



nrg<sup>®</sup> 



# INVESTOR RELATIONS

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KEVIN L. COLE

Senior Vice President, Investor Relations

INVESTOR DAY 2021

# AGENDA



<b>Kevin Cole</b> Investor Relations	9:00 a.m. ET
<b>Mauricio Gutierrez – Platform &amp; Strategy</b> President and Chief Executive Officer	9:05 a.m. ET
<b>Elizabeth Killinger – Home</b> Executive Vice President, NRG Retail	9:35 a.m. ET
<b>Robert J. Gaudette – Business</b> Senior Vice President, NRG Business	9:55 a.m. ET
<b>Christopher Moser – Supply</b> Executive Vice President, Operations	10:10 a.m. ET
<b>Mauricio Gutierrez – Finance &amp; Closing Remarks</b> President and Chief Executive Officer	10:25 a.m. ET
<b>Q&amp;A</b>	10:30 a.m. – 11:15 a.m. ET

## **Forward-Looking Statements**

In addition to historical information, the information presented in this presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. These statements involve estimates, expectations, projections, goals, assumptions, known and unknown risks and uncertainties and can typically be identified by terminology such as “may,” “should,” “could,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “expect,” “intend,” “seek,” “plan,” “think,” “anticipate,” “estimate,” “predict,” “target,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such forward-looking statements include, but are not limited to, statements about the Company’s future revenues, income, indebtedness, capital structure, plans, expectations, objectives, projected financial performance and/or business results and other future events, and views of economic and market conditions.

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated herein include, among others, the potential impact of COVID-19 or any other pandemic on the Company’s operations, financial position, risk exposure and liquidity, general economic conditions, hazards customary in the power industry, weather conditions and extreme weather events, competition in wholesale power markets, the volatility of energy and fuel prices, failure of customers or counterparties to perform under contracts, changes in the wholesale power markets, changes in government or market regulations, the condition of capital markets generally, our ability to access capital markets, cyberterrorism and inadequate cybersecurity, unanticipated outages at our generation facilities, adverse results in current and future litigation, failure to identify, execute or successfully implement acquisitions, repowerings or asset sales, our ability to implement value enhancing improvements to plant operations and companywide processes, our ability to achieve our net debt targets, our ability to maintain investment grade credit metrics, our ability to proceed with projects under development or the inability to complete the construction of such projects on schedule or within budget, the inability to maintain or create successful partnering relationships, our ability to operate our business efficiently, our ability to retain retail customers, our ability to realize value through our commercial operations strategy, the ability to successfully integrate businesses of acquired companies, including Direct Energy, our ability to realize anticipated benefits of transactions (including expected cost savings and other synergies) or the risk that anticipated benefits may take longer to realize than expected, and our ability to execute our Capital Allocation Plan. Achieving investment grade credit metrics is not a indication of or guarantee that the Company will receive investment grade credit ratings. Debt and share repurchases may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The adjusted EBITDA and free cash flow guidance are estimates as of June 17, 2021. These estimates are based on assumptions the company believed to be reasonable as of that date. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG’s actual results to differ materially from those contemplated in the forward-looking statements included in this presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG’s future results included in NRG’s filings with the Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

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# NRG: A CONSUMER SERVICE COMPANY

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MAURICIO GUTIERREZ  
President & Chief Executive Officer

INVESTOR DAY 2021

# A CONSUMER SERVICE COMPANY



## 2018 Investor Day

Transition from IPP to Customer-Focused Model



**23 GW**  
GENERATION  
CAPACITY

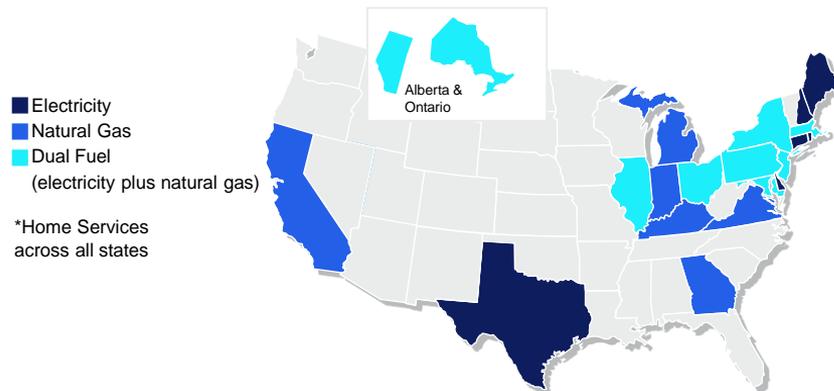
**2.9 MM**  
HOME  
CUSTOMERS

**~40**  
PLANTS



## 2021 Investor Day

A Consumer Company Focused on Enhancing Customer Value



**~6 MM**  
HOME  
CUSTOMERS

**150k**  
BUSINESS  
CUSTOMERS<sup>1</sup>

**14 GW**  
GENERATION  
CAPACITY<sup>2</sup>



<sup>1</sup> Excludes small business customers; <sup>2</sup> See slide 60 for details

# LOOKBACK ON OUR PROGRESS

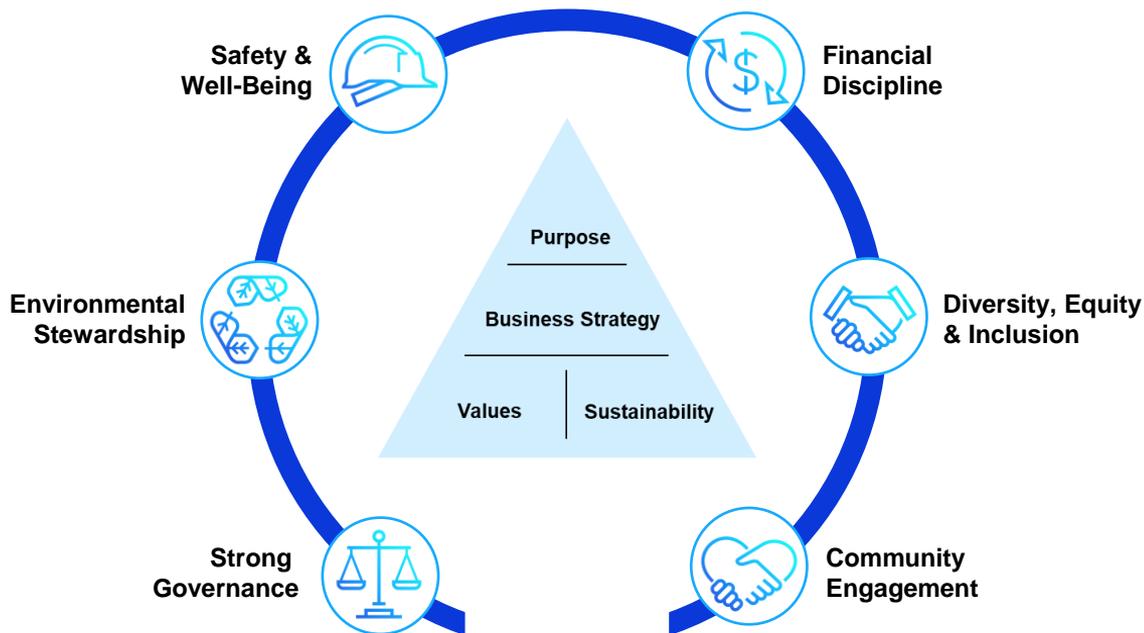


## 2018 Analyst Day Roadmap

	1 Stabilize (2015-2016)	2 Right-Size (2017-2020)	3 Redefine (2019-2021)
Cost Savings	<ul style="list-style-type: none"> <li>☑ \$539 MM Cost Reduction (forNRG)</li> </ul>	<ul style="list-style-type: none"> <li>☑ \$590 MM Recurring, EBITDA-Accretive Savings</li> <li>☑ \$215 MM EBITDA-Margin Enhancement</li> <li>☑ \$50 MM FCFbG-Accretive Maintenance Capex Savings</li> </ul>	<ul style="list-style-type: none"> <li>☑ Announced \$300 MM Recurring, EBITDA-Accretive Savings</li> </ul>
Asset Sales & Acquisitions	<ul style="list-style-type: none"> <li>☑ \$550 MM Conventional Asset Sales</li> <li>☑ Exited eVgo, Home Solar</li> </ul>	<ul style="list-style-type: none"> <li>☑ \$3.2 Bn Asset Sales</li> <li>☑ GenOn Resolution</li> </ul>	<ul style="list-style-type: none"> <li>☑ \$3.6 Bn Direct Energy Acquisition</li> <li>☑ \$326 MM Stream Acquisition</li> <li>☑ \$210 MM Xoom Acquisition</li> <li>☑ \$1.0 Bn Non-core Asset Sales</li> </ul>
Balance Sheet Strengthening	<ul style="list-style-type: none"> <li>☑ Reduced Debt by \$1.3 Bn</li> <li>☑ Extended \$6 Bn Near-Term Maturities</li> </ul>	<ul style="list-style-type: none"> <li>☑ 3.0x Net Debt/ Adj. EBITDA by YE '18</li> <li>☑ Reduced Debt by \$8 Bn</li> </ul>	<ul style="list-style-type: none"> <li>☑ Introduced Capital Allocation Principles</li> <li>☑ Increased Dividend from \$0.12 to \$1.20 Per Share (2020); 7-9% Growth Target</li> <li>☑ Target Investment Grade Credit Metrics</li> </ul>
Objective	<p>Stop Growth Cycle: Focus on Strengthening the Business</p> <p>☑ COMPLETE</p>	<p>Develop and Execute Transformation Plan</p> <p>☑ COMPLETE</p>	<p>Build Customer Focused Platform</p> <p>☑ COMPLETE</p>

4 Enhance (2021+)
<ul style="list-style-type: none"> <li>☐ Direct Energy Integration. \$300 MM Recurring, EBITDA-Accretive Savings</li> <li>☐ Portfolio Optimization / Capital-Light Strategy</li> <li>☐ Enhance Customer Lifetime Value through Growth &amp; Secondary Products</li> <li>☐ Decarbonize Portfolio</li> <li>☐ Strong Balance Sheet</li> </ul> <p>Optimize Value in Customer Network</p> <p>☐ IN FOCUS</p>

# SUSTAINABLE FRAMEWORK



## The Path to 1.5° C

Deepening our decarbonization commitment. Aligned with science to limit global warming to 1.5°C

**50%**  
carbon emissions  
reduction by 2025<sup>1</sup>

**net-zero**  
carbon emissions  
by 2050

<sup>1</sup> 2014 baseline

# COMPELLING VALUE PROPOSITION



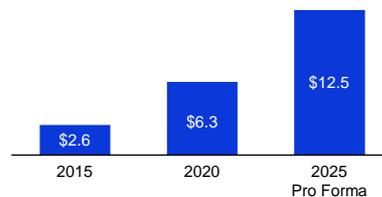
Visible 15-20% Free Cash Flow before Growth per Share Annual Growth Rate

Strong 7-9% Dividend per Share Annual Growth Rate

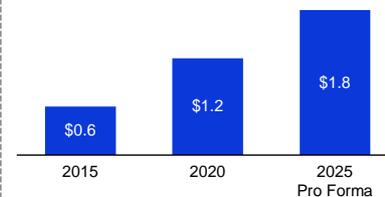
Strong Balance Sheet and Commitment to Investment Grade metrics

Best-in-Class Sustainability Platform

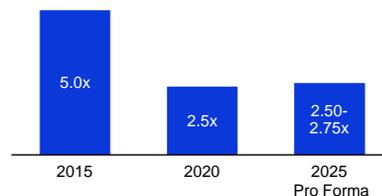
FCFbG Per Share<sup>1</sup>



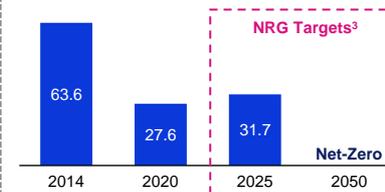
Dividend Per Share



Net Debt / Adj. EBITDA

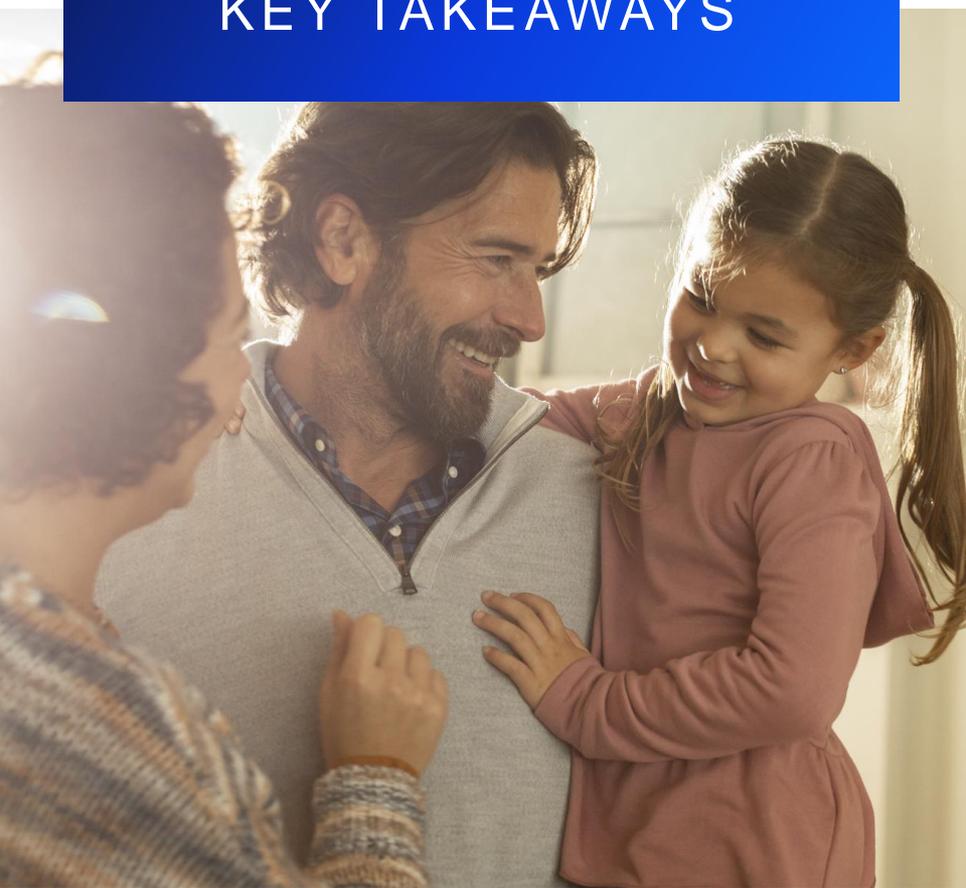


U.S. CO<sub>2</sub>e Emissions (MMtCO<sub>2</sub>e<sup>2</sup>)



<sup>1</sup> See slide 69 for details; <sup>2</sup> Million metric tons of carbon dioxide equivalent; <sup>3</sup> NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO<sub>2</sub>e emissions by 50% by 2025, from the current 2014 baseline, and achieve 'net-zero' emissions by 2050

# KEY TAKEAWAYS



1

Advantaged Consumer Platform

2

Uniquely Positioned to Capitalize on Significant Growth Opportunity

3

Underpinned by Financial Flexibility to Grow Free Cash Flow Per Share



## ADVANTAGED CONSUMER PLATFORM

# UNPARALLELED PORTFOLIO

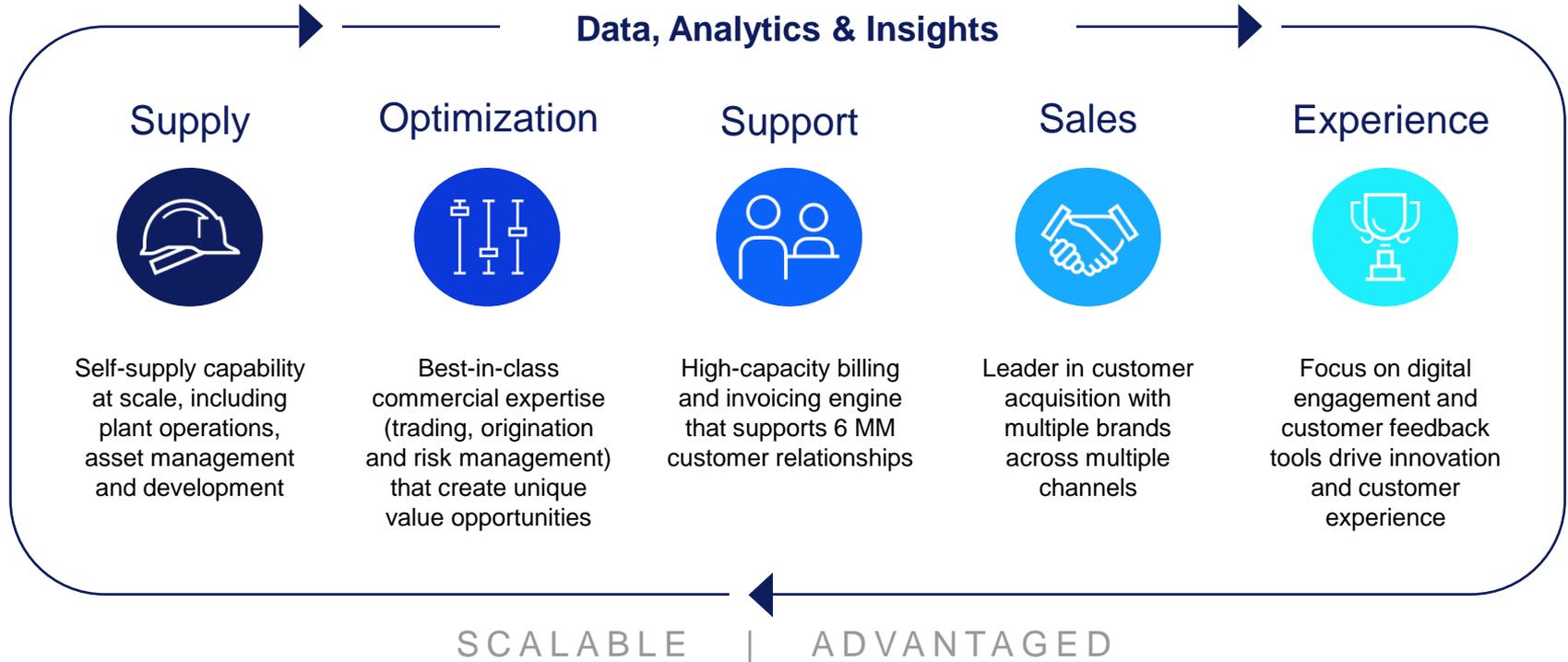


## 6 MM Customers<sup>1</sup> Across a Unique Portfolio of Energy and Home Solutions

 <b>Power</b>	 <b>Natural Gas</b>	 <b>Power Services</b>	 <b>Home Services</b>
<ul style="list-style-type: none"> <li>• <b>#1</b> Residential Retail Power Provider</li> <li>• <b>#2</b> C&amp;I Power Provider</li> <li>• Serving all Competitive States</li> </ul> 	<ul style="list-style-type: none"> <li>• <b>#3</b> Residential Retail Gas Provider</li> <li>• <b>Top 10</b> Gas Retailer to Business Customers</li> </ul> 	<ul style="list-style-type: none"> <li>• Leader in Portable Power Stations</li> <li>• <b>#3</b> Demand Response company</li> </ul> 	<ul style="list-style-type: none"> <li>• <b>Top 10</b> provider of home warranties</li> <li>• Leading Installer of Residential New Construction HVAC</li> <li>• Serving all US States + Canada</li> </ul> 
<p><b>4.7 MM</b> CUSTOMERS</p>	<p><b>+200k</b> DUAL FUEL CUSTOMERS</p>	<p><b>750k</b> GOAL ZERO UNIT SALES</p>	<p><b>300k</b> CUSTOMERS</p>

<sup>1</sup> Home & small business customers; sum of Power, Natural Gas, Dual Fuel and Home Services customers; excludes Goal Zero

# UNIQUE OPERATING PLATFORM

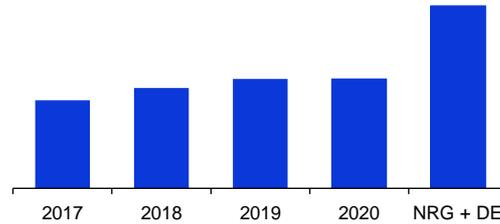


# PROVEN PERFORMANCE

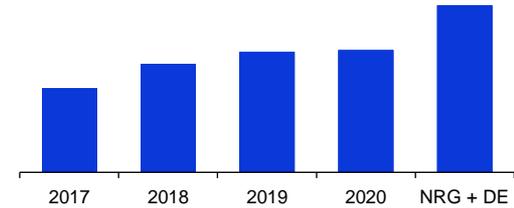


## Results

Recurring Home Customers



Adjusted EBITDA



## Recognition

	 an NRG company		
 Highest Customer Satisfaction among residential Retail Electric Providers   Reviews ★★★★★	 Houston Business Journal Innovation Award    #1 in ForeSee Experience Index study for Utilities	 Best of the Best Electricity Company in Houston	 WINNER  

# NRG IS A UNIQUE CONSUMER SERVICES COMPANY



		Power Services Avg. <sup>1</sup>	Home Services Avg. <sup>1</sup>
		   	   
# of Home Customers	6 MM <sup>2</sup>	340k	3 MM <sup>3</sup>
Retention Rate	75-80% <sup>4</sup>	NA	77%
U.S. Market Opportunity (# of Homes)	Core 40 MM <sup>5</sup> + Rest of Market 37 MM	77 MM <sup>6</sup>	77 MM <sup>6</sup>
EBITDA Margin <sup>7</sup>	~20%	~20%	~20%
EBITDA Multiple	~6x	~35x	~20x
Current Dividend / Dividend Growth	\$1.30 / 7-9%	\$0.00 / 0%	\$0.33 / 7%

<sup>1</sup> Statistics represent averages for representative companies based on publicly available information; <sup>2</sup> 2020 pro forma including Direct Energy; <sup>3</sup> Only North Americas customers for HomeServe used in HomeServices average; <sup>4</sup> Annual retention rate is the percentage of Home customers retained after one year; reflects the value we create for Home customers through our North American, multi-brand, multi-channel, multi-product advantaged platform; <sup>5</sup> Represents number of eligible customers in current NRG electric and natural gas territories; <sup>6</sup> Based on the U.S. Census 2019 American Community Survey data on detached, occupied single-family housing units; <sup>7</sup> EBITDA Margin is Adjusted EBITDA / Revenues associated with Home customers; See slide 84 for details



## STRATEGY & GROWTH



## Electrification

- Increasing use of electricity to power elements of everyday life: mobility devices, electric vehicles



## Digitally-Enabled Solutions

- A seamless digital experience is expected for most product/service interactions



## Smart Home Technologies

- Devices in the home are expected to connect and interact with homeowners



## Home Experience

- Customers prefer experiences to single products



## Clean & Resilient Energy

- Focus on cleaner and more resilient energy solutions, particularly at the home level

# WHAT WE'VE HEARD FROM CUSTOMERS



When it comes to consumers' home and energy, they want more:

60%

Have considered purchasing solar panels and residential batteries<sup>1</sup>

70%

are open to Demand Response products to save money/reduce environmental footprint

65%

spend significant mindshare on home maintenance

60%

have considered purchasing home warranties

50%

aged 25-34 are willing to pay a significant premium for a partner to bring peace of mind to their home

Consumers increasingly want products and services that are

simple

digital

provide peace of mind

data-driven

transparent

customized

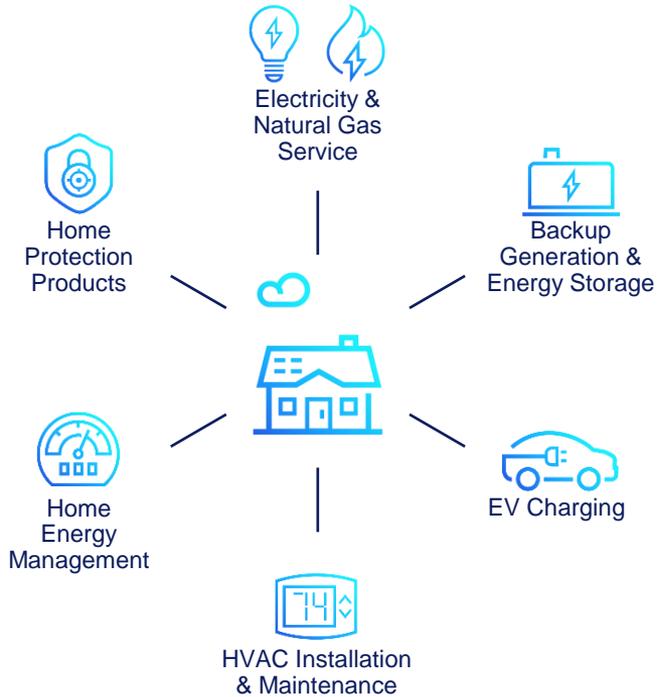
integrated with the home

They have confidence in NRG's ability to meet their needs

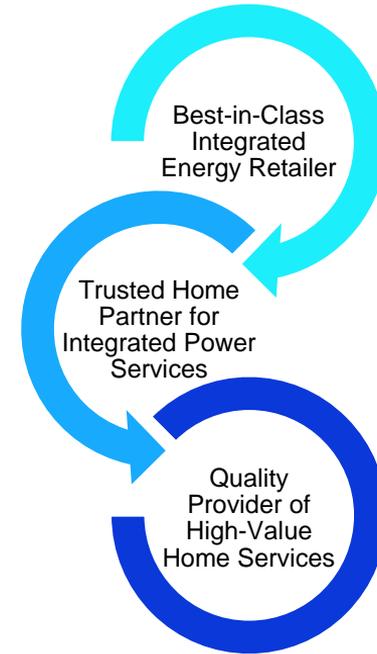
- NRG energy and home solutions **preferred over pure-play providers<sup>1</sup>**
- Perceived as **reliable, customer focused, technologically advanced, and environmentally conscious** (key energy purchasing criteria)
- **Leading Net Promoter Score** among REPs, utilities, and many service providers
- Perceived as **higher quality, more reliable, and easier to work with** than leading home protection and services companies

<sup>1</sup> Among NRG Promoters in 9 categories; Source: Consumer interviews and surveys, fall 2020-spring 2021; Sample size 4,600

# EVOLVING WITH THE HOME



## NRG Evolution



# STRATEGIC PRIORITIES ROADMAP



## Optimize Core

2021-2022+

- Direct Energy Integration/Synergies
- Capital-Light, Decarbonized Supply
- Power and Natural Gas Retail Expansion



## Grow from Core

2022-2025

- Residential Power Services
- Residential Home Services



## Return Capital

2021-2025

- Share Repurchases
- Dividends

# OPTIMIZE CORE - STRATEGIC ACTIONS



## 1. Integrate Direct Energy



Achieve \$300 MM  
Cost Synergies

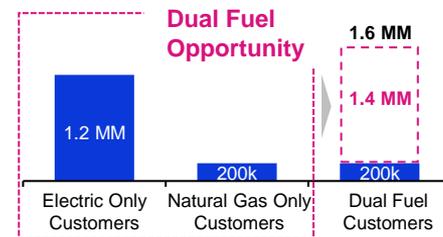
## 2. Portfolio Optimization



- Streamline & Decarbonize Asset Portfolio  
- Expand Capital-Light PPA Strategy

## 3. Power and Natural Gas

### NRG U.S. Existing Home Customers<sup>1</sup>



Grow Power and Natural Gas Business

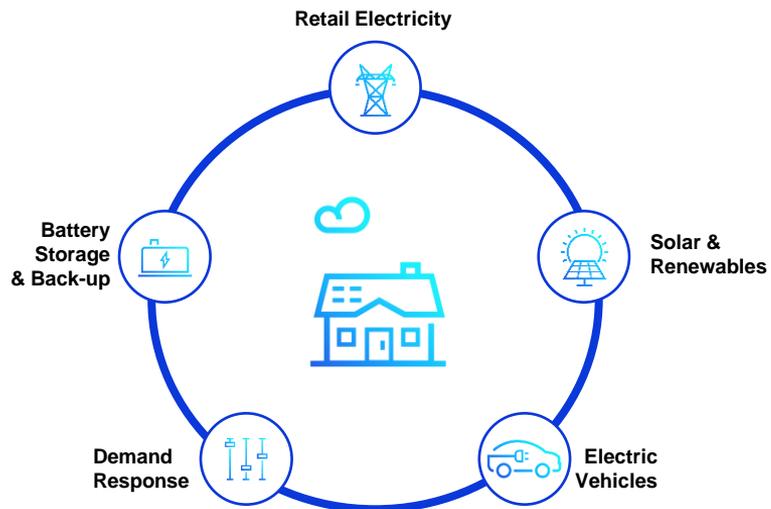
<sup>1</sup> Customers residing in markets where both competitive electric & natural gas are available; excludes Canada

# GROW FROM CORE - SECONDARY PRODUCTS AND SERVICES



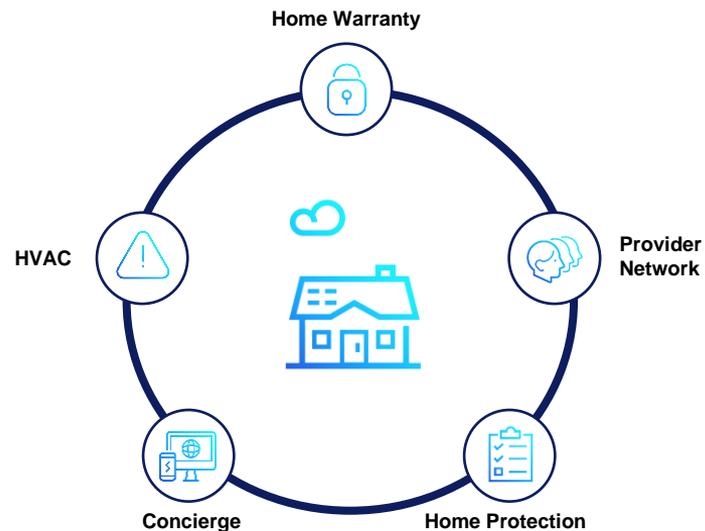
## Power Services

Integrated home power solutions that meets customer needs with customized solutions



## Home Services

Delivering home peace of mind through a superior customer experience



# GROW FROM CORE – STRATEGIC OPTION SELECTION



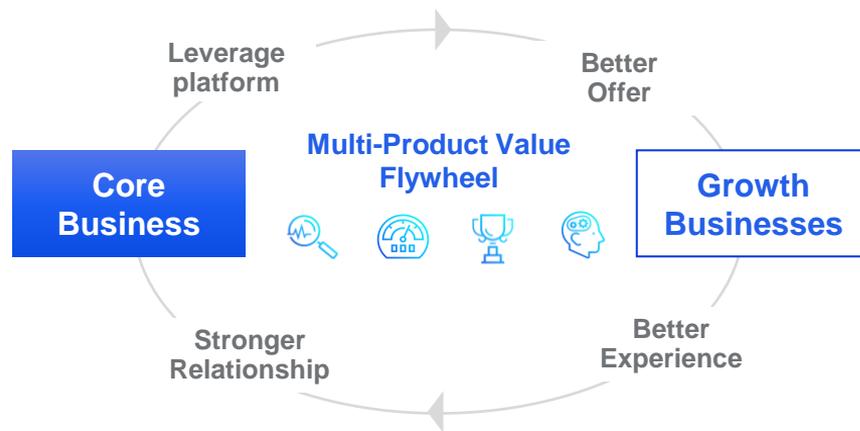
## Evaluating Criteria – Adjacent Markets

- ✓ Leverage NRG Core Capabilities
- ✓ Reflect Real Customer Demands and Preferences
- ✓ Strong Markets with Growth and/or Innovation Potential
- ✓ Ability for NRG to Create Differentiated Offering

✓ **Create Sustainable Value Ecosystem**

## Driving Value To and From the Core

Value Expansion	+	Value Durability
<ul style="list-style-type: none"><li>• Leverage Operating Platform</li><li>• Cost and Revenue Synergies</li><li>• Multiple Touchpoints</li></ul>		<ul style="list-style-type: none"><li>• Better Economics</li><li>• Better Experience</li><li>• Stronger Relationship</li></ul>



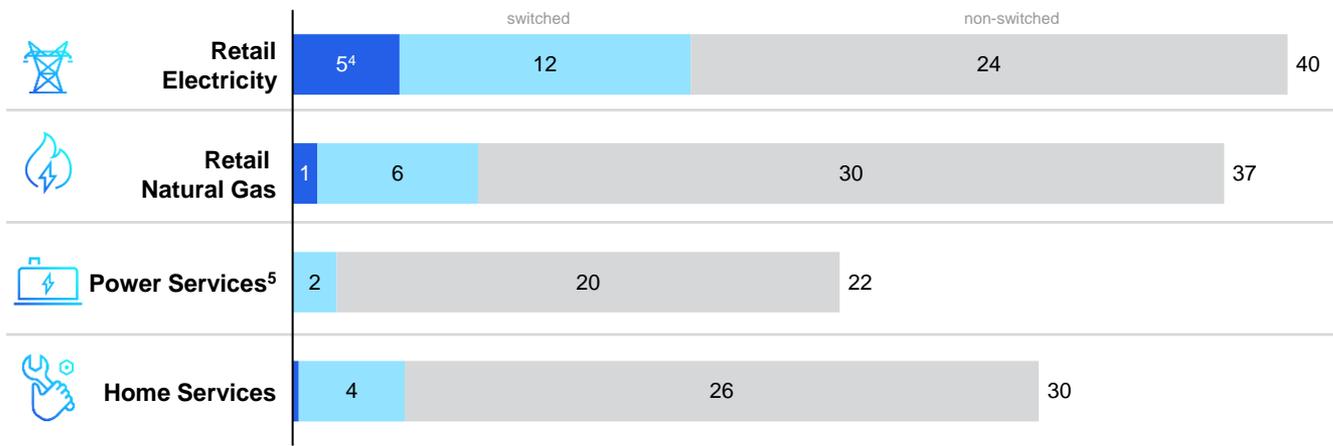
# LEVERAGING EXISTING PLATFORM TO DRIVE GROWTH



## Significant Value Potential in NRG's Large-Scale Existing Customer Network and Geographic Markets

### Eligible Customer Potential in Core NRG States<sup>1</sup> (MM Customers)

Current NRG Customers    NRG Customer Network: Eligible or Switched<sup>2</sup>    Remaining in Core States<sup>3</sup>



### EBITDA Scenario Analysis

NRG Network  
(+5% adoption)

Total Market  
(+1% adoption)

NA    +\$115 MM

+\$10 MM    +\$55 MM  
(dual fuel opp only)

+\$65 MM    +\$165 MM

+\$65 MM    +\$90 MM

<sup>1</sup> Includes customers in 14 NRG core retail power states for Retail Power, Power Services and Home Services; includes competitive gas states for Natural Gas; <sup>2</sup> Switched customer counts refer to the number of customers in competitive power or gas states that choose competitive power or gas; eligible customer counts based on U.S. Census 2019 American Community Survey ratio of detached, occupied single-family housing units as percent of total; Power Services uses solar as a proxy – single family home count adjusted down by average share of rooftop solar eligibility; <sup>3</sup> Remaining power and gas reflects non-switched customers in competitive states; Remaining counts for Power Services and Home Services reflect eligible (single-family or solar-ready) homes in NRG core geographies that are not currently part of NRG's customer network ; <sup>4</sup> Includes dual fuel customers; <sup>5</sup> Excludes Goal Zero

# HOME OPPORTUNITY 2025



	2021	2025	NRG Strategy
<b>Customers</b>	6 MM	7 MM	<p><b>1 Optimize Core:</b> Expand core power and natural gas sales; foundation for potential future integrated solutions (multi-product)</p> <p><b>2 Grow From Core:</b> Focus on integrated solution sales within core states and customer network; increase share of higher value customers</p> <p>EBITDA/Customer Average Value Impact:</p> <ul style="list-style-type: none"> <li>~\$250/customer: Single Products</li> </ul> <p><b>Plus:</b></p> <ul style="list-style-type: none"> <li>\$150-\$200/customer: Dual Fuel (+5% Retention)</li> <li>\$700-\$800/customer: Power Services (+TBD Retention)</li> <li>\$250-\$350/customer: Home Services (+5% Retention)</li> </ul>
<b>Customer Mix</b>	<p>~10%</p>	<p>~20%</p>	
<b>Avg. EBITDA per Customer</b>	\$300 <sup>1</sup>	<b>\$360</b>	
<b>Annual Retention Rate</b>	75-80%	<b>&gt;80%</b>	

**+\$720 MM Incremental EBITDA**  
 (~\$200 MM Direct Energy Run Rate<sup>2</sup> + \$520 MM Growth)

**EBITDA growth Implies ~\$2 Bn of Capital Allocation**

<sup>1</sup> See slide 84 for details; <sup>2</sup> Home portion of Direct Energy run-rate; see slide 85 for details

## The NRG Difference



Better Solutions



Better Partner

## Our Advantaged Platform...

High-Capacity Customer Operations

Robust Data & Insights

Unique Asset Composition

Leading Sales & Marketing Engine

Sector Expertise & Reputation

## ...Creates Unmatched

Value

Innovation

Trust

Personalization

Efficiency

**A Better Customer Experience**



# HOME OVERVIEW

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ELIZABETH KILLINGER  
Executive Vice President, NRG Home

INVESTOR DAY 2021

# KEY TAKEAWAYS



1

Leading North American Home energy  
and Services Platform

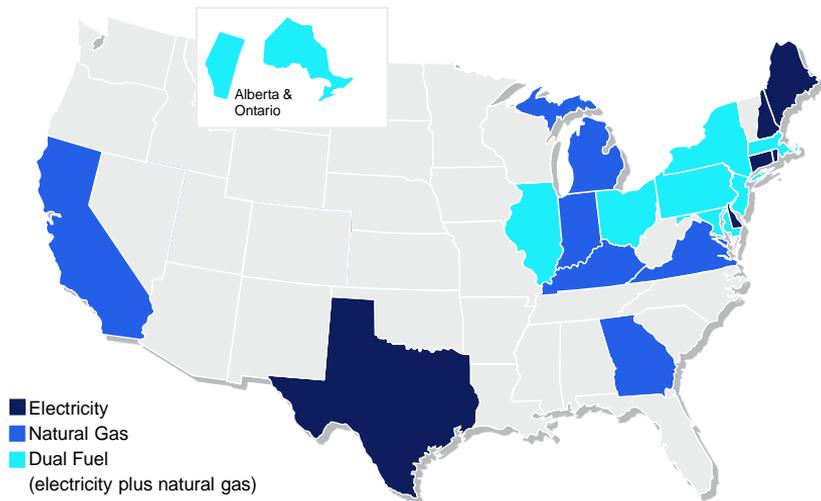
2

Creating Customer Value Through  
Innovation and Personalization

3

Uniquely Positioned for Growth in  
Power, Natural Gas, and Home Services

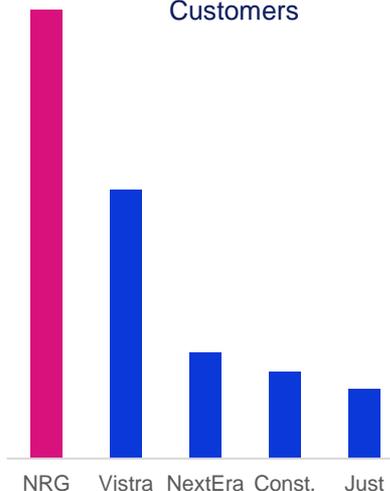
# NRG HOME OVERVIEW



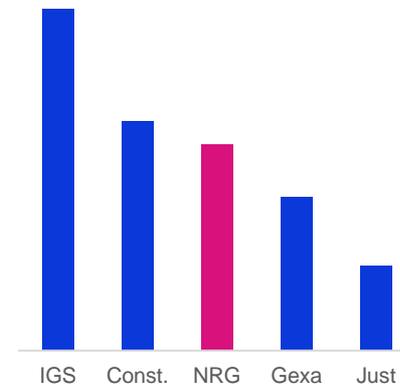
## Home Footprint

~6 million customers  
 Electricity Customers in 16 states/provinces/DC  
 Natural Gas Customers in 15 states/provinces

Top 5 Competitive U.S. Residential Electricity Customers



Top 5 Competitive U.S. Residential Natural Gas Customers



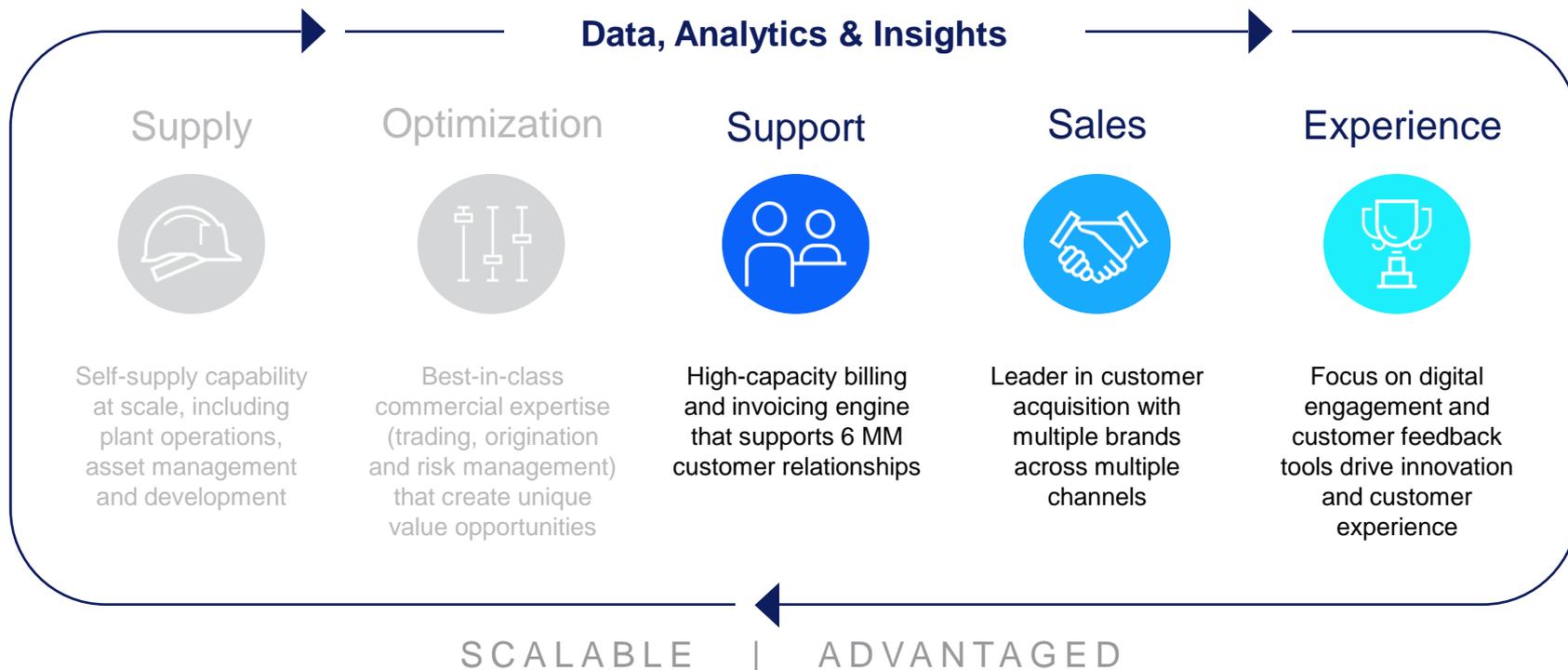
## Competitive Residential Market Share<sup>1</sup>

#1 in US Electric — 27% Share  
 #1 in Texas Electric — 42% Share  
 #1 in East Electric — 17% Share

#3 in Canada Electric — 14% Share  
 #3 in Natural Gas — 8% Share  
 #6 in Home Warranties — 3% Share

<sup>1</sup> Share based on customers who have made a choice in states where NRG is active

# HOW WE DO IT - UNIQUE OPERATING PLATFORM





We calculate almost **6 million** bills every **month**



We process about **700 payments** every **hour** and have **~5,000** partner payment locations



We handle almost **400 million** transactions per **day** and our analytics engines are processing over **134 terabytes** of data

## Robust Operational Capabilities



For 21 states/provinces across electricity & gas



We have **500 million** marketing impressions per **month**



We close a **sale** every **22 seconds**



We have **~80% renewals** over **12 months**

## MARKETING

- In Home
- In Transit
- Digital
- Destinations



- Call
- Direct
- Online
- Retail

## SALES



- Call
- Chat
- Digital
- Energy Consultants

## RETENTION





We handle over **600,000** chats and emails **annually**



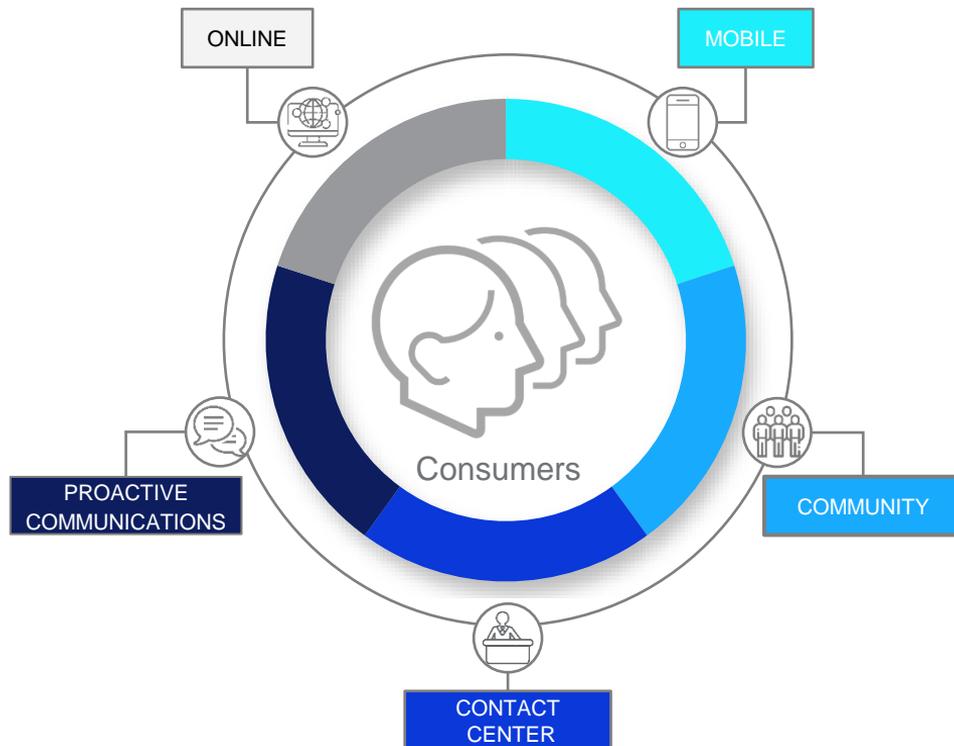
Over **500,000** active users of our apps



We have **5-star** ratings on our apps and digital experience



We receive direct feedback from over **1,200** customers every **day**



## Net Promoter Score — a simple calculation



**NPS Score**

**45 to 70<sup>1</sup>** NRG's Home flagship brands (at leader levels of other industries)

**10 to 15** Scores of leading regulated utilities

## NPS Leaders by Industry



Source: NICE Satmetrix, U.S. Consumer 2021 Net Promoter Benchmarks

<sup>1</sup>NRG Home values reflect actual YTD 2021 NPS scores



# HOW WE DO IT EXPERIENCE





## INNOVATION & PERSONALIZATION

# MEET OUR CUSTOMERS



**Kristyn**

33-year-old  
single doctor in  
Texas



**Jessica**

28-year-old single  
mom & teacher in  
Texas



**Roger**

40-year-old husband &  
father in Pennsylvania,  
entrepreneur

# OUR CUSTOMERS PERSONALIZED CUSTOMER OFFERS



Kristyn



Go Local Solar Plan  
App User, Sun Club, TX Driver



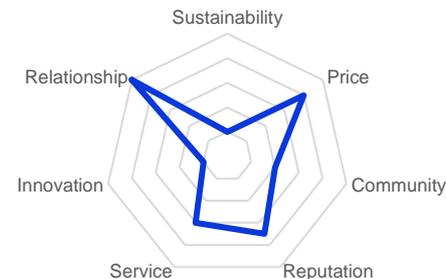
Jessica



Truly Free Weekends Plan  
Make It Solar, Degrees of Difference



Roger

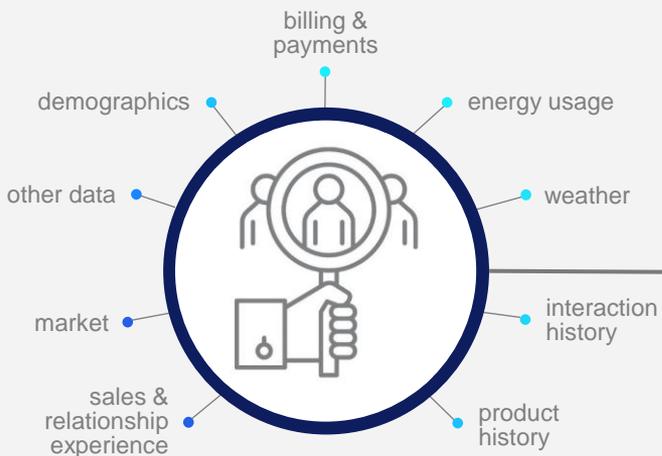


Sure Lock 24 Plan  
Electricity & Gas

# INDUSTRY LEADING DATA MINING CAPABILITIES



## CUSTOMER DATA

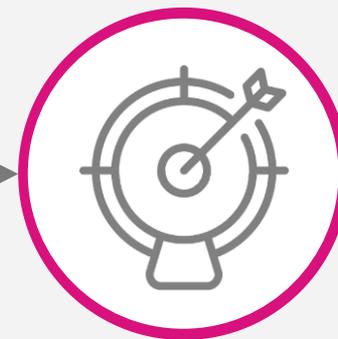


## AI & ANALYTICS TOOLS

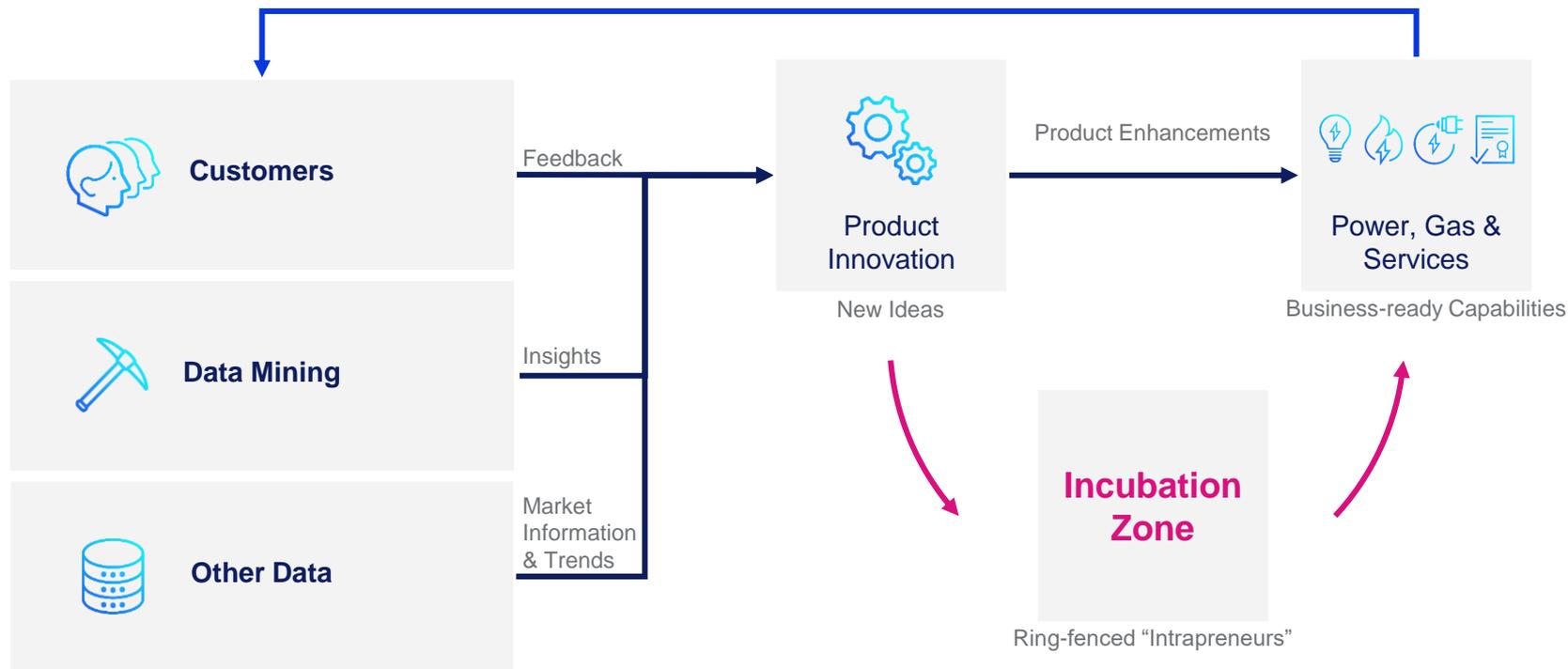
(Operated by a team of data scientists)



## ACTIONABLE INSIGHTS



# OUR ADVANTAGED APPROACH TO INNOVATION INCUBATION ZONE





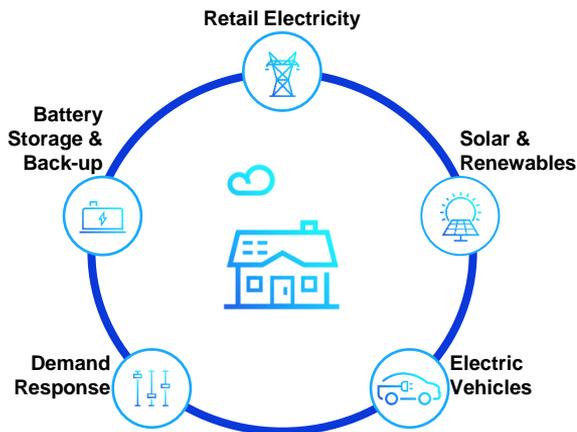
POSITIONED  
FOR GROWTH

# GROW FROM THE CORE PORTFOLIO OPTIONALITY



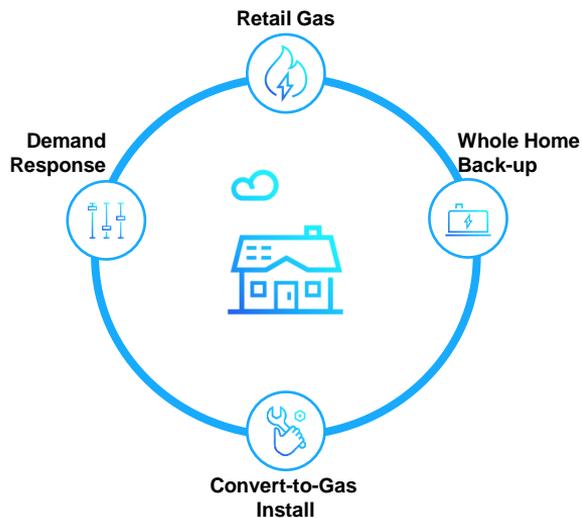
## Power Services

Integrated home power solutions that meet customer needs with customized solutions



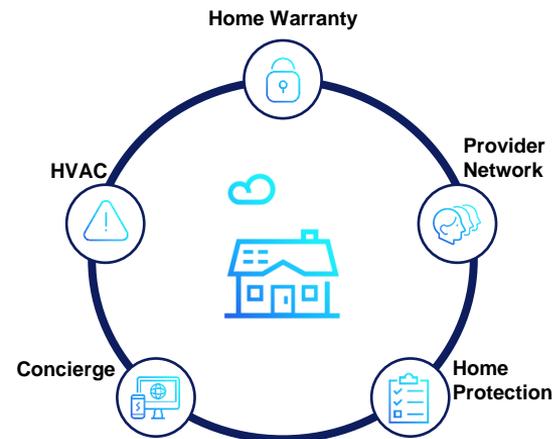
## Natural Gas Services

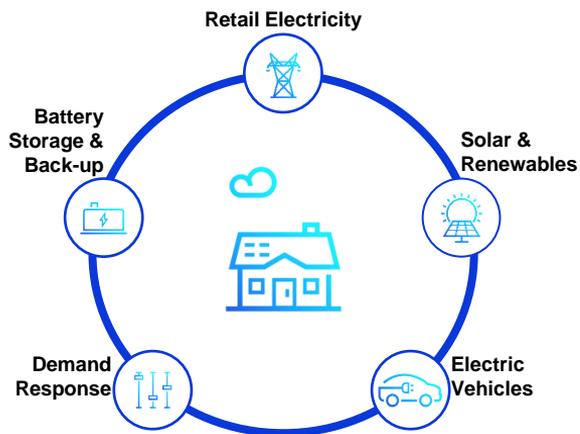
Expansion of home natural gas services that increases efficiency and adds value for customers



## Home Services

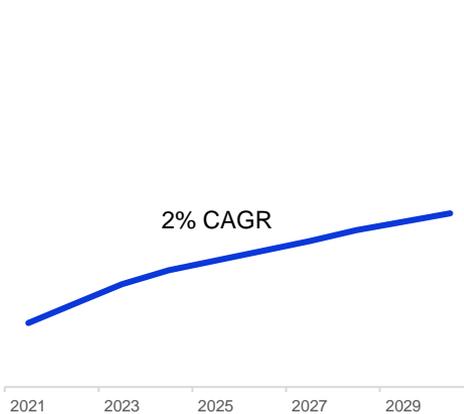
Delivering home peace of mind through a superior customer experience



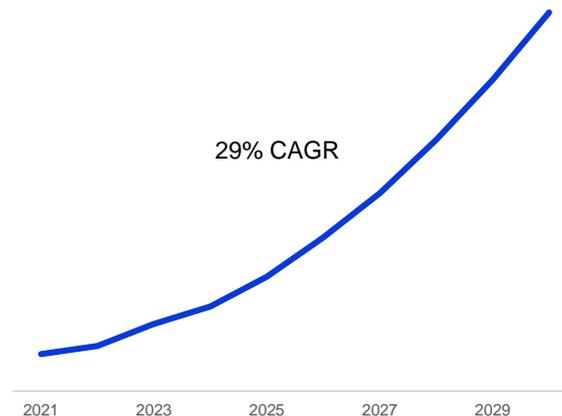


## The consumption of our core product is growing

ERCOT Load Growth Projection<sup>1</sup> (TWh)

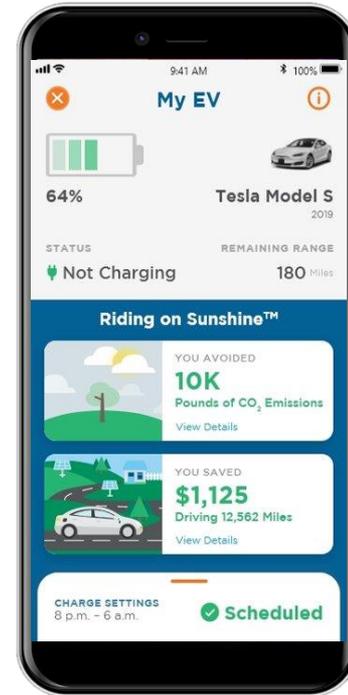
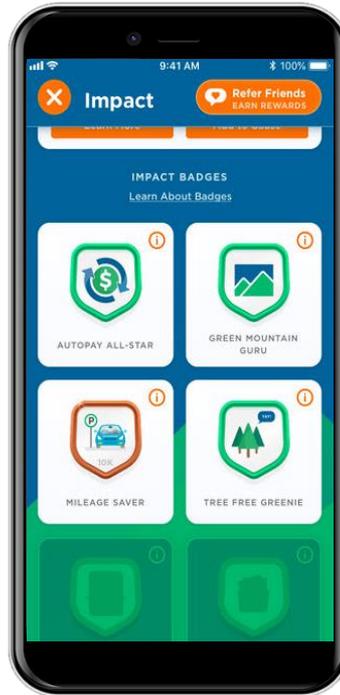
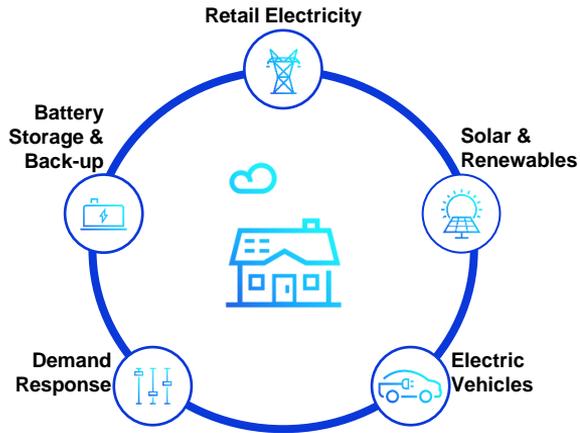


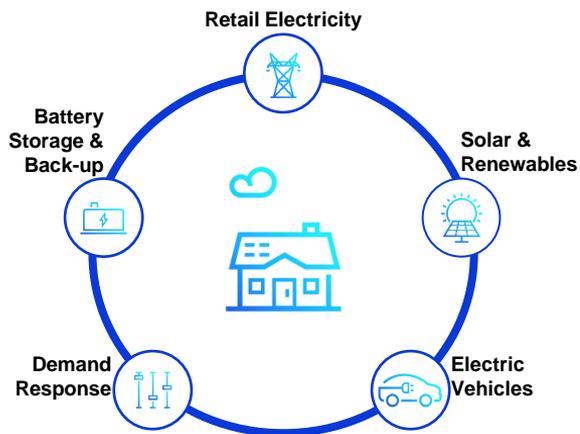
US EV Adoption Forecast<sup>2</sup> (vehicles)



<sup>1</sup> ERCOT System Planning; Long-Term Hourly Peak Demand and Energy Forecast; Jan 8, 2021; <sup>2</sup> Source: EVAdoption©

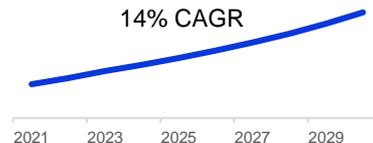
# POWER SERVICES



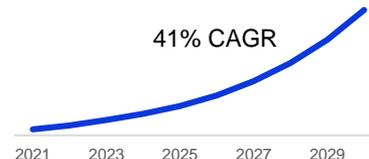


## Customer needs for associated power products and services are expanding

US Resi Solar PV Installed Capacity<sup>1</sup> (MWdc)



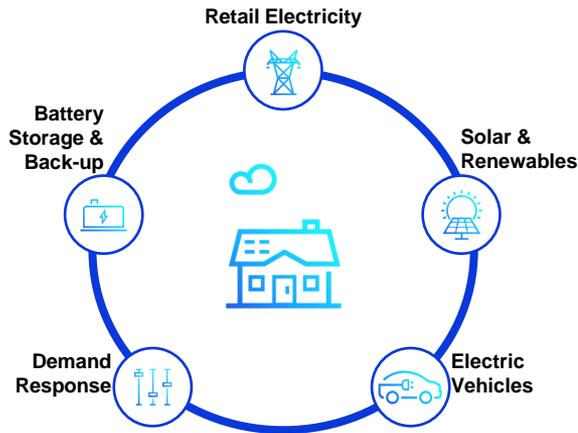
US Resi Battery Storage<sup>2</sup> (GW)



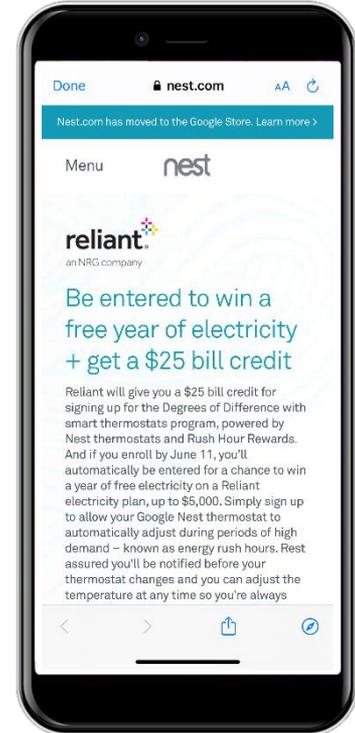
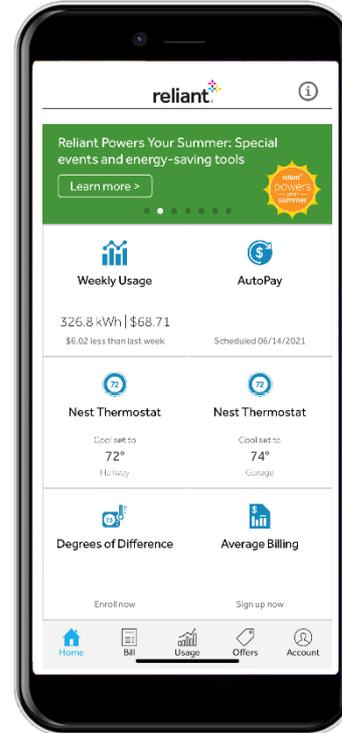
When we bring these additional services to customers, we create value for the customer and value for NRG by deepening the relationship with services they value and extending their tenure

<sup>1</sup> Wood Mackenzie and SEIA's U.S. Solar Market Insight; <sup>2</sup> Wood Mackenzie Power & Renewables; Global Energy Storage Outlook 1H 2021

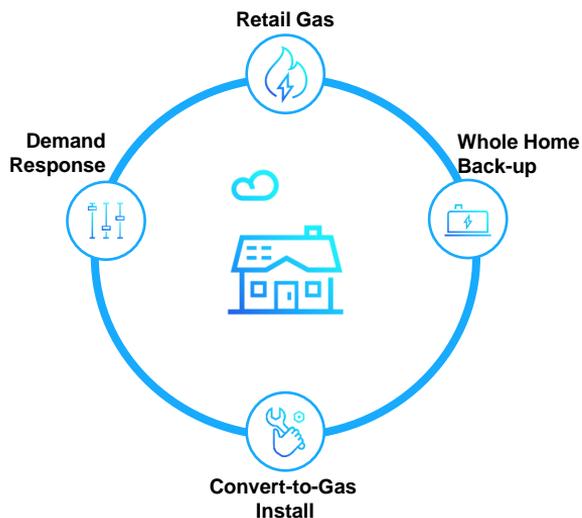
# POWER SERVICES (CONTINUED)



NRG offers **seamless ability** for residential customers to participate in **demand response** through our retail app - connecting a smart thermostat from brands like Google Nest, Honeywell Home, and Emerson Sensi



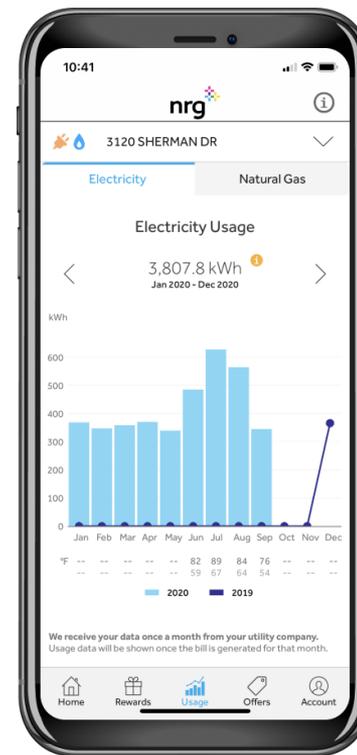
# NATURAL GAS SERVICES

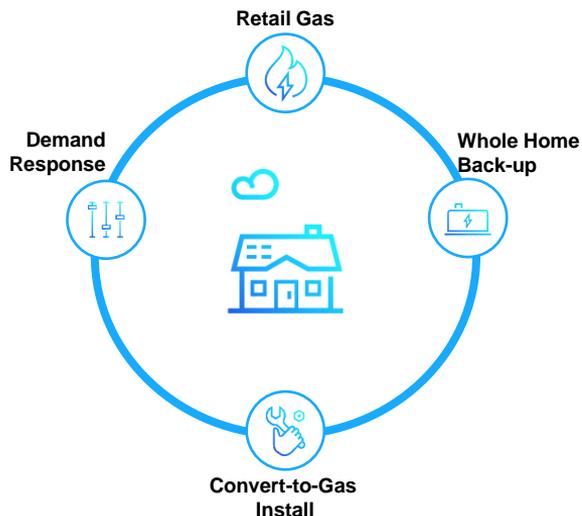


NRG is already a **top-3 player** in the U.S. competitive residential natural gas market

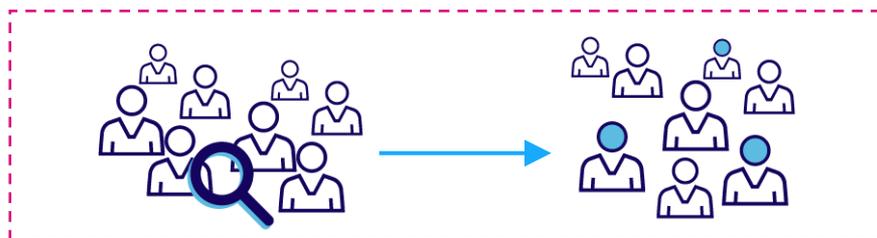
Dual fuel penetration will increase as we **optimize our offerings** at the point of sale

The NRG app provides dual fuel customers an **integrated experience**





We are **leveraging analytics** to identify customers eligible for natural gas, and targeting likely prospects based on their market, usage, time of year, and other predictive criteria



Natural gas assets from the Direct Energy acquisition provide NRG with **additional scale** in trading and operations that will provide an advantage

- Now better positioned to further strengthen our position in under-penetrated gas markets, including:

Georgia



Michigan



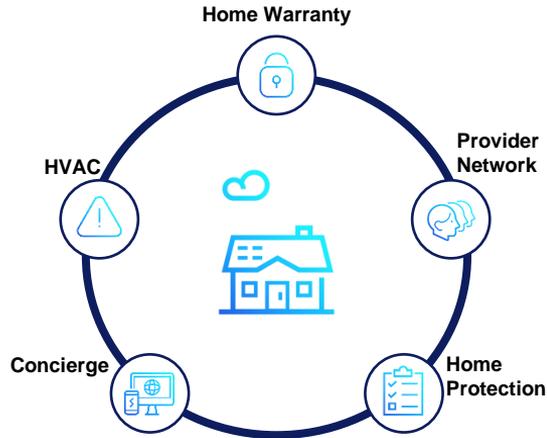
Acquired **Home Services platform** with Direct Energy



Products available in all **50 states**, with opportunity to deepen relationships in key markets



Extends NRG's **leading platform** with services consumers need from a partner they trust



- Advantaged, scalable, acquisition and retention platform delivering leadership levels of customer experience
- 
- Unmatched innovation, personalization & data mining capabilities
- 
- Positioned to harness growth opportunities – creating value for customers and shareholders
-



# NRG BUSINESS

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ROBERT GAUDETTE  
Senior Vice President, NRG Business

INVESTOR DAY 2021

# KEY TAKEAWAYS



1

Leading North American B2B Retail Energy Platform

2

Innovative, Value-Added Energy Solutions, Responsive to Customer Needs

3

Stable Margins Through Long-Term Contracts & Strong Renewal Rates

# BUSINESS OVERVIEW



## By the Numbers

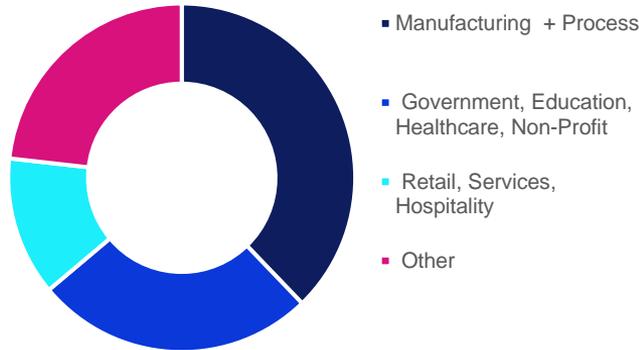


## #2 Power Retailer to Business Customers<sup>1</sup>



### Customer base by Industry

(By volume – Power Only)

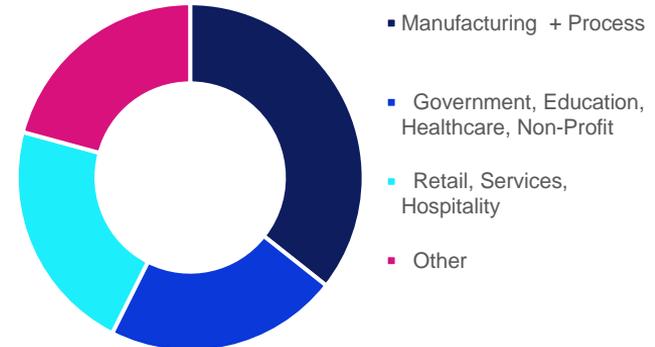


## Top 10 Gas Retailer to Business Customers<sup>2</sup>



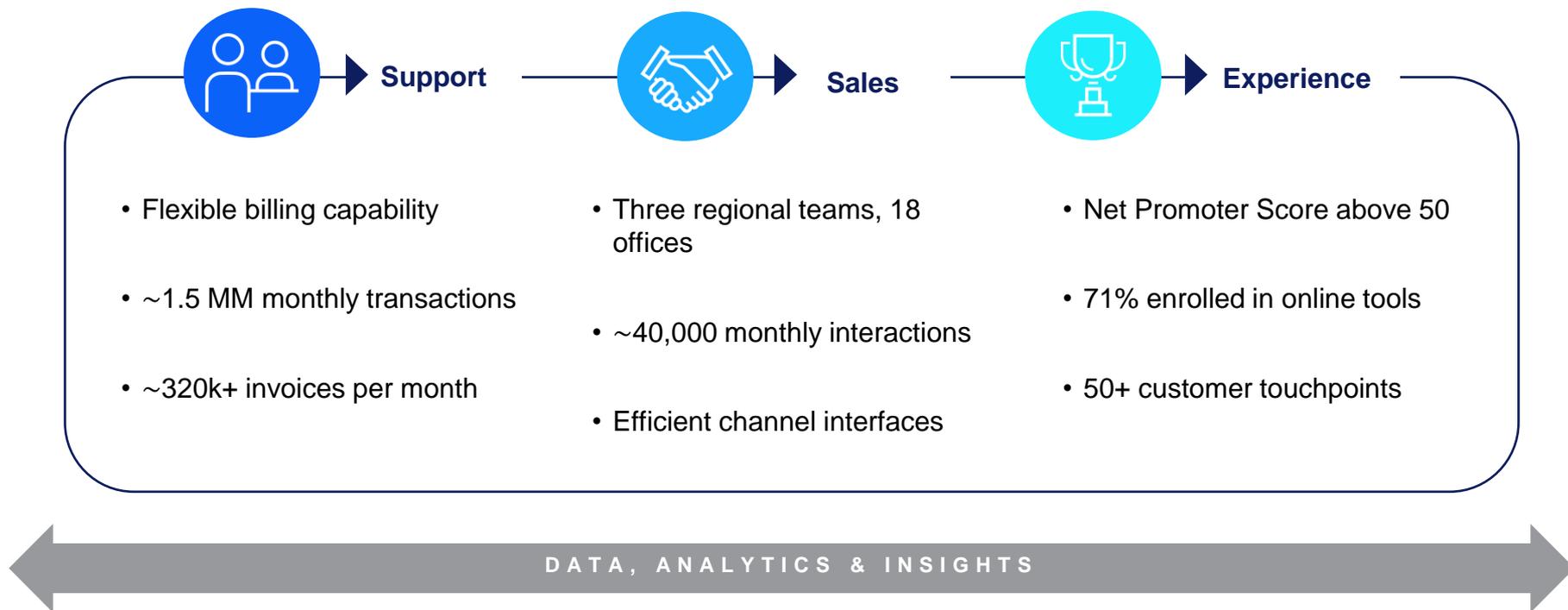
### Customer base by Industry

(By volume – Gas Only)

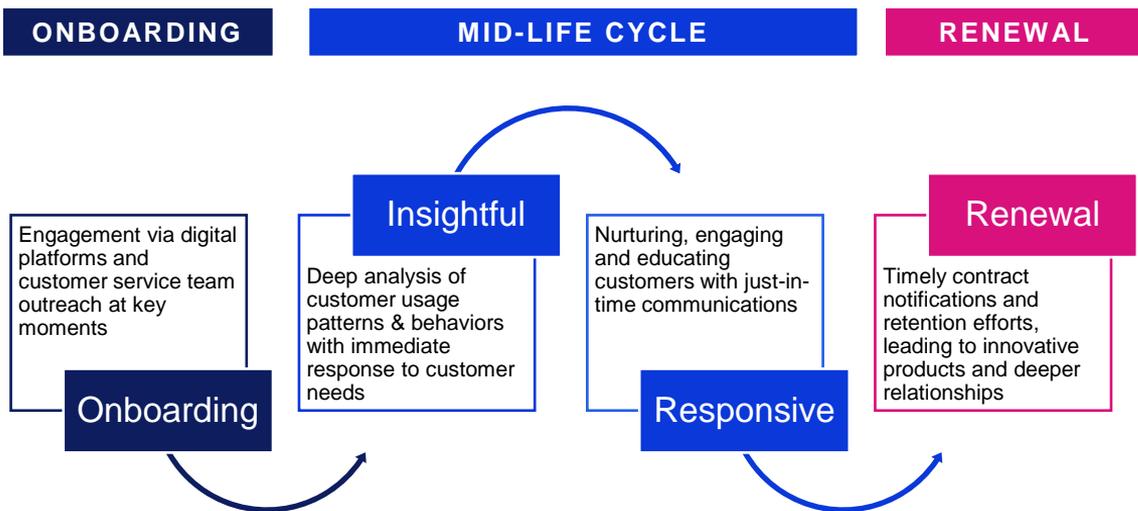


<sup>1</sup> DNV Spring 2021; NRG Power forecast reflects internal mid-year adjustments; <sup>2</sup> NGI 1Q20 view; natural gas figures include wholesale and retail activity; Top 10 natural gas retailer (non producer/financier) based on NGI 1Q20 BCF per day

# UNIQUE OPERATING PLATFORM



## Continuous Customer Engagement



**Flywheel for Innovation**



**Integrated Platform Applications**



**New Product Ideas**

**~ 600 MW**  
Peak load

**~ 3 TWh**  
Annually

**36**  
Large C&I Customers

**~ 9 year**  
Average contract

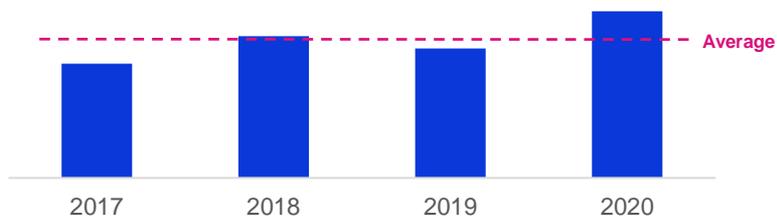
## Renewable Select

# STABLE LONG-TERM BUSINESS

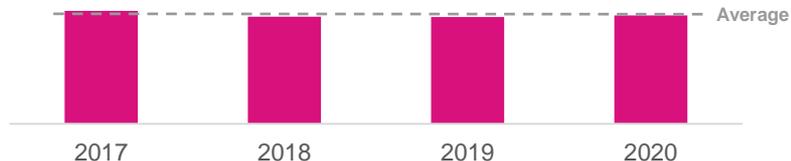


## History of Margin Stability

Power Margin (\$/MWh)



Gas Margin (\$/mmbtu)



## Durable Customer Relationships

Customer Renewal Win Rates  
(Weighted by volume)

85%  
Gas

75%  
Power

Average Customer Relationship  
(Weighted by volume)

9 years  
Gas

6 years  
Power

- Market leading platform benefitting from an integrated NRG and the breadth and depth of the customer portfolio

---

- Unique customer experience programs that provide superior service while collecting data and insights leading to innovation

---

- Focused on stable long-term margin while continuing to increase the length and value of customer relationships

---



# SUPPLY AND OPTIMIZATION

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CHRIS MOSER  
Executive Vice President, Operations

INVESTOR DAY 2021

# KEY TAKEAWAYS



1

Best-in-Class Risk Management,  
Supported by Assets, Informed by Data

2

Evolving the Integrated  
Operating Model

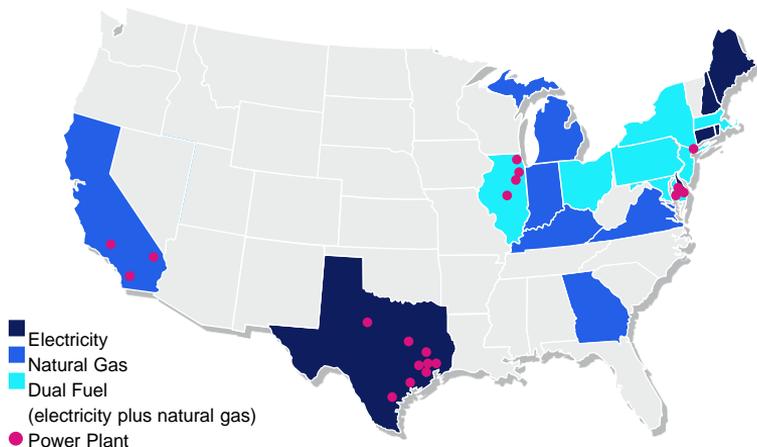
3

Moving to a Decarbonized Portfolio

# POWER AND GAS PORTFOLIO



## POWER

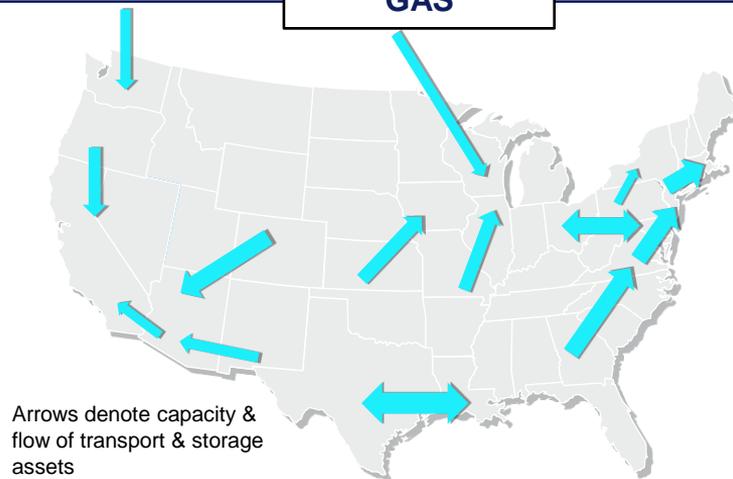


Power Plants, PPA's and financial products

Purposeful supply portfolio - Load management

21 GW supply portfolio<sup>1</sup>

## GAS



Arrows denote capacity & flow of transport & storage assets

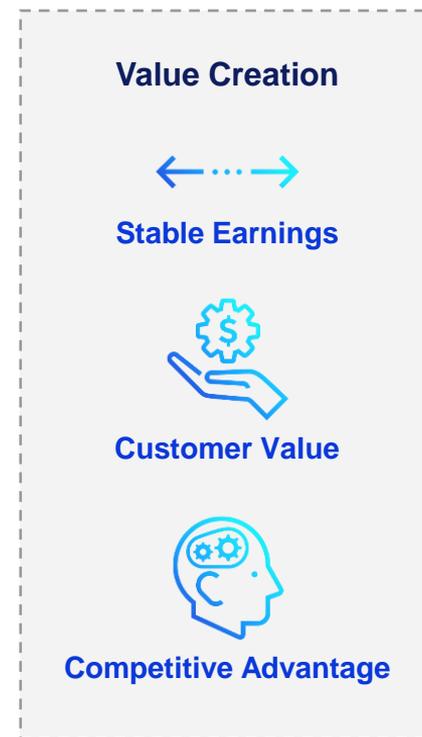
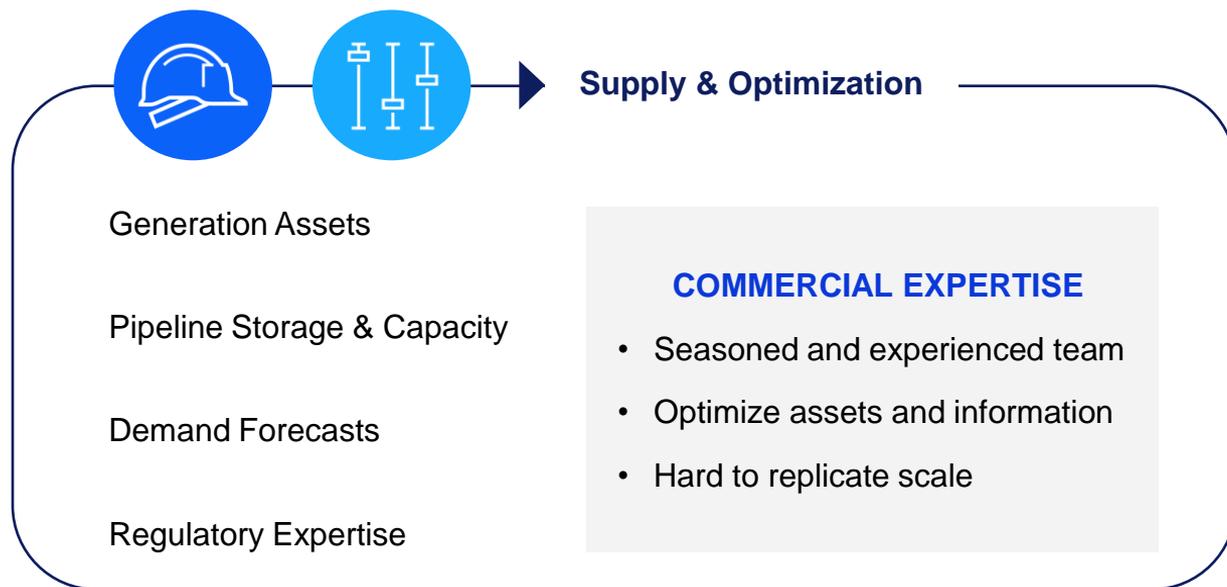
Top 10 gas marketer (by volume)

Diversified asset base - Logistics

8 BCF/day transport, 68 BCF of storage

<sup>1</sup> 21 GW supply portfolio is composed of 14 GW of U.S. generation assets (as shown on map) and 7 GW of contracted supply; 14 GW is pro forma for announced asset sales and retirements and excludes our leased assets Cottonwood & Arthur Kill and equity ownership interests

# ADVANTAGED OPERATIONS PLATFORM

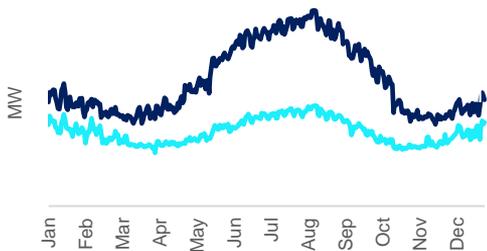


# THE INTEGRATED PORTFOLIO

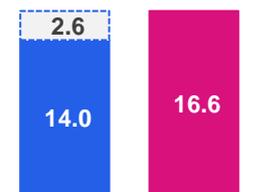


## TEXAS<sup>1</sup>

### DAILY MIN / MAX DEMAND



### PORTFOLIO (GW)



- Generation / Toll
- Forecasted Demand
- Market Purchases

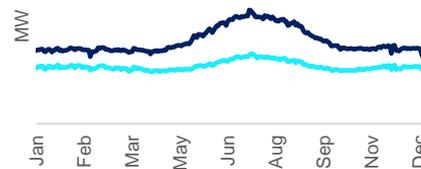
Mostly residential

Weather sensitive

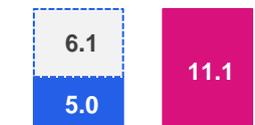
Energy-only market

## EAST<sup>2</sup>

### DAILY MIN / MAX DEMAND



### PORTFOLIO (GW)



- Generation / Toll
- Forecasted Demand
- Market Purchases

Mostly C&I

Less weather sensitive

Capacity market dampens volatility

<sup>1</sup> NRG ERCOT normal demand, excludes indexed priced load; ERCOT Supply represents nameplate capacity for existing generation and purchased capacity under contract; <sup>2</sup> NRG PJM normal demand; excludes indexed priced load; East supply represents nameplate capacity for existing generation and net capacity under contract; excludes assets to be divested or retired

# WINTER STORM URI: LESSONS LEARNED



## PORTFOLIO DIVERSIFICATION

NRG is able to mitigate risk against extreme market outcomes with a diversified supply portfolio...

### CRITICAL EXPOSURES

PHYSICAL GENERATION

Operational Risk

FINANCIAL PRODUCTS

Counterparty Risk

### PORTFOLIO DIVERSIFICATION

#### Physical Assets

Merit Order

Fuel Diversity

Solar/Wind/Storage

Location

#### Financial Assets

Swaps

Heat Rate Call Options

Weather Derivatives

Outage Insurance

## POLICY ADVOCACY

...while continuing to inform and monitor the progress of comprehensive & competitive policy reforms

### NRG PRIORITY

**SB2 & SB3 Signed into Law, June 8, 2021**

#### System Hardening

New requirements for weather preparedness for entire energy system (T&D, power generators, gas)

#### Communications

Statewide outage alert system, formalizes disaster response coordination among agencies, TDUs to submit load shedding information to REPs to send to customers

#### Market Design

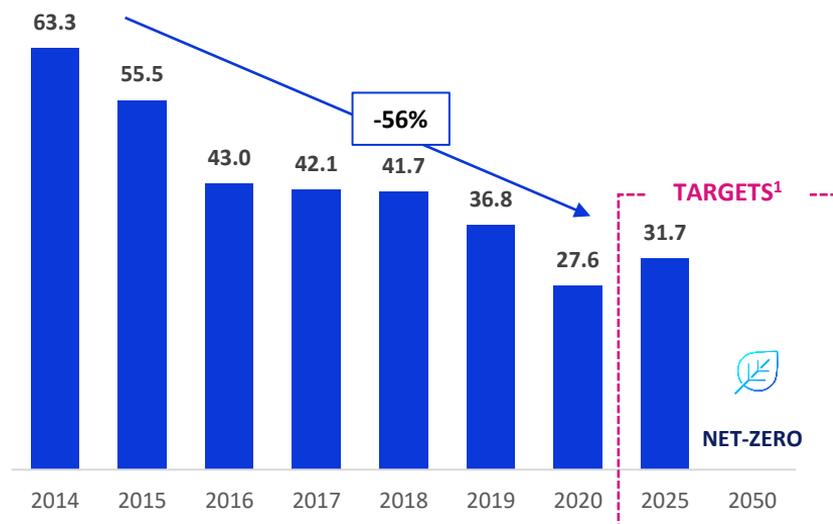
Review of ancillary services, forward market products; State Energy Advisory Committee; Ban on certain retail products; Restructured ERCOT oversight

# PATH TO DECARBONIZATION



## NRG Greenhouse Gas Emissions

(Millions of Metric Tons of CO<sub>2</sub> Equivalent)



## Announcing Retirements

- 1,600 MWs of PJM coal capacity to retire in 2022
- 55% of NRG's PJM Coal Fleet
- Evaluating viability of remaining units

Retirements	Fuel	MW	Date
Indian River 4	Coal	410	June 2022
Waukegan 7	Coal	328	June 2022
Waukegan 8	Coal	354	June 2022
Will County 4	Coal	510	June 2022

<sup>1</sup> NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO<sub>2</sub>e emissions by 50% by 2025, from the current 2014 baseline, and achieve 'net-zero' emissions by 2050

- Expertly navigate the power and gas markets to coordinate optimal fulfillment of customer demand with cost-efficient supply

---

- Integrated platform designed to incorporate operational and logistical complexity, adapting to meet new and unprecedented challenges

---

- Expertise enables NRG to deliver on commitment to ambitious and essential decarbonization targets, positioning the company for long-term success

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# FINANCE & CLOSING REMARKS

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MAURICIO GUTIERREZ  
President & Chief Executive Officer

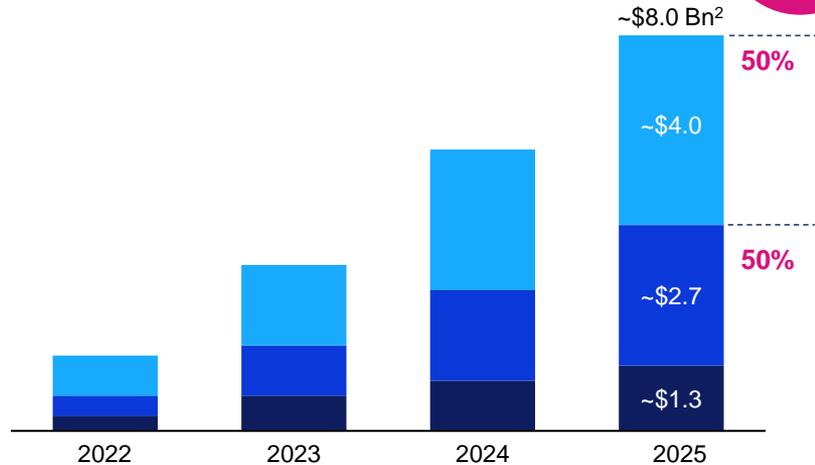
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# PLAN CREATES SIGNIFICANT RECURRING EXCESS FREE CASH FLOW



## 2022-2025 Cumulative Pro Forma Excess Cash

- Opportunistic
- Share Repurchases
- Dividends



>90% of Market Cap

## Capital Allocation Principles

Maintain **top decile** safety and operational excellence

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

**50% Opportunistic**

**50% Return of Capital**

Invest at **GREATER** of **12-15%** unlevered pretax return **AND** hurdle rate implied by share price

**7-9%** annual dividend growth

OR

AND

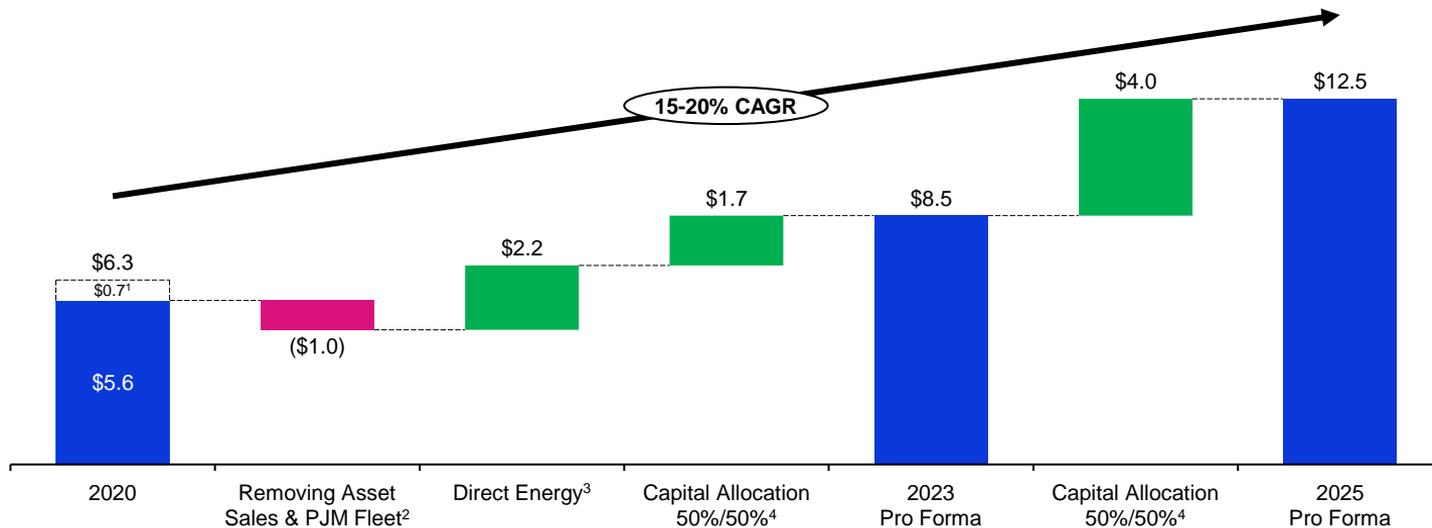
**Share Repurchases**

**Share Repurchases**

Excludes 2021 Unallocated Excess Cash; to be Allocated 2H21<sup>1</sup>

<sup>1</sup> Previously announced asset sale proceeds net of deleveraging and expected Winter Storm Uri offsets; <sup>2</sup> See assumptions on slide 68

# ROADMAP TO 2025 RECURRING FREE CASH FLOW PER SHARE



<b>Credit Metrics<sup>5</sup></b>	<b>2.5x</b>	<b>2.50-2.75x</b>	<b>2.50-2.75x</b>
<b>Target FCF Conversion</b>	<b>~70%</b>	<b>70-75%</b>	<b>70-75%</b>

<sup>1</sup> Difference between actual FCFbG \$1,547 MM versus midpoint of original FCFbG guidance of \$1,375 MM; <sup>2</sup> Removes FCFbG for entire PJM generating fleet starting in 2023 of \$105 MM and previously announced 4.8 GW of generation assets in the East/West region of \$130 MM starting in 2022; <sup>3</sup> Direct Energy run-rate FCFbG of \$240 MM, \$435 MM, \$540 MM for 2021, 2022 and 2023, respectively, per slide 16 of July 24, 2020 presentation; <sup>4</sup> Assumes investment at the mid-point of 12-15% unlevered pretax returns; corporate leverage to remain at 2.625x Net Debt / Adj. EBITDA from 2023 onward; 4.5% interest expense; realized investment returns starting January 1<sup>st</sup> of the following year; uses current share price of \$36; <sup>5</sup> Net Debt / Adj. EBITDA

# COMPELLING TOTAL RETURN OUTLOOK



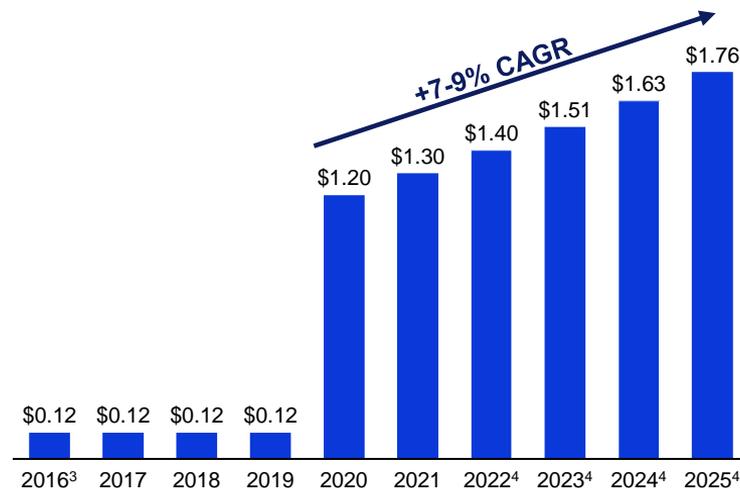
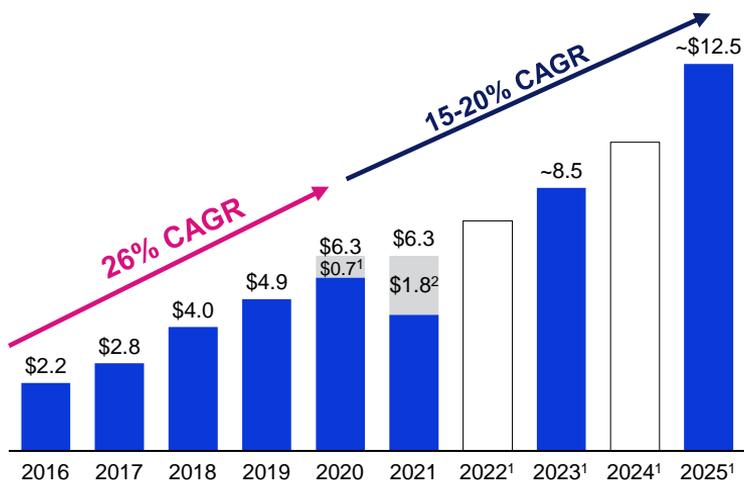
## 15-20%

Pro Forma FCFbG Per Share Growth



## 7-9%

Dividend Per Share Growth



<sup>1</sup> See assumptions on slide 68; <sup>2</sup> Winter Storm Uri estimated gross FCFbG impact of \$825 MM in 2021 and \$150 MM in 2022; 2021 is reduced by mid-point of offsets \$275-475 MM; see slides 4 & 10 of 1Q21 earnings presentation for details; <sup>3</sup> Represents \$0.03 declared on July 16, 2016, on an annualized basis; <sup>4</sup> Reflects mid-point of annual dividend growth target of 7-9%

# COMPELLING VALUE PROPOSITION



- Advantaged Consumer Company Positioned to Capitalize on Macro Trends

---

- Strategic and Financial Flexibility to Grow On a Per Share Basis

---

- Strong Balance Sheet

---

- Best-in-Class Sustainability Program

---

- Demonstrated Track Record of Execution

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# APPENDIX

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## APPENDIX SUSTAINABILITY

# COMPREHENSIVE SUSTAINABILITY PROGRAM



## NRG Sustainability Framework



Sustainable Business



Sustainable Customers



Sustainable Workplace



Sustainable Operations

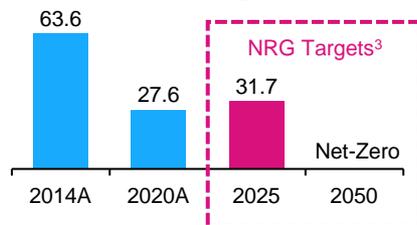


Sustainable Suppliers

### Environmental Leadership<sup>1</sup>

#### Carbon Reduction Targets 50% by 2025; net-zero by 2050

#### NRG U.S. CO<sub>2</sub>e Emissions (MMtCO<sub>2</sub>e<sup>2</sup>)



2020 emissions below 2025 target  
May increase over 2021-2024, but company on track to meet 2025 target.

### Social Focus

- Consistent top decile safety performance
- **135** organizations supported by philanthropic arm positiveNRG in 2020

#### Diversity, Equity, and Inclusion one of the company's five core values

- Dedicated Diversity, Equity, and Inclusion management Steering Committee
- A Forbes Best Employer for Diversity since 2019



**64% Board Diversity**

4 women, 3 ethnic minorities

### Strong Governance

- **91%** independent Board<sup>4</sup>
- Full Board oversight of Sustainability with in-depth reviews at committee level **since 2016**
- **1<sup>st</sup>** North American company – in any sector – to issue sustainability-linked bond

#### Industry-Leading Disclosure

- **11<sup>th</sup>** Sustainability Report
- Supporter of TCFD **since 2017**
- **5<sup>th</sup>** year reporting per SASB Standards
- **12<sup>th</sup>** year completing CDP Climate Questionnaire



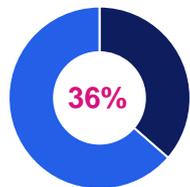
<sup>1</sup> Data as of 12/31/2020; <sup>2</sup> Million metric tons of carbon dioxide equivalent; <sup>3</sup> NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO<sub>2</sub>e emissions by 50% by 2025, from the current 2014 baseline, and achieve 'net-zero' emissions by 2050; <sup>4</sup> All Directors except CEO

# SUSTAINABLE BUSINESS

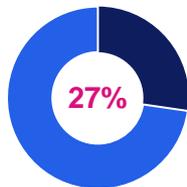


## Governance | Transparency | Reporting | Stakeholder Engagement

**64% Board of Directors**  
Gender and Ethnic Diversity



**Gender Diversity**  
4 of 11 Directors  
are Women



**Ethnic Diversity**  
3 of 11 Directors  
are Ethnically Diverse

- **91%** independent Board<sup>1</sup>
- Full Board oversight of sustainability strategy and program, with in-depth reviews at committee level

<sup>1</sup> All Directors except CEO

- **1<sup>st</sup>** power company in North America to have 1.5 degree-aligned decarbonization goal validated by Science Based Targets initiative
- **1<sup>st</sup>** power company to report per Sustainability Accounting Standards Board (SASB) standards
- **1<sup>st</sup>** company in North America – in any sector – to issue a sustainability-linked bond



SCIENCE  
BASED  
TARGETS

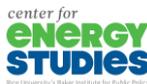
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



NRG participates in several multi-stakeholder group consortia working to scale various decarbonization pathways:



United States Business Council  
for Sustainable Development



Carbon  
Hub



\$20 million prize

Winning teams: CarbonCure Technologies, CarbonBuilt



# SUSTAINABLE CUSTOMERS



## Leading the low-carbon transition by providing clean energy products and services

### Solutions for Home Making energy easy is quite advanced

- Range of **renewable electricity plans**
  - Green-e Energy certified 100% solar plan
  - Plans aligned with electric vehicle (EV) charging
  - Solar buyback plan for Texas customers
  - Support for rooftop solar, back-up solar battery installation, and EV purchases via partners
- **Personalized power options**
  - Time-of-use plans for Texas customers paired with Google Nest Hub for voice-controlled energy management
- **Energy efficiency and management tools**
  - Rewards customers for using less electricity
- Virtual and on-site **home energy audits**
- **Certified carbon offsets** for gas and gasoline consumption
- **Portable power, energy storage, and lighting products**

### Solutions for Business Creating customer-focused paths to sustainable energy

- **Renewable Select energy plan**
  - Sources solar from a facility the customer can point to
  - Supported by power purchase agreements with 3<sup>rd</sup> party renewable project developers (1.8 GW through 2020)
- **Community solar brokerage**
- **Demand response programs**
  - Rewards customers for using less electricity
- **Energy storage and emergency back-up generation**
- **Sustainability advisory services**
  - Electricity and natural gas supply
  - Energy efficiency
  - Generator retrofits and peak load management
  - Environment, Social, and Governance (ESG) advisory



## Committed to a productive and healthy environment for our employees

- Consistent top decile safety performance
  - **0.32** total case incident rate<sup>1</sup>
- A *Forbes Best Employer for Diversity* since 2019
- Diversity, Equity, and Inclusion (DEI) one of NRG's five core values
- Dedicated DEI management Steering Committee
- **135** organizations supported in 2020 by **positivenrg**  
a philanthropic initiative

Sustainability begins within our own house by investing in, and empowering, our employees

- In a pandemic year, enhanced two-way communication between management and employees
- A workforce that becomes a community force
- Charitable giving extends throughout NRG

A FRONT-LINE COMMITMENT

### STRONGER TOGETHER

Our \$2 million pledge includes funding to these relief efforts:

<p><b>First Responders</b></p> <p>Supporting EMTs, paramedics, fire departments and the heroic work they perform</p>	<p><b>Cities &amp; Businesses</b></p> <p>Supporting communities and small business funds where our customers and employee live</p>	<p><b>Educators</b></p> <p>Supporting schools through grants directed from our employees via DonorsChoose.org</p>	<p><b>Safety Supplies</b></p> <p>Supporting those on the front line with protective equipment, protective apparel, and respirators</p>
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### Our COVID-19 response began with our workforce:

<p>Additional services to support needs of all employees</p>	<p>Internal task force (Workplace 2021) to evaluate office redesign</p> <ul style="list-style-type: none"> <li>• Assess hybrid workplace options</li> <li>• Maximize productivity, attract/retain talent</li> <li>• Enhance work-life balance</li> </ul>
<p>Back-up childcare</p>	
<p>Expanded access to tele-medicine (physical and mental health)</p>	
<p>Emotional support such as mindfulness training</p>	

<sup>1</sup> Number of work-related injuries per 100 full-time workers during a one-year period. 5-year average top decile target for U.S. Electric Power Generation, Transmission, and Distribution Industry is 0.6

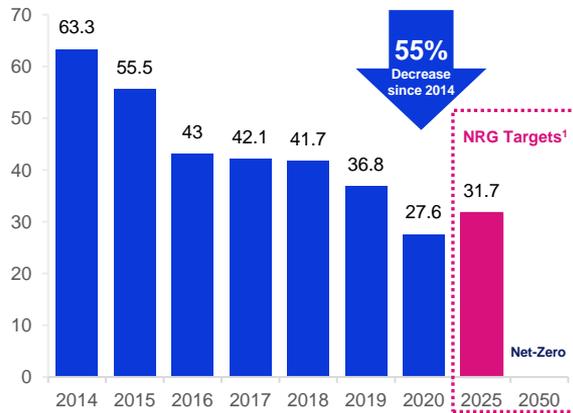
# SUSTAINABLE OPERATIONS



## Committed to reducing environmental impacts across our fleet and facilities

### NRG U.S. GREENHOUSE GAS EMISSIONS

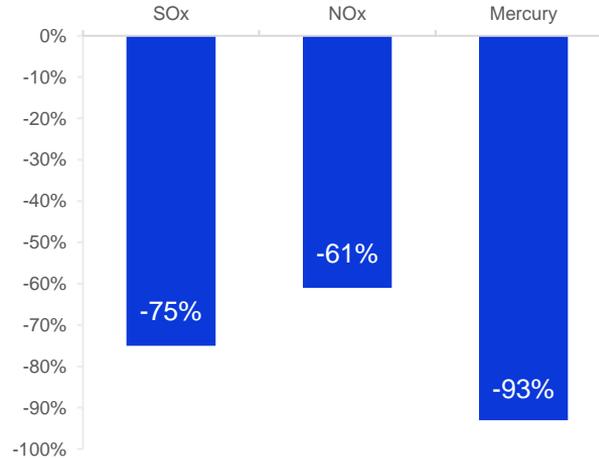
(millions of metric tons of CO<sub>2</sub> equivalent)



2020 emissions below 2025 target  
May increase over 2021-2024, but company on track to meet 2025 target.

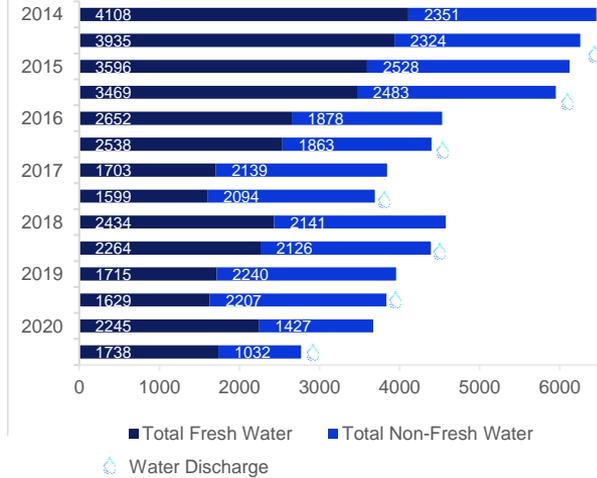
### AIR EMISSIONS

(percent change since 2014)



### WATER WITHDRAWAL AND DISCHARGE

(millions of cubic meters)



<sup>1</sup> NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO<sub>2</sub>e emissions by 50% by 2025, from the current 2014 baseline, and achieve 'net-zero' emissions by 2050

## Engaging the value chain through collaboration and transparency

### Committed to diversity within our supply chain

- Maximize opportunities for diverse businesses wherever we operate in the U.S.
- Foster a culture that promotes economic and sustainable development
- Build partnerships with suppliers to deliver value creation and exceptional service

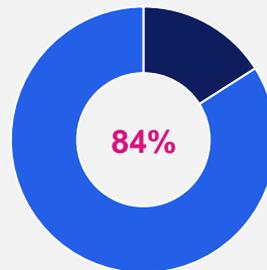
### Social Responsibility Standards for Manufacturers

- Require contract manufacturers to adhere to our manufacturing standards which, at a minimum, require compliance with industry best practices and performance of third-party audits

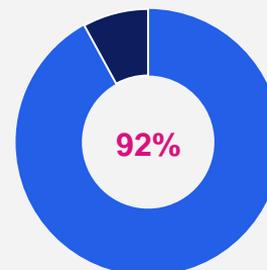
Founding member of  Natural Gas Supply Collaborative  
an ERM Group company

- Group of large natural gas purchasers promoting increased transparency through voluntary reporting by natural gas producers
- Group published *Summary of Methane Performance Indicators* in April 2020 which spans methane emissions, water use, chemical use, community engagement, and safety

### 2020 CDP SUPPLIER RESPONSE HIGHLIGHTS<sup>1</sup>



NRG suppliers that have an active target to reduce their emissions



NRG suppliers integrating climate-related issues into their long-term objectives



EARNED AN  
**A-**

Leadership Level in Supplier Engagement for the 4th year in a row

<sup>1</sup> Data sourced from CDP

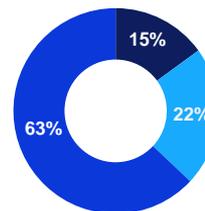
# COMPENSATION ALIGNED WITH STRATEGY AND STOCKHOLDER INTERESTS



## 2020 Compensation Program

<b>Base Salary</b>	<b>Paid for continued expectation of superior performance</b>
<b>Annual Incentive</b>	<ul style="list-style-type: none"> <li>• 35% Adjusted Free Cash Flow (before growth)</li> <li>• 35% Adjusted EBITDA</li> <li>• 20% Corporate Debt to Corporate EBITDA Ratio</li> <li>• 10% Customer Focus Index</li> <li>• <math>\pm 20</math> Individual Performance Criteria Modifier</li> </ul>
<b>Long-Term Incentive</b>	<ul style="list-style-type: none"> <li>• 33% RSUs vesting over three years</li> <li>• 67% RPSUs, based on TSR performance relative to peer group performance                             <ul style="list-style-type: none"> <li>• Target payouts require above-median performance</li> <li>• If absolute TSR is less than -15%, target goal increases to 65<sup>th</sup> percentile</li> </ul> </li> </ul>

## CEO Compensation Allocation



- = Base Salary
- = Time Based
- = Performance-Based

## 2020 RPSUs

Performance Targets	Performance Requirement		Payout Opportunity
Maximum	75 <sup>th</sup> percentile		200%
Target	Standard: 55 <sup>th</sup> percentile	Modified: 65 <sup>th</sup> percentile <sup>2</sup>	100%
Threshold	25 <sup>th</sup> percentile		25%
Below Threshold	Below 25 <sup>th</sup> percentile		0%

<sup>1</sup> Elements of compensation are defined in the 2021 Proxy Statement; <sup>2</sup> Less than -15% absolute TSR



## APPENDIX FINANCE

# DIRECT ENERGY SCORECARD



## Strategy Aligns with Macro and Market Trends of Increased Customer Value

### Direct Energy Integration & Synergies

Led by a Management Team with Proven Discipline to Attain Synergies

#### Guiding Principles

Safety, protection of customers and value drivers, retention of key talent, while leveraging scope and reach of combined businesses

#### Financial Synergies from SG&A, O&M and Capex

- Apply NRG's culture of cost excellence
- IT, billing, accounting, HR, customer care infrastructure
- Facility savings with significant employee geographic overlap, co-located headquarters and branch offices
- Procurement savings
- Corporate shared services optimization

### Direct Energy Integration Scorecard

As of 03/31/2021 (\$ millions)	2021 Target	2021 Realized	2022 Target	2023 / Run Rate
<b>Accretive &amp; Recurring:</b>				
Synergies	135	51	225	300
<b>Total Recurring EBITDA &amp; FCFbG –Accretion</b>	<b>\$135</b>	<b>\$51</b>	<b>\$225</b>	<b>\$300</b>
<b>Non-Recurring:</b>				
Integration Cost <sup>1</sup>	135	22	40	27
<b>Total Non-Recurring</b>	<b>\$135</b>	<b>\$22</b>	<b>\$40</b>	<b>\$27</b>

**\$51 MM<sup>2</sup> Synergies**  
On track for **\$135 MM in 2021**

<sup>1</sup> 2020 Integration Costs –\$10M; <sup>2</sup> As of 3/31/2021

# RECOURSE DEBT MATURITY SCHEDULE

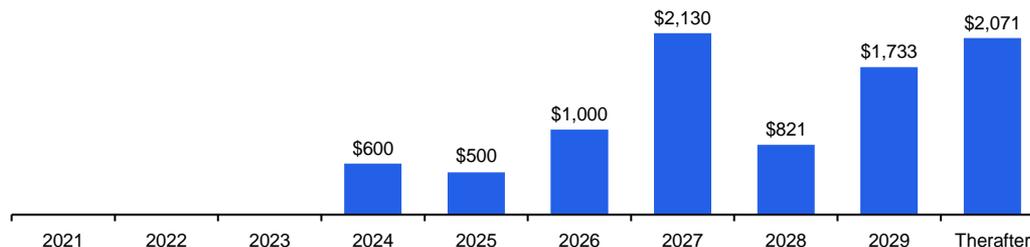


(\$ millions)

## Uniform Maturity Schedule with No Maturity Walls

Recourse Debt <sup>1</sup>	Principal
7.25% Senior notes, due 2026	\$1,000
6.625% Senior notes, due 2027	\$1,230
5.75% Senior notes, due 2028	\$821
5.25% Senior notes, due 2029	\$733
3.375% Senior notes, due 2029	\$500
3.625% Senior notes, due 2031	\$1,030
2.75% Convertible Senior Notes, due 2048 <sup>2</sup>	\$575
3.75% Senior Secured First Lien Notes, due 2024	\$600
2.00% Senior Secured First Lien Notes, due 2025	\$500
2.45% Senior Secured First Lien Notes, due 2027	\$900
4.45% Senior Secured First Lien Notes, due 2029	\$500
Tax-exempt bonds	\$466
<b>Recourse Debt</b>	<b>\$8,855<sup>3</sup></b>

NRG Energy, Inc. Credit Rating	
S&P	Moody's
<b>BB+ Stable</b>	<b>Ba1 Stable</b>



<sup>1</sup> Balances as of 03/31/2021; <sup>2</sup> Notes will become convertible during each of the ~6-month periods following December 1, 2024 and December 1, 2047; for updated convertible rate as of April 30, 2021, see page 28 of 1Q21 10Q;

<sup>3</sup> Excludes revolving credit facility



## APPENDIX REG. G SCHEDULES

**Appendix Table A-1: 2021 NRG Guidance**

The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Adjusted EBITDA and to Net Income/(Loss):

<i>(\$ millions)</i>	<b>2021 Guidance</b>
<b>Net Income / (Loss)<sup>1</sup></b>	<b>\$80 - \$280</b>
Winter Storm Uri	975
Interest expense, net	450
Income tax	55
Depreciation, amortization, contract amortization, and ARO expense	660
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	85
Other Costs <sup>2</sup>	95
<b>Adjusted EBITDA<sup>3</sup></b>	<b>\$2,400 - \$2,600</b>
Interest payments, net	(460)
Income tax	(25)
Working capital / other assets and liabilities	(315)
<b>Net Cash Provided by Operating Activities</b>	<b>\$1,600 - \$1,800</b>
Adjustments: Proceeds from investment and asset sales, Collateral, GenOn Pension, Nuclear decommissioning trust liability	30
<b>Adjusted Cash Flow from Operations</b>	<b>\$1,630 - \$1,830</b>
Maintenance capital expenditures, net	(180) - (195)
Environmental capital expenditures, net	(5) - (10)
<b>Free Cash Flow before Growth</b>	<b>\$1,440 - \$1,640</b>

<sup>1</sup> For purposes of guidance fair value adjustments related to derivatives are assumed to be zero; <sup>2</sup> Includes deactivation costs and integration expenses; <sup>3</sup> Home represents ~75% of Adjusted EBITDA

# 2021 GUIDANCE AND INCREMENTAL ADJUSTMENTS IMPACT OF DIRECT ENERGY ACQUISITION



**Appendix Table A-2: 2021 NRG Guidance and Incremental Adjustments due to Direct Energy Acquisition for 2022 and 2023**

The following table summarizes the incremental impacts to Adjusted EBITDA and FCFbG due to the Direct Energy Acquisition in 2022 and 2023:

(\$ millions)	Guidance 2021	Incremental Adjustments due to Direct Energy Acquisition <sup>1</sup>	
		2022	2023
<b>Adjusted EBITDA</b>	<b>\$2,400 - \$2,600</b>		
Incremental Synergies		90	165
COVID-19 impact improvement		40	75
<b>Incremental Adjusted EBITDA due to Direct Energy Acquisition</b>		<b>130</b>	<b>\$240</b>
<b>Adjusted EBITDA</b>	<b>\$2,400 - \$2,600</b>		
<b>FCFbG</b>	<b>\$1,440 - \$1,640</b>		
Incremental Adjusted EBITDA		130	240
Reduction in interest from 2021		50	50
Reduction in taxes / working capital / maintenance capital expenditures from 2021		90	85
<b>Incremental FCFbG due to Direct Energy Acquisition</b>		<b>270</b>	<b>\$375</b>
<b>Free Cash Flow before Growth</b>	<b>\$1,440 - \$1,640</b>		

<sup>1</sup> See July 24, 2020 Business Update Presentation slide 16

**Appendix Table A-3: Full Years 2015 and 2020 Adjusted EBITDA Reconciliation as previously reported**

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

<i>(\$ millions)</i>	<b>2015<sup>1</sup></b>	<b>2020<sup>2</sup></b>
<b>Income/(Loss) from Continuing Operations</b>	<b>\$ (6,436)</b>	<b>\$ 510</b>
Plus:		
Interest expense, net	1,116	393
Income tax	1,342	251
Loss on debt extinguishment	(75)	9
Depreciation, amortization, and ARO expenses	1,600	480
Contract amortization	-	5
Lease amortization	-	-
<b>EBITDA</b>	<b>(2,453)</b>	<b>1,648</b>
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	109	105
Acquisition-related transaction, integration costs and costs to achieve	6	25
Reorganization costs	-	(1)
Legal settlements	-	-
Deactivation costs	11	9
Gain on sale of assets	-	(17)
Other non recurring charges	-	23
Impairments and asset write-offs	5,122	93
NRG Home Solar EBITDA	173	-
Mark to market (MtM) (gains)/losses on economic hedges	372	119
<b>Adjusted EBITDA</b>	<b>\$ 3,340</b>	<b>\$ 2,004</b>

<sup>1</sup> Loss from Continuing Operations and Adjusted EBITDA as reported on February 29, 2016; <sup>2</sup> Income/(Loss) from Continuing Operations and Adjusted EBITDA as adjusted for discontinued operations occurring through December 31, 2020

**Appendix Table A-4: Full Years 2015 to 2020 Free Cash Flow before Growth as previously reported**

The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Cash provided by Continuing Operations:

<i>(In millions)</i>	2015	2016	2017	2018	2019	2020
<b>Cash provided by Continuing Operations</b>	<b>\$ 1,309</b>	<b>\$ 2,072</b>	<b>\$ 1,425</b>	<b>\$ 1,003</b>	<b>\$ 1,405</b>	<b>\$ 1,837</b>
Merger, integration and cost-to-achieve expenses	21	40	37	97	39	26
Reclassifying of net receipts (payments) for settlement of acquired derivatives that include financing elements	196	151	2	-	-	-
Proceeds from sales of investments and assets	-	-	5	-	-	12
Gain on sale of land	-	74	-	4	2	-
GenOn Settlement and pension plan contributions	-	-	13	75	18	-
Return of capital from equity investments	38	17	26	-	-	-
Note repayment	-	-	-	-	5	-
Encina site improvement	-	-	-	-	1	11
Adjustment for change in collateral	381	(365)	159	117	(97)	(127)
Nuclear decommissioning trust liability	-	-	-	-	-	(51)
<b>Adjusted Cash Flow from Operations</b>	<b>\$ 1,945</b>	<b>\$ 1,989</b>	<b>\$ 1,667</b>	<b>\$ 1,296</b>	<b>\$ 1,373</b>	<b>\$ 1,708</b>
Maintenance capital expenditures, net	(413)	(330)	(164)	(159)	(156)	(156)
Environmental capital expenditures, net	(237)	(285)	(24)	(1)	(3)	(3)
Preferred dividends	(10)	(2)	-	-	-	-
Distributions to non-controlling interests	(158)	(163)	(175)	(16)	(2)	(2)
<b>Free Cash Flow before Growth</b>	<b>\$ 1,127</b>	<b>\$ 1,209</b>	<b>\$ 1,304</b>	<b>\$ 1,120</b>	<b>\$ 1,212</b>	<b>\$ 1,547</b>
Less: FCFbG at Non-Guarantor Subsidiaries	(324)	(516)	(407)			
<b>NRG-Level Free Cash Flow before Growth</b>	<b>\$ 803</b>	<b>\$ 693</b>	<b>\$ 897</b>			
<b>Shares outstanding at December 31</b>	<b>314</b>	<b>315</b>	<b>317</b>	<b>284</b>	<b>249</b>	<b>244</b>

**Appendix Table A-5: 2021 Adjusted EBITDA and Free Cash Flow before Growth Reconciliation for 4.8GW of generation assets in the East/West regions**

The following table summarizes the calculation of Adjusted EBITDA and Free Cash Flow before Growth and provides a reconciliation to Income from Continuing Operations:

<i>(\$ in Millions)</i>	<b>2021</b>	
<b>Income from Continuing Operations</b>	\$	<b>152</b>
Plus:		
Depreciation expense		35
ARO expense		3
<b>Adjusted EBITDA</b>	\$	<b>190</b>
Less:		
Working capital / other assets and liabilities		(37)
<b>Adjusted Cash Flow from Operations</b>	\$	<b>153</b>
Less: Maintenance & environmental capital expenditures, net		(23)
<b>Free Cash Flow before Growth</b>	\$	<b>130</b>

**Appendix Table A-6: 2020 Adjusted EBITDA and Free Cash Flow before Growth Reconciliation for PJM generation assets**

The following table summarizes the calculation of Adjusted EBITDA and Free Cash Flow before Growth and provides a reconciliation to Income from Continuing Operations:

<i>(\$ in Millions)</i>	<b>2020</b>
<b>Income from Continuing Operations</b>	<b>\$ 15</b>
Plus:	
Depreciation expense	55
ARO expense	11
Interest expense	13
<b>EBITDA</b>	<b>\$ 94</b>
Plus:	
Other non recurring charges and Mark to market (MTM) losses on economic hedges	26
Operating lease expense	10
<b>Adjusted EBITDAR</b>	<b>\$ 130</b>
Less: Operating lease expense	(10)
<b>Adjusted EBITDA</b>	<b>\$ 120</b>
Less:	
Interest payments	(13)
Working capital / other assets and liabilities	2
<b>Adjusted Cash Flow from Operations</b>	<b>\$ 109</b>
Less: Maintenance & environmental capital expenditures, net	(4)
<b>Free Cash Flow before Growth</b>	<b>\$ 105</b>

EBITDA and Adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that NRG's future results will be unaffected by unusual or non-recurring items. EBITDA represents net income before interest (including loss on debt extinguishment), taxes, depreciation and amortization. EBITDA is presented because NRG considers it an important supplemental measure of its performance and believes debt-holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;

EBITDA does not reflect changes in, or cash requirements for, working capital needs;

EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;

Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and

Other companies in this industry may calculate EBITDA differently than NRG does, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to use to invest in the growth of NRG's business. NRG compensates for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA only supplementally. See the statements of cash flow included in the financial statements that are a part of this news release.

Adjusted EBITDA is presented as a further supplemental measure of operating performance. As NRG defines it, Adjusted EBITDA represents EBITDA excluding impairment losses, gains or losses on sales, dispositions or retirements of assets, any mark-to-market gains or losses from forward positions of economic hedges, adjustments to exclude the Adjusted EBITDA related to the non-controlling interest, gains or losses on the repurchase, modification or extinguishment of debt, the impact of restructuring and any extraordinary, unusual or non-recurring items plus adjustments to reflect the Adjusted EBITDA from our unconsolidated investments. The reader is encouraged to evaluate each adjustment and the reasons NRG considers it appropriate for supplemental analysis. As an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, in evaluating Adjusted EBITDA, the reader should be aware that in the future NRG may incur expenses similar to the adjustments in this news release.

Management believes Adjusted EBITDA is useful to investors and other users of NRG's financial statements in evaluating its operating performance because it provides an additional tool to compare business performance across companies and across periods and adjusts for items that we do not consider indicative of NRG's future operating performance. This measure is widely used by debt-holders to analyze operating performance and debt service capacity and by equity investors to measure our operating performance without regard to items such as interest expense, taxes, depreciation and amortization, which can vary substantially from company to company depending upon accounting methods and book value of assets, capital structure and the method by which assets were acquired. Management uses Adjusted EBITDA as a measure of operating performance to assist in comparing performance from period to period on a consistent basis and to readily view operating trends, as a measure for planning and forecasting overall expectations, and for evaluating actual results against such expectations, and in communications with NRG's Board of Directors, shareholders, creditors, analysts and investors concerning its financial performance.

Adjusted cash flow from operations is a non-GAAP measure NRG provides to show cash from operations with the reclassification of net payments of derivative contracts acquired in business combinations from financing to operating cash flow, as well as the add back of merger, integration, related restructuring costs and changes in the nuclear decommissioning trust liability. The Company provides the reader with this alternative view of operating cash flow because the cash settlement of these derivative contracts materially impact operating revenues and cost of sales, while GAAP requires NRG to treat them as if there was a financing activity associated with the contracts as of the acquisition dates. The Company adds back merger, integration related restructuring costs as they are one time and unique in nature and do not reflect ongoing cash from operations and they are fully disclosed to investors. From fiscal year 2020, the company excludes changes in the nuclear decommissioning trust liability as these amounts are offset by changes in the decommissioning fund shown in cash from investing.

Free Cash Flow before Growth is adjusted cash flow from operations less maintenance and environmental capital expenditures, net of funding, preferred stock dividends and distributions to non-controlling interests and is used by NRG predominantly as a forecasting tool to estimate cash available for debt reduction and other capital allocation alternatives. The reader is encouraged to evaluate each of these adjustments and the reasons NRG considers them appropriate for supplemental analysis. Because we have mandatory debt service requirements (and other non-discretionary expenditures) investors should not rely on Free Cash Flow before Growth as a measure of cash available for discretionary expenditures.

Free Cash Flow before Growth is utilized by Management in making decisions regarding the allocation of capital. Free Cash Flow before Growth is presented because the Company believes it is a useful tool for assessing the financial performance in the current period. In addition, NRG's peers evaluate cash available for allocation in a similar manner and accordingly, it is a meaningful indicator for investors to benchmark NRG's performance against its peers. Free Cash Flow before Growth is a performance measure and is not intended to represent net income (loss), cash from operations (the most directly comparable U.S. GAAP measure), or liquidity and is not necessarily comparable to similarly titled measures reported by other companies.