference in this Agreement to any specific rating is a reference to such rating as currently defined by Moody's Investors Service, Inc. (or such a successor) and shall be deemed to refer to the equivalent rating if such rating system changes.

"Non-Conforming Period" is defined in Section 7.13 hereof.

"Note" is defined in Section 2.10(a) hereof.

"Obligations" means all fees payable hereunder, all obligations of the Borrower to pay principal or interest on Loans and all other payment obligations of the Borrower arising under or in relation to any Credit Document.

"Percentage" means, for each Bank, the percentage of the Revolving Credit Commitments represented by such Bank's Revolving Credit Commitment or, if the Revolving Credit Commitments have been terminated, the percentage held by such Bank of the aggregate principal amount of all outstanding Obligations.

"Performance Guarantee" means a guarantee issued by the Borrower or a Subsidiary that the Borrower or such Subsidiary will cause some action (other than the payment of money) to be performed, whether by performing the action itself or paying others to perform such action.

"Person" means an individual, partnership, corporation, association, trust, unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof.

"Plan" means at any time an employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that is either (i) maintained by a member of the Controlled Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"PBGC" is defined in Section 5.9 hereof.

"Project Finance Subsidiary" means any special purpose Subsidiary of the Borrower formed solely to facilitate the financing of the assets of such Subsidiary, and as to which the recourse of any creditors of such Subsidiary is limited solely to such assets and the stock or other equity interest of such Subsidiary.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"Rating" means the rating given to senior unsecured non-credit enhanced debt obligations of the Borrower by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successors thereto.

"Reference Banks" means ABN AMRO Bank N.V., and one other representative of the Banks. In the event that any of such Banks ceases to be a "Bank" hereunder or fails to provide timely quotations of interest rates to the Agent as and when required by this Agreement, then such Bank shall be replaced by a new reference bank jointly designated by the Agent and the Borrower.

"Replaceable Bank" is defined in Section 11.13(iii).

"Replacement Bank" is defined in Section 11.13(iii).

"Required Banks" means, as of the date of determination thereof, Banks

holding at least 66 2/3% of the Percentages.

"Revolving Credit Commitment" is defined in Section 2.1 hereof.

"SEC" means the Securities and Exchange Commission.

"Security" has the same meaning as in Section 2(l) of the Securities Act of 1933, as amended.

"S&P Rating" means the rating assigned by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. and any successor thereto that is a nationally recognized rating agency to the outstanding senior unsecured non-credit enhanced long-term debt obligations of a Person (or, if neither such division nor any successor shall be in the business of rating long-term indebtedness, a nationally recognized rating agency in the U.S. as mutually agreed between the Required Banks and Holdings). Any reference in this Agreement to any specific rating is a reference to such rating as currently defined by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc. (or such a successor) and shall be deemed to refer to the equivalent rating if such rating system changes.

"Subsidiary" means, as to the Borrower, any active, domestic corporation or other entity of which one hundred percent (100%) of the outstanding stock or comparable equity interests having ordinary voting power for the election of the Board of Directors of such corporation or similar governing body in the case of a non corporation (irrespective of whether or not, at the time, stock or other equity interest of any other class or classes of such corporation or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly owned by the Borrower.

"Telerate Service" means the Dow Jones Telerate Service.

"Termination Date" means March 8, 2002.

"Unfunded Vested Liabilities" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all vested nonforfeitable accrued benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

"Utilization" means the percentage obtained by dividing the aggregate outstanding principal amount of Loans on any date (after giving effect to any Borrowings and repayments occurring on such date) by the Commitments in effect on such date (after giving effect to any reductions thereof on such date).

"U.S. Dollars" and "$" each means the lawful currency of the United States of America.

"Voting Stock" of any Person means capital stock of any class or classes or other equity interests (however designated) having ordinary voting power for the election of directors or similar governing body of such Person.

"Welfare Plan" means a "welfare plan," as defined in Section 3(1) of ERISA.

"Wholly-Owned" when used in connection with any Subsidiary of the Borrower means a Subsidiary of which all of the issued and outstanding shares of stock or other equity interests (other than directors' qualifying shares as required by law) shall be owned by the Borrower and/or one or more of its Wholly-Owned Subsidiaries.

Section 1.2 Interpretation. The foregoing definitions shall be equally applicable to both the singular and plural forms of the terms defined. All references to times of day in this Agreement shall be references to Chicago, Illinois time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, the same shall be done in accordance with GAAP, to the extent applicable, except where such principles are inconsistent with the specific provisions of this Agreement.

SECTION 2. THE REVOLVING CREDIT.

Section 2.1 The Loan Commitment. General Terms. Subject to the terms and conditions hereof, each Bank severally and not jointly agrees to make a loan or loans (individually a "Loan" and collectively "Loans") to the Borrower from time to time on a revolving basis in U.S. Dollars up to the amount of its revolving credit commitment set forth on the applicable signature page hereof (such amount, as reduced pursuant to Section 2.12 or changed as a result of one or more assignments under Section 11.12 or 11.13(iii), its "Revolving Credit Commitment" and, cumulatively for all the Banks, the "Revolving Credit Commitments") before the Termination Date. The aggregate amount of Loans at any time outstanding shall not exceed the Revolving Credit Commitments in effect at such time. Each Borrowing of Loans shall be made ratably from the Banks in proportion to their respective Percentages. As provided in Section 2.5(a) hereof, the Borrower may elect that each Borrowing of Loans be either Base Rate Loans or Eurocurrency Loans. Loans may be repaid and the principal amount thereof reborrowed before the Termination Date, subject to all the terms and conditions hereof. The initial amount of Revolving Credit Commitments under this Agreement equals $500,000,000.

Section 2.2 [Intentionally Omitted].

Section 2.3 Applicable Interest Rates.

(a) Base Rate Loans. Each Base Rate Loan made or maintained by a Bank shall bear interest during each Interest Period it is outstanding computed on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed on the unpaid principal amount thereof from the date such Loan is advanced, continued or created by conversion from a Eurocurrency Loan until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Base Rate from time to time in effect, payable on the last day of its Interest Period and at maturity (whether by acceleration or otherwise).

"Base Rate" means for any day the greater of:

(i) the rate of interest announced by the Agent at its offices in Chicago, Illinois, from time to time as its prime rate, or equivalent, for U.S. Dollar loans as in effect on such day, with any change in the Base Rate resulting from a change in said prime rate to be effective as of the date of the relevant change in said prime rate; and

(ii) the sum of (x) the rate determined by the Agent to be the prevailing rate per annum (rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point) at approximately 10:00 a.m. (New York time) (or as soon thereafter as is practicable) on such day (or, if such day is not a Business Day, on the immediately preceding Business Day) for the purchase at face value of overnight Federal funds, as published by the Federal Reserve bank of New York, in an amount comparable to the principal amount owed to the Agent for which such rate is being determined, plus (y) 1/2 of 1% (0.50%).

(b) Eurocurrency Loans. Each Eurocurrency Loan made or maintained by a Bank shall bear interest during each Interest Period it is outstanding (computed on the basis of a year of 360 days and actual days elapsed) on the unpaid principal amount thereof from the date such Loan is advanced, continued, or created by conversion from a Base Rate Loan until maturity (whether by acceleration or otherwise) at a rate per annum equal to the sum of the Applicable Margin plus the Adjusted LIBOR applicable for such Interest Period, payable on the last day of the Interest Period and at maturity (whether by acceleration or otherwise), and, if the applicable Interest Period is longer than three months, on each day occurring every three months after the commencement of such Interest Period. All payments of principal and interest on a Loan (whether a Base Rate Loan or Eurocurrency Loan) shall be made in U.S. Dollars.

"Adjusted LIBOR" means, for any Borrowing of Eurocurrency Loans, a rate per annum determined in accordance with the following formula:

$$\text{Adjusted LIBOR} = \frac{\text{LIBOR}}{1 - \text{Eurocurrency Reserve Percentage}}$$

"LIBOR" means, for an Interest Period, (a) the LIBOR Index Rate for such Interest Period as from time to time quoted by the Telerate Service, if such rate is available, and (b) if the LIBOR Index Rate is not quoted by the Telerate Service, the arithmetic average of the rates of interest per annum (rounded upwards, if necessary, to the nearest one-sixteenth of one percent) at which deposits in U.S. Dollars in immediately available funds are offered to each Reference Bank at 11:00 a.m. (London, England time) two (2) Business Days before the beginning of such Interest Period by major banks in the interbank eurocurrency market for delivery on the first day of and for a period equal to such Interest Period in an amount equal or comparable to the principal amount of the Eurocurrency Loan scheduled to be made by the Agent as part of such Borrowing.

"LIBOR Index Rate" means, for any Interest Period, the rate per annum (rounded upwards, if necessary, to the next higher one-sixteenth of one percent) for deposits in U.S. Dollars for delivery on the first day of and for a period equal to such Interest Period in an amount equal or comparable to the principal amount of the Loan scheduled to be made by the Agent as part of such Borrowing, which appears on the Applicable Telerate Page, as of 11:00 a.m. (London, England time) on the day two (2) Business Days before the commencement of such Interest Period.

"Applicable Telerate Page" means the display page designated as "Page 3750" on the Telerate Service (or such other page as may

replace such pages, as appropriate, on that service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association Interest Settlement Rates for deposits in U.S. Dollars).

"Eurocurrency Reserve Percentage" means the daily average for the applicable Interest Period of the maximum rate, expressed as a decimal, at which reserves (including, without limitation, any supplemental, marginal and emergency reserves) are imposed during such Interest Period by the Board of Governors of the Federal Reserve System (or any successor) on "eurocurrency liabilities," as defined in such Board's Regulation D (or in respect of any other category of liabilities that includes deposits by reference to which the interest rate is determined or any category of extensions of credit or other assets that include loans by non-United States offices of any Bank to United States residents), subject to any amendments of such reserve requirement by such Board or its successor, taking into account any transitional adjustments thereto. For purposes of this definition, the Eurocurrency Loans shall be deemed to be "eurocurrency liabilities" as defined in Regulation D without benefit or credit for any prorations, exemptions or offsets under Regulation D.

(c) Rate Determinations. The Agent shall determine each interest rate applicable to Obligations, and a determination thereof by the Agent shall be conclusive and binding except in the case of manifest error.

Section 2.4 Minimum Borrowing Amounts. Each Borrowing of Base Rate Loans and Eurocurrency Loans denominated in U.S. Dollars shall be in an amount not less than $1,000,000 and in integral multiples of $1,000,000.

Section 2.5 Manner of Borrowing Loans and Designating Interest Rates Applicable to Loans.

(a) Notice to the Agent. The Borrower shall give written notice to the Agent by no later than 10:00 a.m. (Chicago time) (i) at least three (3) Business Days before the date on which the Borrower requests the Banks to advance a Borrowing of Eurocurrency Loans and (ii) on the date the Borrower requests the Banks to advance a Borrowing of Base Rate Loans. The Loans included in each Borrowing shall bear interest initially at the type of rate specified in such notice of a new Borrowing. Thereafter, the Borrower

may from time to time elect to change or continue the type of interest rate borne by each Borrowing or, subject to Section 2.4's minimum amount requirement for each outstanding Borrowing, a portion thereof, as follows: (i) if such Borrowing is of Eurocurrency Loans, on the last day of the Interest Period applicable thereto, the Borrower may continue part or all of such Borrowing as Eurocurrency Loans for an Interest Period or Interest Periods specified by the Borrower or convert part or all of such Borrowing into Base Rate Loans, (ii) if such Borrowing is of Base Rate Loans, on any Business Day, the Borrower may convert all or part of such Borrowing into Eurocurrency Loans for an Interest Period or Interest Periods specified by the Borrower. The Borrower shall give all such notices requesting the advance, continuation, or conversion of a Borrowing to the Agent by telephone or telecopy (which notice shall be irrevocable once given and, if by telephone, shall be promptly confirmed in writing). Notices of the continuation of a Borrowing of Eurocurrency Loans for an additional

Interest Period or of the conversion of part or all of a Borrowing of Eurocurrency Loans into Base Rate Loans or of Base Rate Loans into Eurocurrency Loans must be given by no later than 10:00 a.m. (Chicago time) at least three (3) Business Days before the date of the requested continuation or conversion. All such notices concerning the advance, continuation, or conversion of a Borrowing shall specify the date of the requested advance, continuation or conversion of a Borrowing (which shall be a Business Day), the amount of the requested Borrowing to be advanced, continued, or converted, the type of Loans to comprise such new, continued or converted Borrowing and, if such Borrowing is to be comprised of Eurocurrency Loans, the Interest Period applicable thereto. The Borrower agrees that the Agent may rely on any such telephonic or telecopy notice given by any person it in good faith believes is an Authorized Representative without the necessity of independent investigation, and in the event any such notice by telephone conflicts with any written confirmation, such telephonic notice shall govern if the Agent has acted in reliance thereon. There may be no more than five different Interest Periods in effect at any one time.

(b) Notice to the Banks. The Agent shall give prompt telephonic or telecopy notice to each Bank of any notice from the Borrower received pursuant to Section 2.5(a) above. The Agent shall give notice to the Borrower and each Bank by like means of the interest rate applicable to each Borrowing of Eurocurrency Loans and the amount thereof.

(c) Borrower's Failure to Notify. Any outstanding Borrowing of Base Rate Loans shall, subject to Section 6.2 hereof, automatically be continued for an additional Interest Period on the last day of its then current Interest Period unless the Borrower has notified the Agent within the period required by Section 2.5(a) that it intends to convert such Borrowing into a Borrowing of Eurocurrency Loans or notifies the Agent within the period required by Section 2.8(a) that it intends to prepay such Borrowing. If the Borrower fails to give notice pursuant to Section 2.5(a) above of the continuation or conversion of any outstanding principal amount of a Borrowing of Eurocurrency Loans before the last day of its then current Interest Period within the period required by Section 2.5(a) and has not notified the Agent within the period required by Section 2.8(a) that it

intends to prepay such Borrowing, such Borrowing shall automatically be converted into a Borrowing of Base Rate Loans, subject to Section 6.2 hereof.

(d) Disbursement of Loans. Not later than 11:00 a.m. (Chicago time) on the date of any requested advance of a new Borrowing of Eurocurrency Loans, and not later than 12:00 noon (Chicago time) on the date of any requested advance of a new Borrowing of Base Rate Loans, subject to Section 6 hereof, each Bank shall make available its Loan comprising part of such Borrowing in funds immediately available at the principal office of the Agent in Chicago, Illinois. The Agent shall make available to the Borrower Loans at the Agent's principal office in Chicago, Illinois or such other office as the Agent has previously agreed to, in writing, with the Borrower.

(e) Agent Reliance on Bank Funding. Unless the Agent shall have been notified by a Bank before the date on which such Bank is scheduled to make payment to the Agent of the proceeds of a Loan (which notice shall be effective upon receipt) that such Bank does not intend to make such payment, the Agent may assume that such Bank has made such

payment when due and the Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower the proceeds of the Loan to be made by such Bank and, if any Bank has not in fact made such payment to the Agent, such Bank shall, on demand, pay to the Agent the amount made available to the Borrower attributable to such Bank together with interest thereon in respect of each day during the period commencing on the date such amount was made available to the Borrower and ending on (but excluding) the date such Bank pays such amount to the Agent at a rate per annum equal to the Federal Funds Rate. If such amount is not received from such Bank by the Agent immediately upon demand, the Borrower will, on demand, repay to the Agent the proceeds of the Loan attributable to such Bank with interest thereon at a rate per annum equal to the interest rate applicable to the relevant Loan.

Section 2.6 Interest Periods. As provided in Section 2.5(a) hereof, at the time of each request to advance, continue, or create by conversion a Borrowing of Eurocurrency Loans, the Borrower shall select an Interest Period applicable to such Loans from among the available options. The term "Interest Period" means the period commencing on the date a Borrowing of Loans is advanced, continued, or created by conversion and ending: (a) in the case of Base Rate Loans, on the last Business Day of the calendar quarter in which such Borrowing is advanced, continued, or created by conversion (or on the last day of the following calendar quarter if such Loan is advanced, continued or created by conversion on the last Business Day of a calendar quarter), and (b) in the case of Eurocurrency Loans, 1, 2, 3, or 6 months thereafter; provided, however, that:

(a) any Interest Period for a Borrowing of Base Rate Loans that otherwise would end after the Termination Date shall end on the Termination Date;

(b) for any Borrowing of Eurocurrency Loans, the Borrower may not select an Interest Period that extends beyond the Termination Date;

(c) whenever the last day of any Interest Period would otherwise be a day that is not a Business Day, the last day of such Interest Period shall be extended to the next succeeding Business Day, provided that, if such extension would cause the last day of an Interest Period for a Borrowing of Eurocurrency Loans to occur in the following calendar month, the last day of such Interest Period shall be the immediately preceding Business Day; and

(d) for purposes of determining an Interest Period for a Borrowing of Eurocurrency Loans, a month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month; provided, however, that if there is no numerically corresponding day in the month in which such an Interest Period is to end or if such an Interest Period begins on the last Business Day of a calendar month, then such Interest Period shall end on the last Business Day of the calendar month in which such Interest Period is to end.

Section 2.7 Maturity of Loans. Unless an earlier maturity is provided for hereunder (whether by acceleration or otherwise), each Loan shall mature and become due and payable by the Borrower on the Termination Date.

Section 2.8 Prepayments.

(a) The Borrower may prepay without premium or penalty and in whole or in part (but, if in part, then: (i) if such Borrowing is of

Base Rate Loans, in an amount not less than $1,000,000, (ii) if such Borrowing is of Eurocurrency Loans in an amount not less than $1,000,000, and (iii) in an amount such that the minimum amount required for a Borrowing pursuant to Section 2.4 hereof remains outstanding) any Borrowing of Eurocurrency Loans upon three Business Days prior notice to the Agent or, in the case of a Borrowing of Base Rate Loans, notice delivered to the Agent no later than 10:00 a.m. (Chicago time) on the date of prepayment, such prepayment to be made by the payment of the principal amount to be prepaid and accrued interest thereon to the date fixed for prepayment. In the case of Eurocurrency Loans, such prepayment may only be made on the last day of the Interest Period then applicable to such Loans. The Agent will promptly advise each Bank of any such prepayment notice it receives from the Borrower. Any amount paid or prepaid before the Termination Date may, subject to the terms and conditions of this Agreement, be borrowed, repaid and borrowed again.

(b) If the aggregate principal amount of outstanding Loans shall at any time for any reason exceed the Revolving Credit Commitments then in effect, the Borrower shall, immediately and without notice or demand, pay the amount of such excess to the Agent for the ratable benefit of the Banks as a prepayment of the Loans. Immediately upon determining the need to make any such prepayment the Borrower shall notify the Agent of such required prepayment.

(c) Each such prepayment shall be accompanied by a payment of all accrued and unpaid interest on the Loans prepaid and shall be subject to Section 2.11.

Section 2.9 Default Rate. If any payment of any Obligation is not made when due (whether by acceleration or otherwise), such Obligation shall bear interest, computed on the basis of a year of 360 days and actual days elapsed (except for Base Rate Loans bearing interest based on the rate described in clause (i) of the definition of Base Rate, in which case such Loan shall bear interest computed on the basis of a year of 365 or 366 days, as applicable, and the actual number of days elapsed) from the date such payment was due until paid in full, payable on demand, at a rate per annum equal to:

(a) for any Obligation other than a Eurocurrency Loan, the sum of two percent (2%) plus the Base Rate Margin plus the Base Rate from time to time in effect; and

(b) for any Eurocurrency Loan, the sum of two percent (2%) plus the rate of interest in effect thereon at the time of such default until the end of the Interest Period applicable thereto and, thereafter, at a rate per annum equal to the sum of two percent (2%) plus the Base Rate Margin plus the Base Rate from time to time in effect.

Section 2.10 The Notes.

(a) The Loans made to the Borrower by a Bank shall be evidenced by a single promissory note of the Borrower issued to such Bank in the form of Exhibit A hereto. Each such promissory note is hereinafter referred to as a "Note" and collectively such promissory notes are referred to as the "Notes."

(b) Each Bank shall record on its books and records or on a schedule to its Note the amount of each Loan advanced, continued, or converted by it, all payments of principal and interest and the principal balance from time to time outstanding thereon, the type of such Loan, and, for any Eurocurrency Loan, the Interest Period and the interest rate applicable thereto. The record thereof, whether shown on such books and records of a Bank or on a schedule to any Note, shall be

prima facie evidence as to all such matters; provided, however, that the failure of any Bank to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it hereunder together with accrued interest thereon. At the request of any Bank and upon such Bank tendering to the Borrower the Note to be replaced, the Borrower shall furnish a new Note to such Bank to replace any outstanding Note, and at such time the first notation appearing on a schedule on the reverse side of, or attached to, such Note shall set forth the aggregate unpaid principal amount of all Loans, if any, then outstanding thereon.

Section 2.11 Funding Indemnity. If any Bank shall incur any loss, cost or expense (including, without limitation, any loss of profit, and any loss, cost or expense incurred by reason of the liquidation or re-employment of deposits or other funds acquired by such Bank to fund or maintain any Eurocurrency Loan or the relending or reinvesting of such deposits or amounts paid or prepaid to such Bank) as a result of:

(a) any payment (whether by acceleration or otherwise), prepayment or conversion of a Eurocurrency Loan on a date other than the last day of its Interest Period,

(b) any failure (because of a failure to meet the conditions of Section 6 or otherwise) by the Borrower to borrow or continue a Eurocurrency Loan, or to convert a Base Rate Loan into a Eurocurrency Loan, on the date specified in a notice given pursuant to Section 2.5(a) or established pursuant to Section 2.5(c) hereof,

(c) any failure by the Borrower to make any payment of principal on any Eurocurrency Loan (x) when due (whether by acceleration or otherwise), or (y) on the date specified in a notice of prepayment, or

(d) any acceleration of the maturity of a Eurocurrency Loan as a result of the occurrence of any Event of Default hereunder,

then, upon the demand of such Bank, the Borrower shall pay to such Bank such amount as will reimburse such Bank for such loss, cost or expense. If any Bank makes such a claim for compensation, it shall provide to the Borrower, with a copy to the Agent, a certificate executed by an officer of such Bank setting forth the amount of such loss, cost or expense in reasonable detail (including an explanation of the basis for and the computation of such loss, cost or expense) and the amounts shown on such certificate if reasonably calculated shall be conclusive absent manifest error.

Section 2.12 Commitment Terminations. The Borrower shall have the right at any time and from time to time, upon five (5) Business Days prior written notice to the Agent, to terminate the Revolving Credit Commitments without premium or penalty, in whole or in part, any partial termination to be (i) in an amount not less than $5,000,000, and (ii) allocated ratably among the Banks in proportion to their respective Percentages, provided that the Revolving Credit Commitments may not be reduced to an amount less than the amount of all Loans then outstanding. The Agent shall give prompt notice to each Bank of any such termination of Commitments. Any termination of Revolving Credit Commitments pursuant to this Section 2.12 may not be reinstated.

SECTION 3. FEES.

Section 3.1 Fees.

(a) Certain Fees. The Borrower shall pay, or cause to be paid, to the Agent certain fees set forth in the Fee Letter at the time

specified in the Fee Letter for payment of such amounts.

(b) Facility Fee. For the period from the Effective Date to and including the Termination Date, the Borrower shall pay to the Agent for the ratable account of the Banks in accordance with their Percentages a facility fee accruing at a rate per annum equal to the Facility Fee Rate on the average daily amount of the Commitments (whether

used or unused), or if the Commitments have expired or terminated, on the principal amount of Loans. Such facility fee is payable in arrears on the last Business Day of each calendar quarter and on the Termination Date, unless the Revolving Credit Commitments are terminated in whole on an earlier date, in which event the fee for the period to but not including the date of such termination shall be paid in whole on the date of such termination.

(c) Closing Fees. On the Effective Date the Borrower shall pay to the Agent for the account of each Bank a closing fee of 0.05% on the amount of such Bank's Revolving Credit Commitment in effect on the Effective Date.

(d) Fee Calculations. All fees payable under this Agreement shall be payable in U.S. Dollars and shall be computed on the basis of a year of 360 days, for the actual number of days elapsed. All determinations of the amount of fees owing hereunder (and the components thereof) shall be made by the Agent and shall be conclusive absent manifest error.

SECTION 4. PLACE AND APPLICATION OF PAYMENTS.

Section 4.1 Place and Application of Payments. All payments of principal of and interest on the Loans, and of all other amounts payable by the Borrower under this Agreement, shall be made by the Borrower to the Agent by no later than 12:00 Noon (Chicago time) on the due date thereof at the principal office of the Agent in Chicago, Illinois (or such other location in the United States as the Agent may designate to the Borrower). Any payments received after such time shall be deemed to have been received by the Agent on the next Business Day. All such payments shall be made free and clear of, and without deduction for, any set-off, counterclaim, levy, withholding or any other deduction of any kind in U.S. Dollars, in immediately available funds at the place of payment. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest on Loans or applicable fees ratably to the Banks and like funds relating to the payment of any other amount payable to any Person to such Person, in each case to be applied in accordance with the terms of this Agreement.

SECTION 5. REPRESENTATIONS AND WARRANTIES.

The Borrower hereby represents and warrants to each Bank as to itself and, where the following representations and warranties apply to Subsidiaries, as to each of its Subsidiaries, as follows:

Section 5.1 Corporate Organization and Authority. The Borrower and each of its Subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, except where such failure to be in good standing would not, individually or in the aggregate, have a Material Adverse Effect. Each is duly qualified to transact business in each jurisdiction in which such qualification is required, whether by reason of ownership or leasing of property or the conduct of business or otherwise, except where failure

to be so qualified would not, individually or in the aggregate, have a Material Adverse Effect. Each has the power and authority required to own, lease and operate its properties and to conduct its business as currently conducted, except where failure to have such power and authority would not, individually or in the aggregate, have a Material Adverse Effect.

Section 5.2 Subsidiaries. Schedule 5.2 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower) hereto identifies each Subsidiary and the jurisdiction of its incorporation. All of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and outstanding and fully paid and nonassessable except as set forth on Schedule 5.2 hereto. All such shares owned by the Borrower are owned beneficially, and of record, and, except in the case of (i) Liens granted in connection with the FinCo Revolving Loan Facility, and (ii) any Project Finance Subsidiary, free of any Lien.

Section 5.3 Corporate Authority and Validity of Obligations. The Borrower has full right and authority to enter into this Agreement and the other Credit Documents to which it is a party, to make the borrowings herein provided for, to issue its Notes in evidence thereof, and to perform all of its obligations under the Credit Documents to which it is a party. Each Credit Document to which it is a party has been duly authorized, executed and delivered by the Borrower and constitutes valid and binding obligations of the Borrower enforceable in accordance with its terms. No Credit Document, nor the performance or observance by the Borrower of any of the matters or things therein provided for, contravenes any provision of law or any charter or by-law provision of the Borrower or any material Contractual Obligation of or affecting the Borrower or any of its Properties or results in or requires the creation or imposition of any Lien on any of the Properties or revenues of the Borrower.

Section 5.4 Financial Statements. All financial statements heretofore delivered to the Banks showing historical performance of the Borrower for each of the Borrower's fiscal years ending on or before December 31, 1999, and for the Borrower's quarter ended September 30, 2000 have been prepared in accordance with generally accepted accounting principles applied on a basis consistent, except as otherwise noted therein, with that of the previous fiscal year. Each of such financial statements fairly presents on a consolidated basis the financial condition of the Borrower as of the dates thereof and the results of operations for the periods covered thereby. The Borrower and its Subsidiaries have no material contingent liabilities other than those disclosed in such financial statements referred to in this Section 5.4 or in comments or footnotes thereto, or in any report supplementary thereto, heretofore furnished to the Banks. Since December 31, 1999, there has been no material adverse change in the business, operations, Property or financial or other condition, or business prospects, of the Borrower or any of its Subsidiaries.

Section 5.5 No Litigation; No Labor Controversies.

(a) Except as set forth on Schedule 5.5 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower), there is no litigation or governmental proceeding pending, or to the knowledge of the Borrower,

threatened, against the Borrower or any Subsidiary which, if adversely determined, could (individually or in the aggregate) have a Material Adverse Effect.

(b) Except as set forth on Schedule 5.5 (as updated quarterly pursuant to Section 7.6(b) hereof or otherwise from time to time in writing by the Borrower), there are no labor controversies pending or, to the best knowledge of the Borrower, threatened against the Borrower or any Subsidiary which could have a Material Adverse Effect.

Section 5.6 Taxes. The Borrower and its Subsidiaries have filed all United States federal tax returns, and all other tax returns, required to be filed and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Borrower or any Subsidiary, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been provided. No notices of tax liens have been filed and no claims are being asserted concerning any such taxes, which liens or claims are material to the financial condition of the Borrower or any of its Subsidiaries (individually or in the aggregate). The charges, accruals and reserves on the books of the Borrower and its Subsidiaries for any taxes or other governmental charges are adequate.

Section 5.7 Approvals. Except as contemplated by Section 7.14, no authorization, consent, license, exemption, filing or registration with any court or governmental department, agency or instrumentality, nor any approval or consent of the stockholders of the Borrower or any Subsidiary or from any other Person, is necessary to the valid execution, delivery or performance by the Borrower or any Subsidiary of any Credit Document to which it is a party.

Section 5.8 Validity of Notes. When executed, authenticated and delivered pursuant to the provisions of this Agreement against payment of the consideration therefor, the Notes will be duly issued and will constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with their terms, except for the effect of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally, and will rank pari passu with all other outstanding unsecured indebtedness of the Borrower.

Section 5.9 ERISA. With respect to each Plan, the Borrower and each other member of the Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and with the Code to the extent applicable to it and has not incurred any liability to the Pension Benefit Guaranty Corporation ("PBGC") or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. The Borrower does not have any contingent liabilities for any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

Section 5.10 Government Regulation. Neither the Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 5.11 Margin Stock; Use of Proceeds. Neither the Borrower nor any Subsidiary is engaged principally, or as one of its primary activities, in the business of extending credit for the purpose of purchasing or carrying margin stock ("margin stock" to have the same meaning herein as in Regulation U of the Board of Governors of the Federal Reserve System). The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.10. The Borrower will not use the proceeds of any Loan in a manner that violates any provision of Regulation U or X of the Board of Governors of the Federal Reserve System.

Section 5.12 Licenses and Authorizations; Compliance Laws. The Borrower and each of its Subsidiaries has all necessary licenses, permits and

governmental authorizations to own and operate its Properties and to carry on its business as currently conducted and contemplated. The Borrower and each of its Subsidiaries is in compliance with all applicable laws, regulations, ordinances and orders of any governmental or judicial authorities except for any such law, regulation, ordinance or order which, the failure to comply therewith, could not reasonably be expected to have a Material Adverse Effect.

Section 5.13 Ownership of Property Liens. The Borrower and each Subsidiary has good title to or valid leasehold interests in all its Property. None of the Borrower's Property is subject to any Lien, except as permitted in Section 7.9.

Section 5.14 No Burdensome Restrictions; Compliance with Agreements. Neither the Borrower nor any Subsidiary is (a) party or subject to any law, regulation, rule or order, or any Contractual Obligation that (individually or in the aggregate) could have a Material Adverse Effect or (b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in, nor has any event occurred (and is continuing) that constitutes or would (whether or not with the giving of notice and/or with the passage of time and/or the fulfillment of any other requirement) constitute, to the knowledge of the Borrower, a default or any breach or failure to perform by the Borrower under any indenture, mortgage, loan agreement, lease or other agreement or instrument to which it is a party, which default could have a Material Adverse Effect.

Section 5.15 Full Disclosure. All information heretofore furnished by the Borrower to the Agent or any Bank for purposes of or in connection with the Credit Documents or any transaction contemplated thereby is, and all such information hereafter furnished by the Borrower to the Agent or any Bank will be, true and accurate in all material respects and not misleading on the date as of which such information is stated or certified.

Section 5.16 Year 2000 Problem. On the basis of a comprehensive review and assessment of the Borrower's and its Subsidiaries' systems and equipment and inquiry made of the Borrower's and its Subsidiaries' material suppliers, vendors and customers, and based on its operations since January 1, 2000, the Borrower has no reason to believe that the Year 2000 Problem, including costs of remediation, has resulted or will result in a Material Adverse Effect. As used herein, "Year 2000 Problem" means any significant risk that computer hardware, software or equipment containing embedded microchips essential to the businesses or operations of the Borrower and its Subsidiaries will not, in the case of dates or time periods occurring after

December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

SECTION 6. CONDITIONS PRECEDENT.

The obligation of each Bank to advance, continue, or convert any Loan shall be subject to the following conditions precedent:

Section 6.1 Initial Credit Event. Before or concurrently with the initial Credit Event:

(a) The Agent shall have received for each Bank (i) the favorable written opinion of counsel to the Borrower in form and substance satisfactory to the Agent and its counsel, and (ii) the closing fee referred to in Section 3.1(c) hereof;

(b) The Agent shall have received for each Bank copies of (i) the Articles of Incorporation, together with all amendments, and a certificate of good standing, for the Borrower, both certified as of a

date not earlier than 20 days prior to the date hereof by the appropriate governmental officer of the Borrower's jurisdiction of incorporation and (ii) the Borrower's bylaws (or comparable constituent documents) and any amendments thereto, certified in each instance by its Secretary or an Assistant Secretary;

(c) The Agent shall have received for each Bank copies of resolutions of the Borrower's Board of Directors authorizing the execution and delivery of the Credit Documents and the consummation of the transactions contemplated thereby together with specimen signatures of the persons authorized to execute such documents on the Borrower's behalf, all certified in each instance by its Secretary or Assistant Secretary;

(d) The Agent shall have received for each Bank such Bank's duly executed Note of the Borrower dated the date hereof and otherwise in compliance with the provisions of Section 2.10(a) hereof;

(e) The Agent shall have received for each Bank a list of the Borrower's Authorized Representatives and such other documents as any Bank may reasonably request;

(f) All legal matters incident to the execution and delivery of the Credit Documents shall be satisfactory to the Banks;

(g) The Existing Credit Agreement shall have terminated and the Borrower shall have no further obligations thereunder (except obligations which by their terms survive the termination of the Existing Credit Agreement).

(h) The Agent shall have received a certificate by the chief financial officer, treasurer, vice president of finance or corporate controller of the Borrower, stating that on the date of such initial Credit Event no Default or Event of Default has occurred and is continuing.

Section 6.2 All Credit Events. As of the time of each Credit Event hereunder (including the initial Credit Event):

(a) The Agent shall have received the notice required by Section 2.5 hereof;

(b) Each of the representations and warranties set forth in Section 5 hereof shall be and remain true and correct in all material respects as of said time, taking into account any amendments to such Section (including, without limitation, any amendments to the Schedules referenced therein) made after the date of this Agreement in accordance with its provisions, except that if any such representation or warranty relates solely to an earlier date it need only remain true as of such date, provided that solely for purposes of this Section 6.2(b) the representations relating to the Borrower's Subsidiaries set forth in Section 5.2 hereof shall be deemed representations relating only to the Borrower's Material Subsidiaries;

(c) The Borrower shall be in full compliance with all of the terms and conditions hereof, and no Default or Event of Default shall have occurred and be continuing or would occur as a result of such Credit Event;

(d) No event of default by the Borrower has been declared and is continuing under any existing debt agreements; and

(e) Such Credit Event shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to any Bank (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System).

Each request for a Borrowing hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Credit Event as to the facts specified in paragraphs (b) and (c) of this Section 6.2, provided, that solely in the case of a Credit Event which is a continuation of a previous Borrowing, the Borrower shall not be deemed to have made any representation or warranty with regard to the matters set forth in Section 5.5(a) and (b) hereof.

SECTION 7. COVENANTS.

The Borrower covenants and agrees that, so long as any Loan is outstanding hereunder, or any Commitment is available to or in use by the Borrower hereunder, except to the extent compliance in any case is waived in writing by the Required Banks:

Section 7.1 Corporate Existence; Subsidiaries. The Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain its corporate existence, subject to the provisions of Section 7.11 hereof.

Section 7.2 Maintenance. The Borrower will maintain, preserve and keep its plants, Properties and equipment necessary to the proper conduct of its business in reasonably good repair, working order and condition and will from time to time make all reasonably necessary

repairs, renewals, replacements, additions and betterments thereto so that at all times such plants, Properties and equipment shall be reasonably preserved and maintained, and the Borrower will cause each of its Subsidiaries to do so in respect of Property owned or used by it; provided, however, that nothing in this Section 7.2 shall prevent the Borrower or a Subsidiary from discontinuing the operation or maintenance of any such Properties if such discontinuance is not disadvantageous to the Banks or the holders of the Notes, and is, in the judgment of the Borrower, desirable in the conduct of its business or the business of its Subsidiary.

Section 7.3 Taxes. The Borrower will duly pay and discharge, and will cause each of its Subsidiaries duly to pay and discharge, all taxes, rates, assessments, fees and governmental charges upon or against it or against its Properties, in each case before the same becomes delinquent and before penalties accrue thereon, unless and to the extent that the same is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor on the books of the Borrower.

Section 7.4 ERISA. The Borrower will promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed might result in the imposition of a Lien against any of its properties or assets and will promptly notify the Agent of (i) the occurrence of any reportable event (as defined in ERISA) affecting a Plan, other than any such event of which the PBGC has waived notice by regulation, (ii) receipt of any notice from PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor, (iii) its intention to terminate or withdraw from any Plan, and (iv) the occurrence of any event affecting any Plan which could result in the incurrence by the Borrower of any material liability, fine or penalty, or any material increase in the contingent liability of the Borrower under any post-retirement Welfare Plan benefit. The Agent will promptly distribute to each Bank any notice it receives from the Borrower pursuant to this Section 7.4.

Section 7.5 Insurance. The Borrower will insure, and keep insured, and will cause each of its Subsidiaries to insure, and keep insured, with good and

responsible insurance companies, all insurable Property owned by it of a character usually insured by companies similarly situated and operating like Property. To the extent usually insured (subject to self-insured retentions) by companies similarly situated and conducting similar businesses, the Borrower will also insure, and cause each of its Subsidiaries to insure, employers' and public and product liability risks with good and responsible insurance companies. The Borrower will upon request of the Agent furnish to the Agent a summary setting forth the nature and extent of the insurance maintained pursuant to this Section 7.5.

Section 7.6 Financial Reports and Other Information.

(a) The Borrower will maintain a system of accounting in accordance with GAAP and will furnish to the Banks and their respective duly authorized representatives such information respecting the business and financial condition of the Borrower and its subsidiaries as any Bank may reasonably request; and without any request, the Borrower will furnish each of the following to each Bank:

(i) within 120 days after the end of each fiscal year of the Borrower, (A) a copy of the Borrower's audited financial statements for such fiscal year, including the consolidated balance sheet of the Borrower for such year and the related statement of income and statement of cash flow, as certified by independent public accountants of recognized national standing selected by the Borrower in accordance with GAAP with such accountants unqualified opinion to the effect that the financial statements have been prepared in accordance with GAAP and present fairly in all material respects in accordance with GAAP the consolidated financial position of the Borrower and its subsidiaries as of the close of such fiscal year and the results of their operations and cash flows for the fiscal year then ended and that an examination of such accounts in connection with such financial statements has been made in accordance with generally accepted auditing standards and accordingly, such examination included such tests of the accounting records and such other auditing procedures as were considered necessary in the circumstances; (B) a copy of the Borrower's unaudited consolidating financials for such fiscal year, including a consolidating unaudited balance sheet of the Borrower, and the related statement of income and shall use its best efforts to provide a statement of cash flow in a format acceptable to the Agent; all of the foregoing prepared by the Borrower in reasonable detail in accordance with GAAP and certified by the Borrower's chief financial officer, treasurer, vice president of finance or corporate controller as fairly presenting the financial condition as at the dates thereof and the results of operations for the periods covered thereby;

(ii) within 60 days after the end of each of the first three quarterly fiscal periods of the Borrower, a condensed consolidated unaudited balance sheet of the Borrower, and the related statement of income and statement of cash flow, as of the close of such period, all of the foregoing prepared by the Borrower in reasonable detail in accordance with GAAP and certified by the Borrower's chief financial officer, treasurer, vice president of finance or corporate controller as fairly presenting the financial condition as at the dates thereof and the results of operations for the periods covered thereby (subject to year end adjustments):

(iii) within the period provided in subsection (i) above, the written statement of the accountants who certified the audit report thereby required that in the course of their audit they have obtained no knowledge of any Default or Event of Default, or, if such accountants have obtained knowledge of any such Default or Event of Default, they shall disclose in such statement the nature and period of the existence thereof;

(iv) promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports the Borrower sends to its shareholders, and copies of all other regular, periodic and special reports and all registration statements the Borrower files with the SEC or any successor thereto, or with any national securities exchanges.

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(b) Each financial statement furnished to the Banks pursuant to subsection (i) or (ii) of Section 7.6(a) shall be accompanied by (A) a written certificate signed by the Borrower's chief financial officer, vice president of finance, corporate controller or treasurer (i) to the effect that no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Borrower to remedy the same, (ii) to the effect that the representations and warranties contained in Section 5 hereof are true and correct in all material respects as though made on the date of such certificate (other than those made solely as of an earlier date, which need only remain true as of such date), taking into account any amendments to such Section (including, without limitation, any amendments to the Schedules referenced therein) made after the date of this Agreement in accordance with its provisions and except as otherwise described therein, (iii) notifying the Banks (x) of any litigation or governmental proceeding of the type described in Section 5.5 hereof or (y) of any change in the information set forth on the Schedules hereto and (B) a Compliance Certificate in the form of Exhibit B hereto showing the Borrower's compliance with the covenants set forth in Sections 7.9, 7.11, 7.12 and 7.13 hereof.

(c) The Borrower will (i) promptly (and in any event within three Business Days after an officer of the Borrower has knowledge thereof) give notice to the Agent and each Bank (x) of the occurrence of any Default or Event of Default or (y) of any payment default or payment event of default aggregating $50,000,000 or more under any Contractual Obligation of the Borrower and (ii) promptly (and in any event within ten Business Days after an officer of the Borrower has knowledge thereof) give notice to the Agent and each Bank of any material adverse change in the business, operations, Property or financial or other condition of the Borrower and its Subsidiaries (individually or in the aggregate).

Section 7.7 Bank Inspection Rights. Upon reasonable notice from any Bank, the Borrower will, at the Borrower's expense (such expenses to be reasonably incurred), permit such Bank (and such Persons as any Bank may designate) during normal business hours to visit and inspect, under the Borrower's guidance, any of the properties of the Borrower or any of its Subsidiaries, to examine all of their books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and with their independent public accountants (and by this provision the Borrower authorizes such accountants to discuss with the Banks (and such Persons as any Bank may designate subject to confidentiality agreements

reasonably acceptable to the Borrower) the finances and affairs of the Borrower and its Subsidiaries) all at such reasonable times and as often as may be reasonably requested; provided, however, that except upon the occurrence and during the continuation of any Default or Event of Default, not more than one such set of visits and inspections may be conducted each calendar quarter.

Section 7.8 Conduct of Business. The Borrower will not engage in any line of business other than business associated with or related to energy generation, transmission, marketing and distribution or other infrastructure lines of business.

Section 7.9 Liens. The Borrower shall cause the Obligations to at all times rank at least pari passu with all other senior unsecured obligations of the Borrower. The Borrower will not create, incur, permit to exist or to be incurred any Lien of any kind on any Property owned by the Borrower; provided, however, that this Section 7.9 shall not apply to nor operate to prevent:

(a) Liens upon any Property acquired by the Borrower to secure any Indebtedness (which for purposes of this Section 7.9(a) shall include non-recourse obligations) of the Borrower incurred to finance or refinance the purchase price of such Property (including Property which was initially purchased with equity), provided that any such Lien shall apply only to the Property that was so acquired and the aggregate principal amount of Indebtedness secured by such Liens shall not exceed the cost or value of the acquired Property;

(b) Other Liens not to exceed 10% of Consolidated Net Tangible Assets;

(c) Liens on the stock or other equity interests (i) granted in connection with the FinCo Revolving Loan Facility and (ii) of Project Finance Subsidiaries; and

(d) Any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in the foregoing paragraphs (a) through (c), inclusive.

Section 7.10 Use of Proceeds; Regulation U. The proceeds of each Borrowing will be used by the Borrower to repay indebtedness outstanding under the Existing Credit Agreement, and for working capital and general corporate purposes. The Borrower will not use any part of the proceeds of any of the Borrowings directly or indirectly to purchase or carry any margin stock (as defined in Section 5.11 hereof) or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

Section 7.11 Mergers, Consolidations and Sales of Assets.

(a) The Borrower will not consolidate with or merge into any other Person or sell, convey, transfer or lease its properties and assets substantially as an entirety to any Person, and the Borrower shall not permit any Person to consolidate with or merge into the Borrower, unless: (i) immediately prior to and immediately following such consolidation, merger, sale or lease, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; and (ii) the Borrower is the surviving or continuing corporation, or the surviving or continuing corporation that acquires by sale, conveyance, transfer or lease (a) has a Rating equal to or better than the Rating of the Borrower in effect prior to such consolidation or merger and (y) is incorporated in the

United States and expressly assumes the payment and performance of all Obligations of the Borrower under the Credit Documents pursuant to documentation in form and substance satisfactory to the Required Banks.

(b) Except for the sale of the properties and assets of the Borrower substantially as an entirety pursuant to subsection (a) above, and other than assets required to be sold to conform with governmental regulations, the Borrower shall not sell or otherwise dispose of any assets (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other asset sales) if on a pro forma basis, the aggregate net book value of all such sales during the most recent 12-month period would exceed ten percent (10%) of Consolidated Net Tangible Assets computed as of the end of the most recent fiscal quarter preceding such sale; provided, however, that any such sales shall be disregarded for purposes of this ten percent (10%) limitation if the proceeds are invested in assets in similar or related lines of business of the Borrower and, provided further, that the Borrower may sell or otherwise dispose of assets in excess of such ten percent (10%) if the proceeds from such sales or dispositions, which are not reinvested as provided above, are retained by the Borrower as cash or cash equivalents at all times until invested in assets in similar or related lines of business of the Borrower.

Section 7.12 Consolidated Net Worth. The Borrower will at all times cause its Consolidated Net Worth to be equal to or greater than the Minimum Consolidated Net Worth.

Section 7.13 Indebtedness to Consolidated Capitalization. The Borrower will at the end of each of its fiscal quarters maintain a ratio of its Indebtedness to Consolidated Capitalization of not more than 0.68 to 1.00, provided that for not more than two consecutive months in any six month period (any such two month period being referred to herein as a "Non-Conforming Period"), the ratio of the Borrower's Indebtedness to Consolidated Capitalization may increase to not more than 0.72 to 1.00 so long as the Borrower delivers to the Agent within 30 days after the end of any such Non-Conforming Period written affirmation from Moody's Investors Service, Inc. and Standard and Poor's Ratings Service, Inc. that the respective Ratings which were in effect prior to such Non-Conforming Period remains in effect and that the Borrower has not been placed in any "credit-watch with negative implications" or similar type of category. For purposes of this covenant, only fifty percent (50%) of any Indebtedness of the Borrower constituting Performance Guarantees of obligations of the Borrower's Affiliates shall be deemed Indebtedness, provided that if any demand has been made on such guarantee, the full amount of such guarantee shall be included in calculating Indebtedness.

Section 7.14 Compliance with Laws. Without limiting any of the other covenants of the Borrower in this Section 7, the Borrower will conduct its business, and otherwise be, in compliance with all applicable laws, regulations, ordinances, writs, judgments, injunctions, decrees, awards and orders of any governmental or judicial authorities; provided, however, that the Borrower shall not be required to comply with any such law, rule, regulation, ordinance, writ, judgments, injunction, decree, award or order if the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

Section 7.15 PUHCA. The Borrower has obtained, and will maintain in full force and effect, all necessary approvals, if any, under the Public Utility Holding Company Act of 1935, as amended, in connection with the Borrower's performance under the Credit Documents.

SECTION 8. EVENTS OF DEFAULT AND REMEDIES.

Section 8.1 Events of Default. Any one or more of the following shall constitute an Event of Default:

(a) The Borrower shall (i) fail to make when due any payment of principal on the Notes, or (ii) fail to make when due, and continuance of such failure for three or more Business Days, payment of interest on the Notes or any fee or other amount required to be made to the Agent pursuant to the Credit Documents;

(b) Any representation or warranty made or deemed to have been made by or on behalf of the Borrower in the Credit Documents or on behalf of the Borrower in any certificate, statement, report or other writing furnished by or on behalf of the Borrower to the Agent pursuant to the Credit Documents or any other instrument, document or agreement shall prove to have been false or misleading in any material respect on the date as of which the facts set forth are stated or certified or deemed to have been stated or certified;

(c) The Borrower shall fail to comply with Section 7 hereof and such failure to comply shall continue for 30 calendar days after the earlier to occur of (i) notice thereof to the Borrower by the Agent and (ii) first actual knowledge thereof by an officer of the Borrower;

(d) The Borrower shall fail to comply with any agreement, covenant, condition, provision or term contained in the Credit Documents (and such failure shall not constitute an Event of Default under any of the other provisions of this Section 8) and such failure to comply shall continue for 30 calendar days after the earlier to occur of (i) notice thereof to the Borrower by the Agent and (ii) first actual knowledge thereof by an officer of the Borrower;

(e) The Borrower shall become insolvent or shall generally not pay its debts as they mature or shall apply for, shall consent to, or shall acquiesce in the appointment of a custodian, trustee or receiver of the Borrower or for a substantial part of the property thereof or, in the absence of such application, consent or acquiescence, a custodian, trustee or receiver shall be appointed for the Borrower or for a substantial part of the property thereof and shall not be discharged within 90 days;

(f) Any bankruptcy, reorganization, debt arrangement or other proceedings under any bankruptcy or insolvency law shall be instituted by or against the Borrower, and, if instituted against the Borrower, shall have been consented to or acquiesced in by the Borrower, or shall remain undismissed for 90 days, or an order for relief shall have

been entered against the Borrower, or the Borrower shall take any corporate action to approve institution of, or acquiescence in, such a proceeding;

(g) Any dissolution or liquidation proceeding shall be instituted by or against the Borrower and, if instituted against the Borrower, shall be consented to or acquiesced in by the Borrower or shall remain for 90 days undismissed, or the Borrower shall take any corporate action to approve institution of, or acquiescence in, such a proceeding;

(h) A judgment or judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or entity for the payment of money in excess of the sum of $50,000,000 in the aggregate shall be rendered against the Borrower (excluding the

amount thereof covered by insurance) or any of the Borrower's properties and such judgment, decree or order shall remain unvacated and undischarged and unstayed for 90 consecutive days, except while being contested in good faith by appropriate proceedings;

(i) The institution by the Borrower of steps to terminate any Plan if in order to effectuate such termination, the Borrower would be required to make a contribution to such Plan, or would incur a liability or obligation to such Plan, in excess of $50,000,000, or the institution by the PBGC of steps to terminate any Plan;

(j) Either (A) a default shall occur under that certain Credit Agreement dated as of November 30, 1999 among NRG Energy, Inc., the banks party thereto and Australia and New Zealand Banking Group Limited, as Administrative Agent, as such agreement may from time to time be restated, amended or otherwise modified or any substitute or replacement credit agreement with respect thereto (the "LC Agreement"), and as a result of such default is (x) the termination of the commitments under the LC Agreement, (y) the Borrower is required to provide cash collateral pursuant to the LC Agreement, or (z) the bank and/or the agent under the LC Agreement exercise any right or remedy thereunder, or (B) (i) a default in payment of any principal of or any interest aggregating $50,000,000 or more on any bond, debenture, note or other evidence of indebtedness of the Borrower or under any indenture or other instrument under which any such evidence of indebtedness has been issued or (ii) a default shall occur under any bond, debenture, note or other evidence of indebtedness of the Borrower or under any indenture or other instrument under which any such evidence of indebtedness has been issued and such default shall continue for a period of time sufficient to permit the holder or beneficiary of such indebtedness or a trustee therefor to cause the acceleration of the maturity of any such indebtedness of principal of or any interest aggregating $50,000,000 or more or any mandatory unscheduled prepayment, purchase or funding thereof; or

(k) if at any time both (i) Xcel Energy Inc., a Minnesota corporation, or its successors, ceases to own a majority of the outstanding Voting Stock of the Borrower and (ii) the Borrower does not have an Investment Grade Rating.

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Section 8.2 Non-Bankruptcy Defaults. When any Event of Default other than those described in subsections (e), (f) or (g) of Section 8.1 hereof has occurred and is continuing, the Agent shall, by written notice to the Borrower: (a) if so directed by the Required Banks, terminate the remaining Commitments and all other obligations of the Banks hereunder on the date stated in such notice (which may be the date thereof); and (b) if so directed by the Required Banks, declare the principal of and the accrued interest on all outstanding Notes to be forthwith due and payable and thereupon all outstanding Notes, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable under the Credit Documents without further demand, presentment, protest or notice of any kind. The Agent, after giving notice to the Borrower pursuant to Section 8.1(c), 8.1(d) or this Section 8.2, shall also promptly send a copy of such notice to the other Banks, but the failure to do so shall not impair or annul the effect of such notice.

Section 8.3 Bankruptcy Defaults. When any Event of Default described in subsections (e), (f) or (g) of Section 8.1 hereof has occurred and is continuing, then all outstanding Notes shall immediately and automatically become due and payable together with all other amounts payable under the Credit Documents without presentment, demand, protest or notice of any kind and the obligation of the Banks to extend further credit pursuant to any of the terms

hereof shall immediately and automatically terminate.

Section 8.4 [Intentionally Omitted]

Section 8.5 Notice of Default. The Agent shall give notice to the Borrower under Section 8.1(c) or 8.1(d) hereof promptly upon being requested to do so by any Bank and shall thereupon notify all the Banks thereof.

Section 8.6 Expenses. The Borrower agrees to pay to the Agent and each Bank, and any other holder of any Note outstanding hereunder, all reasonable costs and expenses incurred or paid by the Agent or such Bank or any such holder, including attorneys' fees and court costs, in connection with any Default or Event of Default by the Borrower hereunder or in connection with the enforcement of any of the Credit Documents.

SECTION 9. CHANGE IN CIRCUMSTANCES.

Section 9.1 Change of Law. Notwithstanding any other provisions of this Agreement or any Note if at any time after the date hereof any change in applicable law or regulation or in the interpretation thereof makes it unlawful for any Bank to make or continue to maintain Eurocurrency Loans or to perform its obligations as contemplated hereby, such Bank shall promptly give notice thereof to the Borrower and such Bank's obligations to make or maintain Eurocurrency Loans under this Agreement shall terminate until it is no longer unlawful for such Bank to make or maintain Eurocurrency Loans. The Borrower shall prepay on demand the outstanding principal amount of any such affected Eurocurrency Loans, together with all interest accrued thereon at a rate per annum equal to the interest rate applicable to such Loan; provided, however, subject to all of the terms and conditions of this Agreement, the Borrower may then elect to borrow the principal amount of the affected Eurocurrency Loans from such Bank by

means of Base Rate Loans from such Bank, which Base Rate Loans shall not be made ratably by the Banks but only from such affected Bank.

Section 9.2 Unavailability of Deposits or Inability to Ascertain, or Inadequacy of, LIBOR. If on or prior to the first day of any Interest Period for any Borrowing of Loans:

(a) the Agent determines that deposits in U.S. Dollars (in the applicable amounts) are not being offered to it in the federal funds or eurocurrency interbank market, as applicable, for such Interest Period, or that by reason of circumstances affecting the federal funds or interbank eurocurrency market, as applicable, adequate and reasonable means do not exist for ascertaining the applicable Federal Funds Rate or LIBOR; or

(b) Banks having 25% or more of the aggregate amount of the Revolving Credit Commitments reasonably determine and so advise the Agent that the Federal Funds Rate or LIBOR, as applicable, as reasonably determined by the Agent will not adequately and fairly reflect the cost to such Banks or Bank of funding their or its Loans or Loan for such Interest Period;

then the Agent shall forthwith give notice thereof to the Borrower and the Banks, whereupon until the Agent notifies the Borrower that the circumstances giving rise to such suspension no longer exist, the obligations of the Banks or of the relevant Bank to make Base Rate Loans bearing interest at the Federal Funds Rate or Eurocurrency Loans in the currency so affected, as applicable, shall be suspended.

Section 9.3 Increased Cost and Reduced Return.

(a) If, on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of law but, if not having the force of law, compliance with which is customary in the relevant jurisdiction) of any such authority, central bank or comparable agency:

(i) shall subject any Bank (or its Lending Office) to any tax, duty or other charge with respect to its Eurocurrency Loans, its Notes, or its obligation to make Eurocurrency Loans, or shall change the basis of taxation of payments to any Bank (or its Lending Office) of the principal of or interest on its Eurocurrency Loans, or any other amounts due under this Agreement in respect of its Eurocurrency Loans or its obligation to make Eurocurrency Loans (except for changes in the rate of tax on the overall net income or profits of such Bank or its Lending Office imposed by the jurisdiction in which such Bank or its lending office is incorporated in which such Bank's principal executive office or Lending Office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurocurrency Loans any such requirement included in an applicable Eurocurrency Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Lending Office) or shall impose on any Bank (or its Lending Office) or on the interbank market any other condition affecting its Eurocurrency Loans, its Notes, or its obligation to make Eurocurrency Loans;

and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of making or maintaining any Eurocurrency Loan, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under its Notes with respect thereto, by an amount deemed by such Bank to be material, then, within fifteen (15) days after demand by such Bank (with a copy to the Agent), the Borrower shall be obligated to pay to such Bank such additional amount or amounts as will compensate such Bank for such increased cost or reduction. In the event any law, rule, regulation or interpretation described above is revoked, declared invalid or inapplicable or is otherwise rescinded, and as a result thereof a Bank is determined to be entitled to a refund from the applicable authority for any amount or amounts which were paid or reimbursed by Borrower to such Bank hereunder, such Bank shall, so long as no Event of Default has occurred and is then continuing, refund such amount or amounts to Borrower without interest.

(b) If, after the date hereof, any Bank or the Agent shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein (including, without limitation, any revision in the Final Risk-Based Capital Guidelines of the Board of Governors of the Federal Reserve System (12 CFR Part 208, Appendix A; 12 CFR Part 225, Appendix A) or of the Office of the Comptroller of the Currency (12 CFR Part 3, Appendix A), or in any other applicable capital rules heretofore adopted and issued by any governmental authority), or any change in the interpretation or administration thereof by any governmental authority,

central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law but, if not having the force of law, compliance with which is customary in the applicable jurisdiction) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital, or on the capital of any corporation controlling such Bank, as a consequence of its obligations hereunder to a level below that which such Bank could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to the Agent), the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction.

(c) Each Bank that determines to seek compensation under this Section 9.3 shall notify the Borrower and the Agent of the circumstances that entitle the Bank to such compensation pursuant to this Section 9.3 and will designate a different Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section 9.3 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

(d) If any Bank (other than ABN AMRO Bank N.V.) has demanded compensation or given notice of its intention to demand compensation under this Section 9.3 or the Borrower is required to pay any additional amount to any Bank under Section 9.3, the Borrower shall have the right, with the assistance of the Agent, to seek a substitute Bank or Banks reasonably satisfactory to the Agent (which may be one or more of the Banks) to replace such Bank under this Agreement and on the date of replacement, the Borrower shall pay all accrued interest and fees to the Bank being replaced. The Bank to be so replaced shall cooperate with the Borrower and substitute Bank to accomplish such substitution, provided that all of such Bank's Loan Commitment is replaced.

Section 9.4 Lending Offices. Each Bank may, at its option, elect to make its Loans hereunder at the branch, office or affiliate specified on the appropriate signature page hereof or in the assignment agreement which any assignee bank executes pursuant to Section 11.12 hereof (each a "Lending Office") for each type of Loan available hereunder or at such other of its branches, offices or affiliates as it may from time to time elect and designate in a written notice to the Borrower and the Agent.

Section 9.5 Discretion of Bank as to Manner of Funding. Notwithstanding any other provision of this Agreement, each Bank shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Bank had actually funded and maintained each Eurocurrency Loan through the purchase of deposits of U.S. Dollars in the eurocurrency interbank market having a maturity corresponding to such Loan's Interest Period and bearing an interest rate equal to LIBOR for such Interest Period.

SECTION 10. THE AGENT.

Section 10.1 Appointment and Authorization of Agent. Each Bank hereby

appoints ABN AMRO Bank N.V. as the Agent under the Credit Documents and hereby authorizes the agent to take such action as Agent on its behalf and to exercise such powers under the Credit Documents as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto. The Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Credit Documents. The duties of the Agent shall be mechanical and administrative in nature; the Agent shall not have by reason of this

Agreement or any other Credit Document a fiduciary relationship in respect of any Bank, the holder of any Note or any other Person; and nothing in this Agreement or any other Credit Document, expressed or implied, is intended to or shall be so construed as to impose upon the Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein.

Section 10.2 Agent and its Affiliates. The Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any other Bank and may exercise or refrain from exercising the same as though it were not the Agent, and the Agent and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Affiliate of the Borrower as if it were not the Agent under the Credit Documents. The term "Bank" as used herein and in all other Credit Documents, unless the context otherwise clearly requires, includes the Agent in its individual capacity as a Bank. References in Section 2 hereof to the Agent's Loans, or to the amount owing to the Agent for which an interest rate is being determined, refer to the Agent in its individual capacity as a Bank.

Section 10.3 Action by Agent. If the Agent receives from the Borrower a written notice of an Event of Default pursuant to Section 7.6(c)(i) hereof, the Agent shall promptly give each of the Banks written notice thereof. The obligations of the Agent under the Credit Documents are only those expressly set forth therein. Without limiting the generality of the foregoing, the Agent shall not be required to take any action hereunder with respect to any Default or Event of Default, except as expressly provided in Sections 8.2 and 8.5. In no event, however, shall the Agent be required to take any action in violation of applicable law or of any provision of any Credit Document, and the Agent shall in all cases be fully justified in failing or refusing to act hereunder or under any other Credit Document unless it shall be first indemnified to its reasonable satisfaction by the Banks against any and all costs, expense, and liability which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall be entitled to assume that no Default or Event of Default exists unless notified to the contrary by a Bank or the Borrower. In all cases in which this Agreement and the other Credit Documents do not require the Agent to take certain actions, the Agent shall be fully justified in using its discretion in failing to take or in taking any action hereunder and thereunder.

Section 10.4 Consultation with Experts. The Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 10.5 Liability of Agent; Credit Decision. Neither the Agent nor any of its directors, officers, agents, or employees shall be liable for any action taken or not taken by it in connection with the Credit Documents (i) with the consent or at the request of the Required Banks or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify: (i) any statement, warranty or representation made in connection with this Agreement, any other Credit Document or any Credit Event; (ii) the performance or observance of any of the covenants

or agreements of the Borrower or any other party contained

herein or in any other Credit Document; (iii) the satisfaction of any condition specified in Section 6 hereof, except receipt of items required to be delivered to the Agent; or (iv) the validity, effectiveness, genuineness, enforceability, perfection, value, worth or collectability hereof or of any other Credit Document or of any other documents or writing furnished in connection with any Credit Document; and the Agent makes no representation of any kind or character with respect to any such matter mentioned in this sentence. The Agent may execute any of its duties under any of the Credit Documents by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Banks, the Borrower, or any other Person for the default or misconduct of any such agents or attorneys-in-fact selected with reasonable care. The Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, other document or statement (whether written or oral) believed by it to be genuine or to be sent by the proper party or parties. In particular and without limiting any of the foregoing, the Agent shall have no responsibility for confirming the accuracy of any Compliance Certificate or other document or instrument received by it under the Credit Documents. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with the Agent signed by such payee in form satisfactory to the Agent. Each Bank acknowledges that it has independently and without reliance on the Agent or any other Bank, and based upon such information, investigations and inquiries as it deems appropriate, made its own credit analysis and decision to extend credit to the Borrower in the manner set forth in the Credit Documents. It shall be the responsibility of each Bank to keep itself informed as to the creditworthiness of the Borrower and any other relevant Person, and the Agent shall have no liability to any Bank with respect thereto.

Section 10.6 Indemnity. The Banks shall ratably, in accordance with their respective Percentages, indemnify and hold the Agent, and its directors, officers, employees, agents and representatives harmless from and against any liabilities, losses, costs or expenses suffered or incurred by it under any Credit Document or in connection with the transactions contemplated thereby, regardless of when asserted or arising, except to the extent they are promptly reimbursed for the same by the Borrower and except to the extent that any event giving rise to a claim was caused by the gross negligence or willful misconduct of the party seeking to be indemnified. The obligations of the Banks under this Section 10.6 shall survive termination of this Agreement.

Section 10.7 Resignation of Agent and Successor Agent. The Agent may resign at any time by giving written notice thereof to the Banks and the Borrower. Upon any such resignation of the Agent, the Required Banks shall have the right to appoint a successor Agent with the consent of the Borrower, provided, that at any time an Event of Default has occurred and is continuing, no such consent shall be required. If no successor Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Banks, with the consent of the Borrower, appoint a successor Agent, which shall be any Bank hereunder or any commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $200,000,000. Upon the acceptance of its appointment as the Agent hereunder, such successor Agent shall thereupon succeed to and become vested with all the rights and duties of the retiring or removed Agent under the Credit Documents, and the retiring Agent shall be discharged from

its duties and obligations thereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 10 and all protective provisions of the other Credit Documents shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent.

SECTION 11. MISCELLANEOUS.

Section 11.1 Withholding Taxes.

(a) Payments Free of Withholding. Subject to Section 11.1(b) hereof, each payment by the Borrower under this Agreement or the other Credit Documents shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient). If any such withholding is so required, the Borrower shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by each Bank and the Agent free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which that Bank or the Agent (as the case may be) would have received had such withholding not been made. If the Agent or any Bank pays any amount in respect of any such taxes, penalties or interest the Borrower shall reimburse the Agent or that Bank for that payment on demand in the currency in which such payment was made. If the Borrower pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Bank or Agent on whose account such withholding was made (with a copy to the Agent if not the recipient of the original) on or before the thirtieth day after payment. If any Bank or the Agent determines it has received or been granted a credit against or relief or remission for, or repayment of, any taxes paid or payable by it because of any taxes, penalties or interest paid by the Borrower and evidenced by such a tax receipt, such Bank or Agent shall, to the extent it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Borrower such amount as such Bank or Agent determines is attributable to such deduction or withholding and which will leave such Bank or Agent (after such payment) in no better or worse position than it would have been in if the Borrower had not been required to make such deduction or withholding. Nothing in this Agreement shall interfere with the right of each Bank and the Agent to arrange its tax affairs in whatever manner it thinks fit nor oblige any Bank or the Agent to disclose any information relating to its tax affairs or any computations in connection with such taxes.

(b) U.S. Withholding Tax Exemptions. Each Bank that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) shall submit to the Borrower and the Agent on or before the earlier of the date the initial Borrowing is made hereunder and thirty (30) days after the date hereof, two duly completed and signed copies of either Form W8BEN (relating to such Bank and entitling it to a complete exemption from withholding under the Code on all amounts to be received by such Bank, including fees, pursuant to the Credit Documents and the Loans) or Form W8ECI (relating to all amounts to be received by such Bank, including fees, pursuant to the

Credit Documents and the Loans) of the United States Internal Revenue Service. Thereafter and from time to time, each Bank shall submit to

the Borrower and the Agent such additional duly completed and signed copies of one or the other of such Forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may be (i) requested by the Borrower in a written notice, directly or through the Agent, to such Bank and (ii) required under then-current United States law or regulations to avoid or reduce United States withholding taxes on payments in respect of all amounts to be received by such Bank, including fees, pursuant to the Credit Documents or the Loans.

(c) Inability of Bank to Submit Forms. If any Bank determines, as a result of any change in applicable law, regulation or treaty, or in any official application or interpretation thereof, that it is unable to submit to the Borrower or Agent any form or certificate that such Bank is obligated to submit pursuant to subsection (b) of this Section 11.1 or that such Bank is required to withdraw or cancel any such form or certificate previously submitted or any such form or certificate otherwise becomes ineffective or inaccurate, such Bank shall promptly notify the Borrower and Agent of such fact and the Bank shall to that extent not be obligated to provide any such form or certificate and will be entitled to withdraw or cancel any affected form or certificate, as applicable.

Section 11.2 No Waiver of Rights. No delay or failure on the part of the Agent or any Bank or on the part of the holder or holders of any Note in the exercise of any power or right under any Credit Document shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise thereof preclude any other or further exercise of any other power or right, and the rights and remedies hereunder of the Agent, the Banks and the holder or holders of any Notes are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 11.3 Non-Business Day. If any payment of principal or interest on any Loan or of any other Obligation shall fall due on a day which is not a Business Day, interest or fees (as applicable) at the rate, if any, such Loan or other Obligation bears for the period prior to maturity shall continue to accrue on such Obligation from the stated due date thereof to and including the next succeeding Business Day, on which the same shall be payable.

Section 11.4 Documentary Taxes. The Borrower agrees that it will pay any documentary, stamp or similar taxes payable in respect to any Credit Document, including interest and penalties, in the event any such taxes are assessed, irrespective of when such assessment is made and whether or not any credit is then in use or available hereunder.

Section 11.5 Survival of Representations. All representations and warranties made herein or in certificates given pursuant hereto shall survive the execution and delivery of this Agreement and the other Credit Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 11.6 Survival of Indemnities. All indemnities and all other provisions relative to reimbursement to the Banks of amounts sufficient to protect the yield of the Banks with respect to the Loans, including, but not limited to, Section 2.11, Section 9.3 and Section 11.15 hereof, shall survive the termination of this Agreement and the other Credit Documents and the payment of the Loans and all other Obligations.

Section 11.7 Set-Off.

(a) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of any Event of Default, each Bank, each Affiliate of a Bank, and each subsequent holder of any Note is hereby authorized by

the Borrower at any time or from time to time, without notice to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including, but not limited to, Indebtedness evidenced by certificates of deposit, whether matured or unmatured, and in whatever currency denominated) and any other Indebtedness at any time held or owing by that Bank, its Affiliate or that subsequent holder to or for the credit or the account of the Borrower, whether or not matured, against and on account of the obligations and liabilities of the Borrower to that Bank, its Affiliate or that subsequent holder under the Credit Documents, including, but not limited to, all claims of any nature or description arising out of or connected with the Credit Documents, irrespective of whether or not (a) that Bank, its Affiliate or that subsequent holder shall have made any demand hereunder or (b) the principal of or the interest on the Loans or Notes and other amounts due hereunder shall have become due and payable pursuant to Section 8 and although said obligations and liabilities, or any of them, may be contingent or unmatured.

(b) Each Bank agrees with each other Bank a party hereto that if such Bank shall receive and retain any payment, whether by set-off or application of deposit balances or otherwise, on any of the Loans in excess of its ratable share of payments on all such obligations then outstanding to the Banks, then such Bank shall purchase for cash at face value, but without recourse, ratably from each of the other Banks such amount of the Loans, or participations therein, held by each such other Bank (or interest therein) as shall be necessary to cause such Bank to share such excess payment ratably with all the other Banks; provided, however, that if any such purchase is made by any Bank, and if such excess payment or part thereof is thereafter recovered from such purchasing Bank, the related purchases from the other Banks shall be rescinded ratably and the purchase price restored as to the portion of such excess payment so recovered, but without interest unless the purchasing Bank is required to pay interest thereon, in which case each Bank returning funds to such purchasing Bank shall pay its pro rata share of such interest.

Section 11.8 Notices. Except as otherwise specified herein, all notices under the Credit Documents shall be in writing (including telecopy or other electronic communication) and shall be given to a party hereunder at its address or telecopier number set forth below or such other address or telecopier number as such party may hereafter specify by notice to the Agent and the Borrower, given by courier, by United States certified or registered mail, or by other

telecommunication device capable of creating a written record of such notice and its receipt. Notices under the Credit Documents to the Banks shall be addressed to their respective addresses, telecopier or telephone numbers set forth on the signature pages hereof or in the assignment agreement which any assignee bank executes pursuant to Section 11.12 hereof, and to the Borrower and to the Agent to:

If to the Borrower:

NRG Energy, Inc.
1221 Nicollet Mall
Suite 700
Minneapolis, MN 55403-2445
Attention: Treasurer
Facsimile: (612) 373-5341
Telephone: (612) 373-5306

If to the Agent:

ABN AMRO Bank
Agency Services
1325 Avenue of the Americas
9th Floor
New York, New York 10019
Attention: Linda Boardman
Facsimile: (212) 314-1712
Telephone: (212) 314-1724

With copies to:

ABN AMRO Bank N.V.
135 South LaSalle Street
Suite 710
Chicago, Illinois 60603
Attention: David B. Bryant
Facsimile: (312) 904-1466
Telephone: (312) 904-2799

ABN AMRO Bank N.V.
208 South LaSalle Street
Suite 1500
Chicago, Illinois 60604-1003
Attention: Ken Keck
Facsimile: (312) 992-5111
Telephone: (312) 992-5134

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section 11.8 or on the signature pages hereof and a confirmation of receipt of such telecopy has been received by the sender, (ii) if given by courier, when delivered, (iii) if given by mail, three business days after such communication is deposited in the mail, registered with return receipt requested, addressed as aforesaid or (iv) if given by any other means, when delivered at the addresses specified in this Section 11.8; provided that any notice given pursuant to Section 2 hereof shall be effective only upon receipt.

Section 11.9 Counterparts. This Agreement may be executed in any number of counterpart signature pages, and by the different parties on different counterparts, each of which when executed shall be deemed an original but all such counterparts taken together shall constitute one and the same instrument.

Section 11.10 Successors and Assigns. This Agreement shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of each of the Banks and the benefit of their respective successors and assigns, including any subsequent holder of any Note. The Borrower may not assign any of its rights or obligations under any Credit Document without the written consent of all of the Banks.

Section 11.11 Participants and Note Assignees. Each Bank shall have the right at its own cost to grant participations (to be evidenced by one or more agreements or certificates of participation) in the Loans made and/or Revolving Credit Commitments held by such Bank at any time and from time to time, and to assign its rights under such Loans or the Note evidencing such Loans to a federal reserve bank; provided that (i) no such participation or assignment shall relieve any Bank of any of its obligations under this Agreement, (ii) no such assignee or participant shall have any rights under this Agreement except

as provided in this Section 11.11, and (iii) the Agent shall have no obligation or responsibility to such participant or assignee, except that nothing herein is intended to affect the rights of an assignee of a Note to enforce the Note assigned. Any party to which such a participation or assignment has been granted shall have the benefits of Section 2.11 and Section 9.3, but shall not be entitled to receive any greater payment under either such Section than the Bank granting such participation would have been entitled to receive in connection with the rights transferred. Any agreement pursuant to which any Bank may grant such a participating interest shall provide that such Bank shall retain the sole right and responsibility to enforce the obligations of the Borrower hereunder, including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; provided that such participation agreement may provide that such Bank will not agree to any modification, amendment or waiver of this Agreement that would (A) increase any Revolving Credit Commitment of such Bank if such increase would also increase the participant's obligations, (B) forgive any amount of or postpone the date for payment of any principal of or interest on any Loan or of any fee payable hereunder in which such participant has an interest or (C) reduce the stated rate at which interest or fees in which such participant has an interest accrue hereunder.

Section 11.12 Assignment of Commitments by Banks. Each Bank shall have the right at any time, with the written consent (except in the case of an assignment to (i) an Affiliate of such Bank, or (ii) another Bank) of the Borrower and Agent (which consent shall not be unreasonably withheld), to assign all or any part of its Revolving Credit Commitment (including the same percentage of its Note and outstanding Loans) to one or more other Persons; provided that such assignment is in an amount of at least $10,000,000 or the entire Revolving Credit Commitment of such Bank, and if such assignment is not for such Bank's entire Revolving Credit Commitment then such Bank's Revolving Credit Commitment after giving effect to such assignment shall not be less than $10,000,000; and provided further that neither the consent of the Borrower nor of the Agent shall be required for any Bank to assign all or part of its Revolving Credit Commitment to any Affiliate of the assigning Bank. Each such assignment shall set forth the assignee's address for notices to be given under Section 11.8 hereof hereunder and its designated Lending Office pursuant to Section 9.4 hereof. Upon any such assignment, delivery to the Agent of an executed copy of such assignment agreement and the forms referred to in Section 11.1 hereof, if applicable, and, except in the case of an assignment to an Affiliate of the assigning Bank, the payment of a $3,500 recordation fee to the Agent, the assignee shall become a Bank hereunder, all Loans and the Revolving Credit Commitment it thereby holds shall be governed by all the terms and conditions hereof and the Bank granting such assignment shall have its Revolving Credit Commitment, and its obligations and rights in connection therewith, reduced by the amount of such assignment; provided, however, in the event a Bank assigns all of its Revolving Credit Commitment to an Affiliate or at the request of the Borrower, pursuant to Section 11.13(iii), no recordation fee shall be required hereunder. Notwithstanding any other provision set forth in this Agreement, any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Loans owing to it and the Note held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 11.13 Amendments. Any provision of the Credit Documents may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by (a) the Borrower, (b) the Required Banks, and (c) if the rights or duties of the Agent are affected thereby, the Agent; provided that:

(i) no amendment or waiver pursuant to this Section 11.13 shall (A) increase any Commitment of any Bank without the consent of such Bank or (B) reduce the stated rate at

which interest or fees accrue or reduce the amount of or postpone any fixed date for payment of any principal of or interest on any Loan or of any fee payable hereunder without the consent of each Bank; and

(ii) no amendment or waiver pursuant to this Section 11.13 shall, unless signed by each Bank, change this Section 11.13, or the definition of Required Banks, or affect the number of Banks required to take any action under the Credit Documents.

If the Borrower requests an amendment to this Agreement which requires the approval of all of the Banks and one of the Banks (a "Replaceable Bank") does not approve it, the Borrower

may propose that another bank which is reasonably acceptable to the Agent (a "Replacement Bank") be substituted for and replace the Replaceable Bank for purposes of this Agreement. If a Replacement Bank is so substituted for the Replaceable Bank, the Replaceable Bank shall enter into an assignment agreement with the Replacement Bank, the Borrower and the Agent to assign and transfer to the Replacement Bank, the Replaceable Bank's Commitment hereunder, which shall provide, among other things, for the payment of all Obligations owing to the Replaceable Bank; provided, however, if a Replacement Bank cannot be found, then the Borrower may elect to take out the Replaceable Bank and reduce the facility accordingly by making a prepayment in the amount of such Replaceable Bank's outstanding Loans plus all accrued and unpaid interest thereon and all fees and all other Obligations due and owing to the Replaceable Bank on the date of replacement. Notwithstanding anything to the contrary contained herein, in no event shall the Agent be a Replaceable Bank.

Section 11.14 Headings. Section headings used in this Agreement are for reference only and shall not affect the construction of this Agreement.

Section 11.15 Legal Fees, Other Costs and Indemnification. The Borrower agrees to pay all reasonable costs and expenses of the Agent in connection with the preparation and negotiation of the Credit Documents, including, without limitation, the reasonable fees and disbursements of counsel to the Agent, in connection with the preparation and execution of the Credit Documents and any amendment, waiver or consent related hereto, whether or not the transactions contemplated herein are consummated. The Borrower further agrees to indemnify each Bank, the Agent, and their respective Affiliates, directors, agents, officers and employees, against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor, whether or not the indemnified Person is a party thereto) which any of them may incur or reasonably pay arising out of or relating to any Credit Document or any of the transactions contemplated thereby or the direct or indirect application or proposed application of the proceeds of any Loan other than those which arise from the gross negligence or willful misconduct of the party claiming indemnification. The Borrower, upon demand by the Agent or a Bank at any time, shall reimburse the Agent or Bank for any reasonable legal or other expenses incurred in connection with investigating or defending against any of the foregoing except if the same is directly due to the gross negligence or willful misconduct of the party to be indemnified.

Section 11.16 Entire Agreement. The Credit Documents constitute the entire understanding of the parties thereto with respect to the subject matter thereof and any prior or contemporaneous agreements, whether written or oral, with respect thereto are superseded thereby.

Section 11.17 Construction. The parties hereto acknowledge and agree that neither this Agreement nor the other Credit Documents shall be construed

more favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of this Agreement and the other Credit Documents.

Section 11.18 Governing Law. This Agreement and the other Credit Documents, and the rights and duties of the parties hereto, shall be construed and determined in accordance with the internal laws of the State of New York.

Section 11.19 Submission to Jurisdiction; Waiver of Jury Trial. EACH OF THE BORROWER, EACH BANK AND THE AGENT HEREBY SUBMITS TO THE NONEXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN THE CITY OF NEW YORK FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF THE BORROWER, EACH BANK AND THE AGENT IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF THE BORROWER, EACH BANK AND THE AGENT HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO ANY CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED THEREBY.

[SIGNATURE PAGE FOLLOWS]

In Witness Whereof, the parties hereto have caused this Agreement to be duly executed and delivered in New York, New York by their duly authorized officers as of the day and year first above written.

NRG ENERGY, INC.

By: _____
Name: Brian B. Bird
Title: Vice President & Treasurer

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Commitment: $20,000,000.00

ABN AMRO BANK N.V., in its individual capacity as a Bank and as Agent

By: _____
Name: David B. Bryant
Title: Senior Vice President

By: _____
Name: Saad B. Qais
Title: Assistant Vice President

Address for notices:
ABN AMRO Bank N.V.
135 South LaSalle Street
Suite 710
Chicago, Illinois 60603
Attention: David B. Bryant
Facsimile: (312) 904-1466
Telephone: (312) 904-2799

With copy to:
CREDIT ADMINISTRATION
ABN AMRO Bank N.V.

208 South LaSalle Street
Suite 1500
Chicago, Illinois 60604
Attention: Ken Keck
Facsimile: (312) 992-5111
Telephone: (312) 992-5134

Lending Offices:

Base Rate Loans:

208 South LaSalle Street
Suite 1500
Chicago, Illinois 60604
Attention: Loan Administration

Eurocurrency Loans:
Same as for Base Rate Loans

EXHIBIT A

NOTE

March 9, 2001

For Value Received, the undersigned, NRG Energy, Inc., a Delaware corporation (the "Borrower"), promises to pay to the order of _____(the "Bank") on the Termination Date of the hereinafter defined Credit Agreement, at the principal office of ABN AMRO Bank N.V., Chicago Branch, in Chicago, Illinois, in U.S. Dollars, the aggregate unpaid principal amount of all Loans made by the Bank to the Borrower pursuant to the Credit Agreement, together with interest on the principal amount of each Loan from time to time outstanding hereunder at the rates, and payable in the manner and on the dates, specified in the Credit Agreement.

The Bank shall record on its books or records or on a schedule attached to this Note, which is a part hereof, each Loan made by it pursuant to the Credit Agreement, together with all payments of principal and interest and the principal balances from time to time outstanding hereon, whether the Loan is a Base Rate Loan or a Eurocurrency Loan, the interest rate and Interest Period applicable thereto, provided that prior to the transfer of this Note all such amounts shall be recorded on a schedule attached to this Note. The record thereof, whether shown on such books or records or on a schedule to this Note, shall be prima facie evidence of the same, provided, however, that the failure of the Bank to record any of the foregoing or any error in any such record shall not limit or otherwise affect the obligation of the Borrower to repay all Loans made to it pursuant to the Credit Agreement together with accrued interest thereon.

This Note is one of the Notes referred to in the 364-Day Revolving Credit Agreement dated as of March 9, 2001, among the Borrower, ABN AMRO Bank N.V., as Agent, and the Banks party thereto (the "Credit Agreement"), and this Note and the holder hereof are entitled to all the benefits provided for thereby or referred to therein, to which Credit Agreement reference is hereby made for a statement thereof. All defined terms used in this Note, except terms otherwise defined herein, shall have the same meaning as in the Credit Agreement. This Note shall be governed by and construed in accordance with the internal laws of the State of New York.

Prepayments may be made hereon and this Note may be declared due prior to the expressed maturity hereof, all in the events, on the terms and in the manner as provided for in the Credit Agreement.

The Borrower hereby waives demand, presentment, protest or notice of any kind hereunder.

NRG ENERGY, INC.

By: _____
Name: Brian B. Bird
Title: Vice President & Treasurer

EXHIBIT B

COMPLIANCE CERTIFICATE

This Compliance Certificate is furnished to ABN AMRO Bank N.V., as Agent pursuant to the 364-Day Revolving Credit Agreement (the "Credit Agreement") dated as of March 9, 2001, by and among NRG Energy, Inc., the financial institutions from time to time party thereto and ABN AMRO Bank N.V., as Agent. Unless otherwise defined herein, the terms used in this Compliance Certificate have the meanings ascribed thereto in the Credit Agreement.

The undersigned hereby certifies that:

1. I am the duly elected or appointed _____ of NRG Energy, Inc.;

2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of NRG Energy, Inc. and its Subsidiaries during the accounting period covered by the attached financial statements;

3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or event which constitutes a Default or an Event of Default during or at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate, except as set forth below; and

4. Schedule B-1 attached hereto sets forth financial data and computations evidencing compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct. All computations are made in accordance with the terms of the Credit Agreement.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Borrower has taken, is taking, or proposes to take with respect to each such condition or event:

_____

_____

_____

The foregoing certifications, together with the computations set forth

in Schedule 1 hereto and the financial statements delivered with this Compliance Certificate in support hereof

are made and delivered this _____day of _____, _____.

_____

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COMPLIANCE CERTIFICATE

SCHEDULE B-1

COMPLIANCE CALCULATIONS FOR CREDIT AGREEMENT

CALCULATION AS OF _____, 20_____

A. Liens (Section 7.9)

1. Total Liens $_____

(Line A1 not to exceed 10% of Consolidated Net Tangible Assets)

B. Sale of Assets (Section 7.11)

1. Net book value of assets sold

during this fiscal year $_____

(Line B1 not to exceed 10% of Consolidated Net Tangible Assets)

C. Consolidated Net Worth (Section 7.12)

1. Consolidated stockholders equity $_____

2. Effect of currency translation account on consolidated stockholders equity $_____

3. Effect of application FASB's Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities on consolidated stockholders equity $_____

4. Consolidated Net Worth

(Line C1 adjusted by Lines C2 and C3) $_____

D. Consolidated Capitalization

1. Consolidated Net Worth (Line C4) $_____

2. Indebtedness of the Borrower (excluding performance guarantees under which demand has not been made) $_____

3. 50% of Indebtedness of Borrower consisting of performance guarantees under which demand has not been made $_____

4. Adjusted Indebtedness of Borrower (line D2-D3)
$_____

5. Consolidated Capitalization

(Sum of line D1 and D4) $_____

E. Indebtedness to Consolidated Capitalization

1. Adjusted Indebtedness of the Borrower (line D4)
$_____

2. Consolidated Capitalization (line D5) $_____

3. Ratio of Adjusted Indebtedness of Consolidated Capitalization
__ to __

(Line E1 to E2)
(ratio not to exceed 0.68 to 1.00 unless a Non-Conforming Period, in which case ratio can not exceed 0.72 to 1.00)

SCHEDULE 1
PRICING GRID

Level	If the Borrower's Moody's/S&P Rating Is:	The Annual Facility Fee is:	If the Utilization is equal to or less than 33%, the Eurocurrency Margin is:	If the Utilization is greater than 33% but less than or equal to 66%, the Eurocurrency Margin is:	If the Utilization is greater than 66%, the Eurocurrency Margin is:	If the Utilization is equal to or less than 33%, the Base Rate Margin is:	If the Utilization is greater than 33% but less than or equal to 66%, the Base Rate Margin is:	If the Utilization is greater than 66%, the Base Rate Margin is:
I	Greater than or equal to A3/A-	0.10%	0.400%	0.475%	0.525%	0.000%	0.075%	0.125%
II	Below Level I, but greater than or equal to Baa1/BBB+	0.125%	0.500%	0.575%	0.625%	0.000%	0.075%	0.125%
III	Below Level II, but greater than or equal to Baa2/BBB	0.150%	0.600%	0.725%	0.850%	0.000%	0.125%	0.250%
IV	Below Level III, but greater than or equal to Baa3/BBB-	0.175%	0.825%	0.950%	1.075%	0.000%	0.125%	0.250%
V	Below Level IV	0.375%	1.375%	1.500%	1.625%	0.000%	0.125%	0.250%

provided, that (A) the Facility Fee shall be increased by 0.075% over the Facility Fee set forth in the above grid during any Non-Conforming Period and (B) the Eurocurrency Margins and the Base Rate Margins shall be increased by 0.175% over the Eurocurrency Margins and the Base Rate Margins set forth in the above grid during any Non-Conforming Period.

Any change in the Borrower's Moody's Rating or S&P Rating (and in any fees or interest payable hereunder based on such Ratings) shall be effective as of the date on which Moody's or S&P, as the case may be, announces the applicable change in such Rating. Any change in the Utilization shall be effective as of the date of such change. In the event of a split Rating (i.e. the Moody's Rating and the S&P Rating fall into different Levels in the above grid), the lower Rating shall prevail. In the event neither a Moody's Rating nor a S&P Rating is in effect, Level V pricing shall prevail unless otherwise agreed by the Required Banks.

SCHEDULE 5.2

SUBSIDIARIES

	SUBSIDIARY NAME	STATE OF INCORPORATION/ FORMATION
1.	NRG Connecticut Ancillary Assets LLC	Delaware
2.	Cobee Holdings Inc.	Delaware
3.	Elk River Resource Recovery, Inc.	Minnesota
4.	Graystone Corporation	Minnesota
5.	Meriden Gas Turbines LLC	Delaware
6.	MidAtlantic Generation Holding LLC	Delaware
7.	NEO Corporation	Minnesota
8.	NRG Connecticut Power Assets LLC	Delaware
9.	Northeast Generation Holding LLC	Delaware

10.	NRG Affiliate Services Inc.	Delaware
11.	NRG Asia-Pacific, Ltd.	Delaware
12.	NRG Cadillac Inc.	Delaware
13.	NRG Central U.S. LLC	Delaware
14.	NRG ComLease LLC	Delaware
15.	NRG Connecticut Affiliate Services Inc.	Delaware
16.	NRG del Coronado Inc.	Delaware
17.	NRG Eastern LLC	Delaware
18.	NRG El Segundo Inc.	Delaware
19.	NRG Energy Center, Inc.	Minnesota
20.	NRG Energy Jackson Valley I, Inc.	California
21.	NRG Energy Jackson Valley II, Inc.	California
22.	NRG Granite Acquisition LLC	Delaware
23.	NRG International Services Company	Delaware
24.	NRG International Development Inc.	Delaware
25.	NRG International, Inc.	Delaware
26.	NRG Kaufman LLC	Delaware
27.	NRG Lakefield Inc.	Delaware
28.	NRG Latin America Inc.	Delaware

29.	NRG Louisiana LLC	Delaware
30.	NRG Mextrans Inc.	Delaware
31.	NRG MidAtlantic LLC	Delaware
32.	NRG Mesquite LLC	Delaware
33.	NRG Northeast Affiliate Services Inc.	Delaware
34.	NRG Operating Services, Inc.	Delaware
35.	NRG PacGen Inc.	Delaware
36.	NRG Power Marketing Inc.	Delaware
37.	NRG Processing Solutions LLC	Delaware
38.	NRG San Diego Inc.	Delaware
39.	NRG San Francisco Thermal Inc.	Delaware
40.	NRG Services Corporation	Delaware
41.	NRG Sunnyside Operations GP Inc.	Delaware
42.	NRG Sunnyside Operations LP Inc.	Delaware
43.	NRG Thermal Corporation	Delaware
44.	NRG Valmy Power LLC	Delaware
45.	NRG Valmy Power Holdings LLC	
46.	NRG West Coast Inc.	Delaware
47.	NRG Western Affiliate Services Inc.	Delaware
48.	O Brien Cogeneration, Inc. II	Delaware

49.	Okeechobee Power I, Inc.	Delaware
50.	Okeechobee Power II, Inc.	Delaware
51.	Okeechobee Power III, Inc.	Delaware
52.	Power Operations, Inc.	Delaware
53.	San Joaquin Valley Energy I, Inc.	California
54.	San Joaquin Valley Energy IV, Inc.	California
55.	Scoria Incorporated	Minnesota
56.	South Central Generation Holding LLC	Delaware

SCHEDULE 5.5

LITIGATION/GOVERNMENTAL PROCEEDINGS SUMMARY

Fortistar (Oswego)

In July 1999, Fortistar Capital, Inc. ("Fortistar") commenced an action against NRG Energy, Inc. (the "Company") in Hennepin County (Minnesota) District Court, seeking damages in excess of $100 million and an order restraining the Company from consummating the acquisition of Niagara Mohawk Power Corporation's Oswego generating station. Fortistar's motion for a temporary restraining order was denied. A temporary injunction hearing was held on September 27, 1999. The acquisition was consummated in October 1999. On January 14, 2000, the court denied Fortistar's request for a temporary injunction. In April and December 2000, the Company filed summary judgment motions to dispose of the litigation respecting both liability and damages, and a hearing on these motions was held on January 26, 2001. No ruling has been issued to date. A trial date has been scheduled for early April 2001. The Company has asserted numerous counterclaims against Fortistar and will continue to vigorously defend the suit.

New York Environmental Investigation

In May 2000, the New York Department of Environmental Conservation issued a Notice of Violation to the Company and the prior owner of the Company's Huntley and Dunkirk facilities in New York, relating to physical changes made at those facilities prior to our assumption of ownership. The Notice of Violation alleges that these changes represent major modifications undertaken without the proper permits having been obtained. Although the Company has a right to indemnification by the previous owner for fines, penalties, assessments and related losses resulting from the previous owner's failure to comply with environmental laws and regulations, if these facilities did not comply with the applicable permit requirements, the Company could be required, among other things, to install specified pollution control technology to further reduce pollutant emissions from the Huntley and Dunkirk facilities, and the Company could become subject to fines and penalties associated with the current and prior operation of the facilities. The Company is currently in settlement discussions with the Department of Environmental Conservation and the State Attorney General's Office.

Station Power Litigation

Niagara Mohawk Power Corporation, the former owner of the Company's Huntley, Dunkirk and Oswego Harbor generating stations, has asserted that it can require these facilities to obtain power for these stations under a retail tariff, rather than allowing the plants to treat station power as net/negative

generation at wholesale prices.

On September 21, 2000, the Company filed an action before the Federal Energy Regulatory Commission ("FERC"), seeking its declaration that these facilities are entitled to station power at wholesale prices. On September 28, 2000, Niagara Mohawk instituted separate actions against

Huntley Power LLC, Dunkirk Power LLC and Oswego Harbor Power LLC in the State Supreme Court of New York, seeking approximately $8 million plus late payment fees accrued, less payments received, which produces a current balance in dispute of approximately $7 million. The Company has pending in the New York State Supreme Court a motion to stay these state court actions pending a ruling by the FERC on the Company's claims, and Niagara Mohawk has pending a partial summary judgment motion, in which it is claiming that the Company has already been heard on these arguments before the New York Public Service Commission and is therefore collaterally estopped to again assert that FERC has exclusive jurisdiction over these disputes.

EEOC Claims

Approximately thirty-four former employees of Cajun Electric Power Cooperative are claiming that race discrimination and/or sex discrimination caused the termination of their employment at the Cajun facilities following the Company's acquisition of these facilities. The Equal Employment Opportunity Commission has issued "Dismissal and Notice of Rights" (right to sue) letters to several of the claimants and the Company expects that the EEOC will issue such letters to all of the claimants. These letters afford the claimants the opportunity to assert in either federal or state court both federal and state claims. The federal claims have a cumulative cap on punitive and compensatory damages of $300,000 per claim, and there are no caps on state claims. Prevailing parties in such claims are entitled to attorneys' fees. The Company denies that race discrimination or sex discrimination prompted any of the employee dismissals.

Fortistar Methane LLC v. NEO Corporation

In May 2000, Fortistar Methane LLC sued NEO Corporation in New York Federal District Court, requesting an injunction barring NEO from claimed interference with the management activities of Minnesota Methane LLC's Executive Financial Officer, Scott Contino of Fortistar; declaring NEO to be in default of the Operating Agreement between the parties; requiring NEO to turn over all books and records; and awarding damages. Minnesota Methane is 50% owned by the Company's subsidiary NEO Corporation, and 50% owned by Fortistar Methane LLC. In August 2000, the case was transferred to the Minnesota Federal District Court. On January 5, 2001, the judge ruled from the bench, granting NEO's motions to dismiss the claims of Fortistar. This ruling was confirmed by the court's written order of January 19, 2000. On January 8, 2001, NEO Corporation, on its own behalf and on behalf of Minnesota Methane, brought suit against Fortistar in Hennepin County District Court in Minnesota, claiming breach of contract, breach of covenant of good faith and fair dealing, fraud, defamation, and business disparagement. Fortistar's response to this complaint is due at the end of January 2001.

California Actions

The Company has been named as a defendant in certain private plaintiff class actions filed in the Superior Court of the State of California for the County of San Diego in San Diego, California on November 27, 2000 (Pamela R. Gordon v. Reliant Energy, Inc., et al.) and November 29, 2000 (Ruth Hendricks v. Dynegy Power Marketing Inc., et al.), and in the Superior Court of the State of California, City and County of San Francisco (Pier 23 Restaurant v. PG&E Energy Trading, et al., filed January 24, 2001). The Company has also been named in another suit filed on January 16, 2001 in the Superior Court of the State of California for the County of San Diego, brought by three California water districts, as consumers of electricity (Sweetwater Authority v. Dynegy Inc., et al.), and in a suit filed on January 18, 2001 in Superior Court of the State of California, County of San Francisco, brought by the San Francisco City Attorney on behalf of the People of the State of California (The People of the State of California v. Dynegy Power Marketing, Inc., et al.). Although the complaints contain a number of allegations, the basic claim is that, by underbidding forward contracts and exporting electricity to surrounding markets, the defendants, acting in collusion, were able to drive up wholesale prices on the Real Time and Replacement Reserve markets, through the Western Systems Coordinating Council and otherwise. The complaints allege that the conduct violated California antitrust and/or unfair competition laws. The Company does not believe that it has engaged in any illegal activities, and intends to vigorously defend these lawsuits.

LABOR DISPUTE SUMMARY

None.