NRG Energy Inc.

Third Quarter 2022 Earnings Presentation

November 07, 2022

Safe Harbor

Forward-Looking Statements

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

Although NRG believes that its expectations are reasonable, it can give no assurance that these expectations will prove to be correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated herein include, among others, general economic conditions, hazards customary in the power industry, weather conditions and extreme weather events, changes to and competition in wholesale power and gas markets, the volatility of energy and fuel prices, failure of customers or counterparties to perform under contracts, changes in government or market regulations, the condition of capital markets generally, our ability to access capital markets, the potential impact of COVID-19 or any other pandemic on the Company's operations, financial position, risk exposure and liquidity, data privacy, 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 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 achieve or 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, our ability to achieve our asset light strategy, the inability to maintain or create successful partnering relationships, our ability to operate our business efficiently, our ability to retain retail customers and the impact of attrition, our ability to execute our market 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 an indication of or guarantee that the Company will receive investment grade credit ratings. Debt and share repurchases may be made from time to time subject to market conditions and other factors, including as permitted by United States securities laws. Furthermore, any common stock dividend is subject to available capital and market conditions.

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The adjusted EBITDA and free cash flow guidance are estimates as of November 07, 2022. 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.

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Agenda

Business Review

Mauricio Gutierrez
President & CEO

Financial Review

Alberto Fornaro
EVP & CFO

Closing Remarks

Mauricio Gutierrez
President & CEO

Q&A

Management

Key Messages

Narrowing 2022 and Initiating 2023 Financial Guidance

Advancing Consumer Strategy; Expanding Customer Value through Bundled Essential Services

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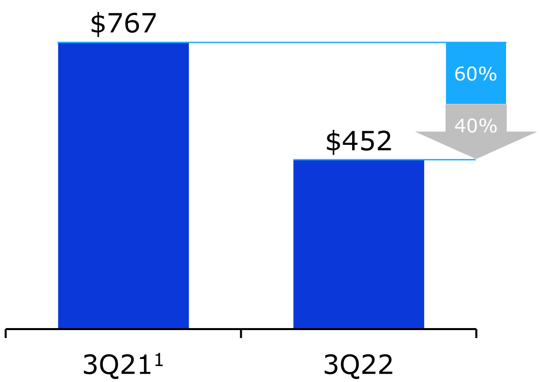
Announcing 2023 Capital Allocation; New $600 MM Share Repurchase Program

Business Highlights & Results

2022 Financial Update

($ millions)

Adj. EBITDA



Included in Guidance[2]:
- Asset Sales & Retirements
- '22 Transitory Items

Variance to Guidance[2]:
- Parish U8 Extended Outage

☑ **Financial and Operational Results**
- ☑ Top decile safety performance
- ☑ Execute 'test and learn' & refine go-to-market strategy
- ☑ Portfolio optimization (Astoria) and PJM retirements
- ☑ $1 Bn 2022 share repurchase program; $397 MM to be completed; Current share count 230 MM[3]

Narrowing 2022 Adj EBITDA Guidance $1,950-2,050 MM

Initiating 2023 Guidance

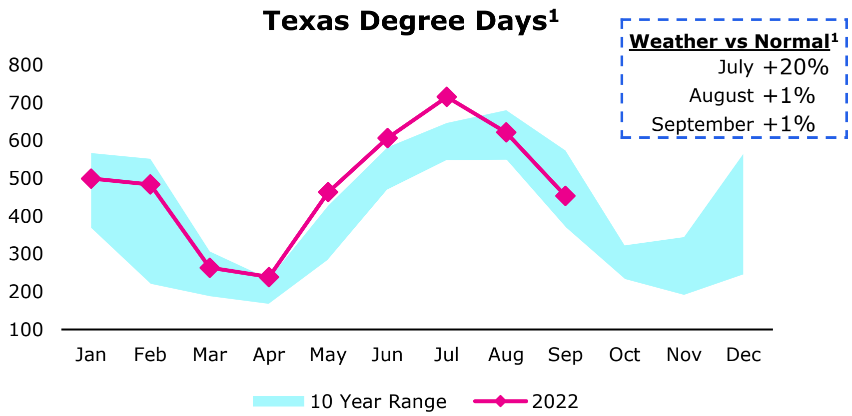
(millions)	**2023E[4]**
Adjusted EBITDA	**$2,270 – $2,470**
Free Cash Flow before Growth	**$1,520 – $1,720**

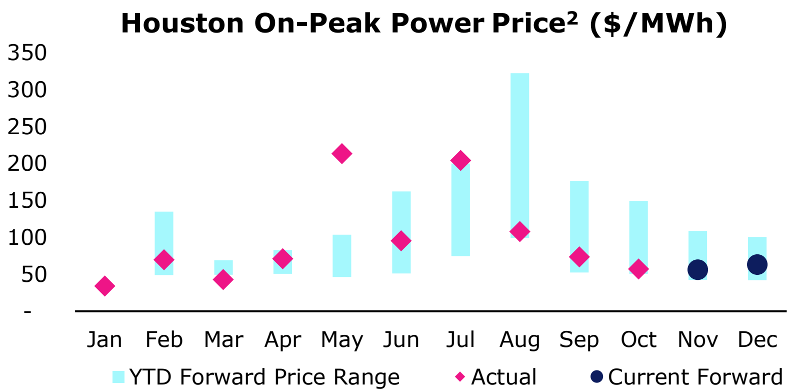
2023: Grow from Core
- Execute integrated home strategy; evaluate strategic partnerships/vertical integration
- Enhance supply reliability through balanced risk management strategy
- Guidance in-line with 2021 Investor Day plan

[1] 3Q21 results exclude the impact of Winter Storm Uri; [2] See slide 11 for details; [3] As of 10/31/22; [4] See slide 13 for details; excludes growth investments, see slide 14 for capital allocation details

Summer Review
Platform Continues to Deliver through Volatility

Realized Volatility on Both Load and Pricing





Resilient Platform Performance Through Adversity

☑ **Strong Retail Performance**
- Healthy consumer trends and spending on essential home services
- Further stabilizing customer bills and earnings; extended avg new Home contract to 2 years
- Disciplined approach to pricing in volatile market; balancing earnings with customer count

☑ **Mixed Supply Performance**
- Mature hedging strategy increased earnings stability through record price / load volatility
- Expanded opportunistic maintenance plan aided strong YTD operational performance
- W.A. Parish Unit 8 (610 MW) outage impacts supply cost; insurance proceeds on track

Integrated Platform Performed as Designed;
Providing Stability though Volatile Market Conditions

[1] Degree Days compared to 10-year average in Texas; [2] As of 10/31/2022

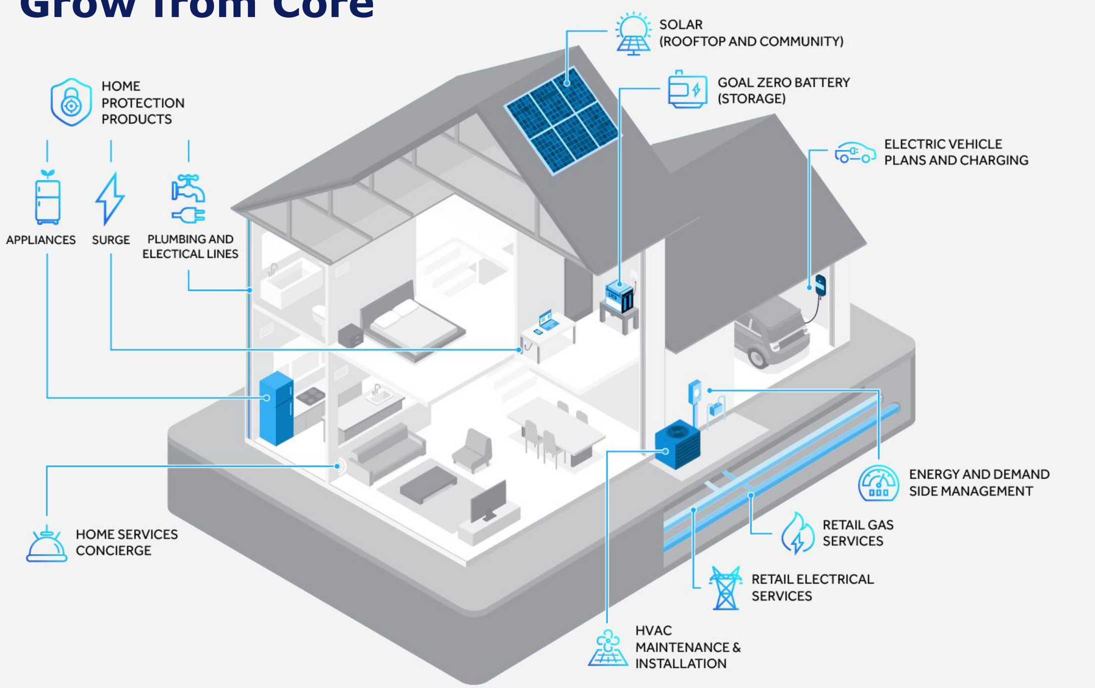
Advancing Consumer Strategy
Successful Test & Learn program

2021-2022
☑ Staging Year for Growth

☑ Test & Learn approach in pilot programs
☑ Optimize business model
☑ Data to enhance go-to-market strategies

In Focus

Grow from Core



Solution	Capability	Status
Energy Services		
Power	nrg	Operational
Natural Gas	nrg	Operational
Solar	Partner Network	Late Stage
Storage	GOAL ZERO	Operational
EV	Partner Network	Late Stage
Energy Mgmt	nrg	Late Stage
Home Services		
Concierge	Partner Network	Early Stage
HVAC	Airtron	Operational
Protection	Allied Warranty, Direct Energy Protection Plans	Operational
Automation	Partner Network	Operational
Security	Partner Network	Late Stage

Advancing Consumer Strategy
Creating the Leading Essential Services Provider

Test & Learn Program Validates Unmet Customer Needs

☑ **'Smart Home' is here**

- Devices & appliances go underutilized without connection to single home platform

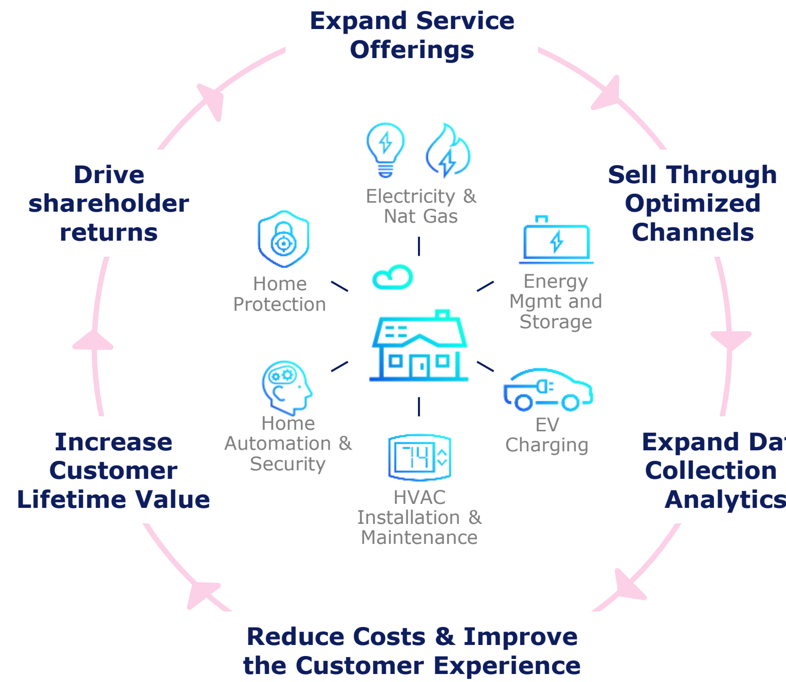
☑ **'Electrification' is real**

- Elements of everyday life - EV, smart appliances, automated home

☑ **'Affordable, Clean, Resilient Energy Solutions' are accessible**

- Increased awareness for cleaner and more resilient distributed and grid resource solutions

Ecosystem that Drives Value To and From the Core



Improvement in Customer Experience, Tenure, and Economics

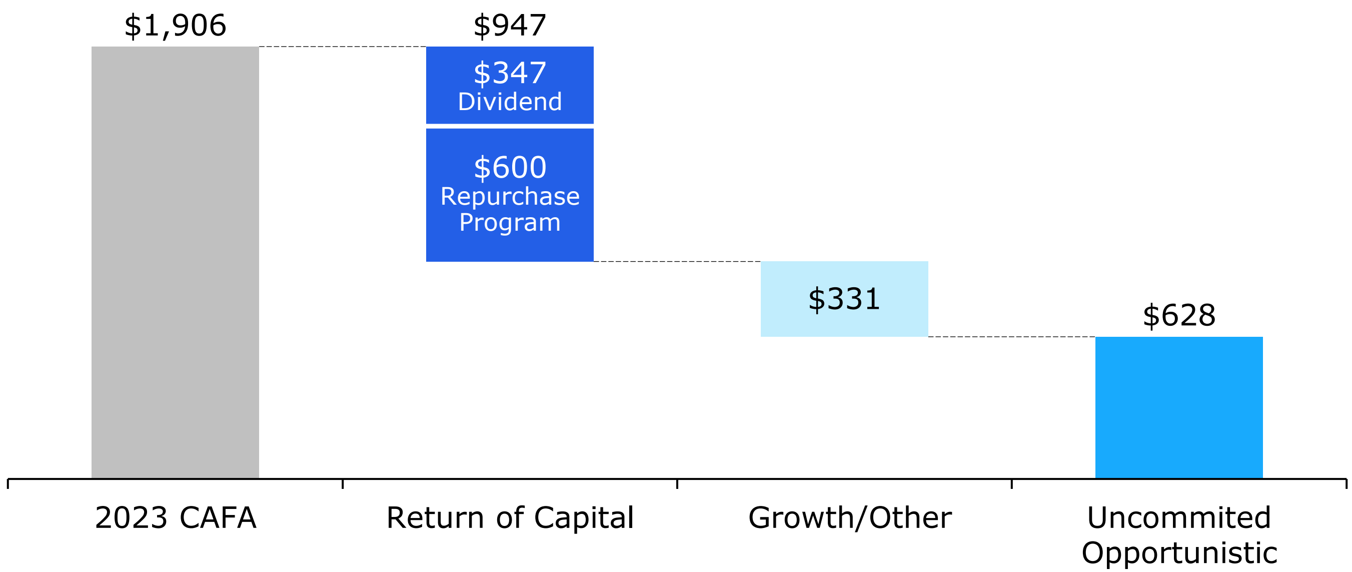
Advancing Consumer Strategy
Next Phase: Grow from Core & Return of Capital

2023+
☐ Grow from Core

☐ Continue growth in core energy offerings
☐ Execute integrated home plan (vertical integration/partnerships)
☐ Maintain disciplined capital allocation

(millions)

Announcing 2023 Capital Allocation[1]
(2023 FCFbG + 2022 Unallocated CAFA)



Compelling Business Platform and Total Return Outlook;
Balanced Capital Allocation In-Line with 50/50 Principles

[1] See slide 14 for details

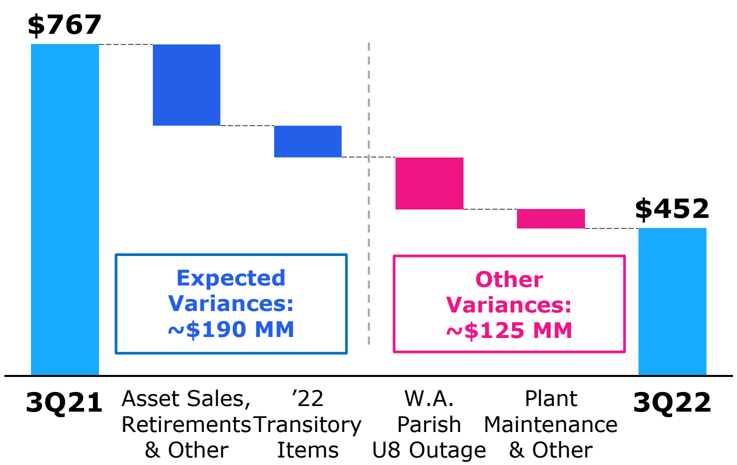
Financial Review

3Q22 Financial Update

($ millions)

	9/30/2022 Three Months Ended	9/30/2022 Nine Months Ended	Narrowing 2022 Guidance
Texas	$183	$632	$1,100-$1,150
East/West/Services/Other[1]	269	687	$850-$900
Adjusted EBITDA	**$452**	**$1,319**	**$1,950-2,050** *Original $1,950-2,250*
Free Cash Flow before Growth (“FCFbG”)	**($42)**	**$294**	**$950-1,050** *Original $1,140-1,440*

3Q22 Adjusted EBITDA



2022 Guidance

EBITDA

- Narrowed to bottom-end, W.A. Parish U8 outage partially offset with cost savings
- 4Q preview: increase in earnings from reversal of Limestone outage and supply-chain, synergies and opportunistic natural gas and power earnings

FCFbG

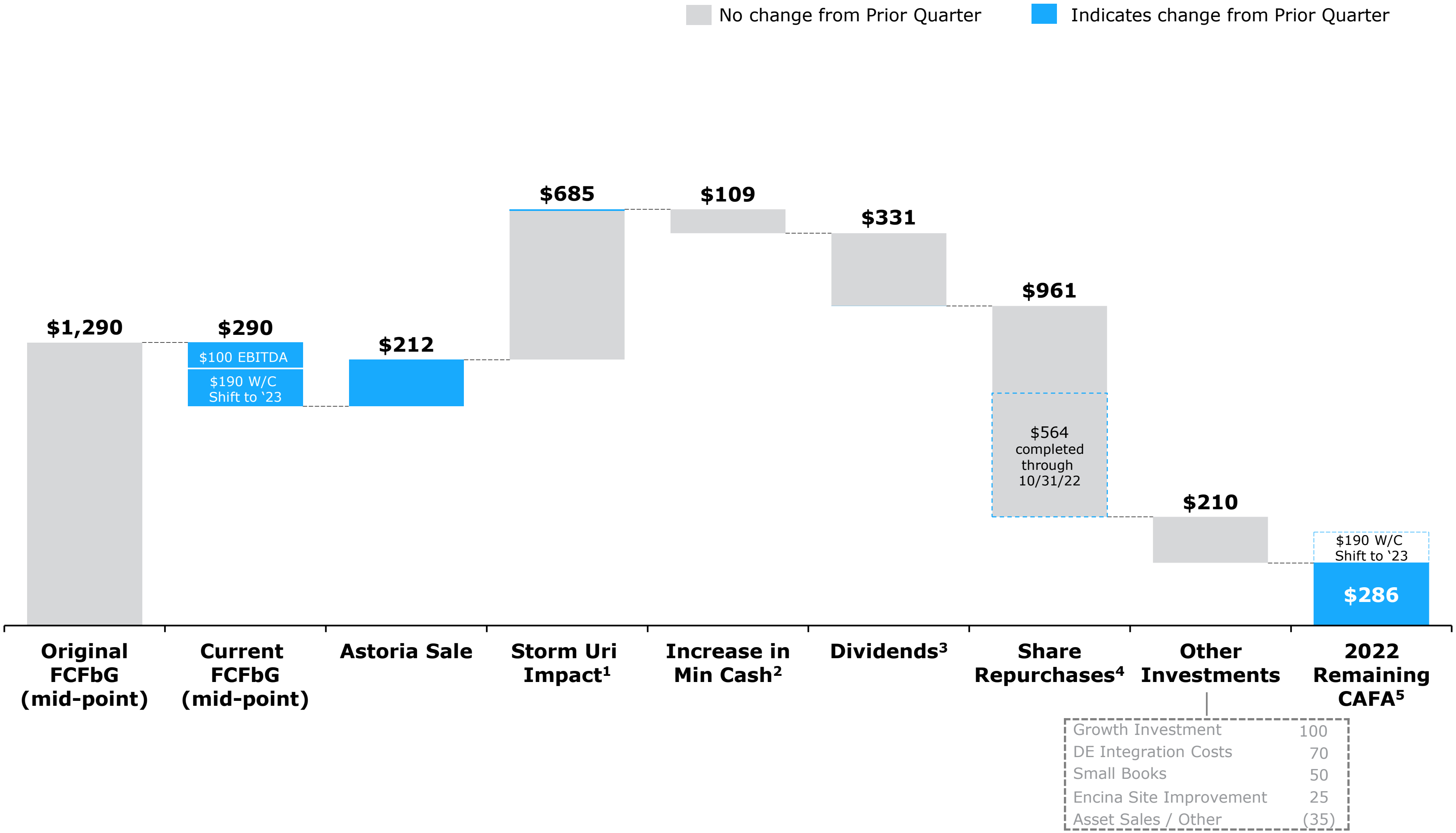
- Reduced as result of increased working capital (W/C) from higher commodities prices (~$140 MM) and coal & natural gas inventories (~$50 MM)
- 4Q preview: higher free cash flow conversion and reversal of seasonal working capital

Narrowing Adj EBITDA Guidance;
Reducing FCFbG Guidance due to Temporary Working Capital

[1] Includes Corporate segment

2022 Capital Allocation Update

($ millions)

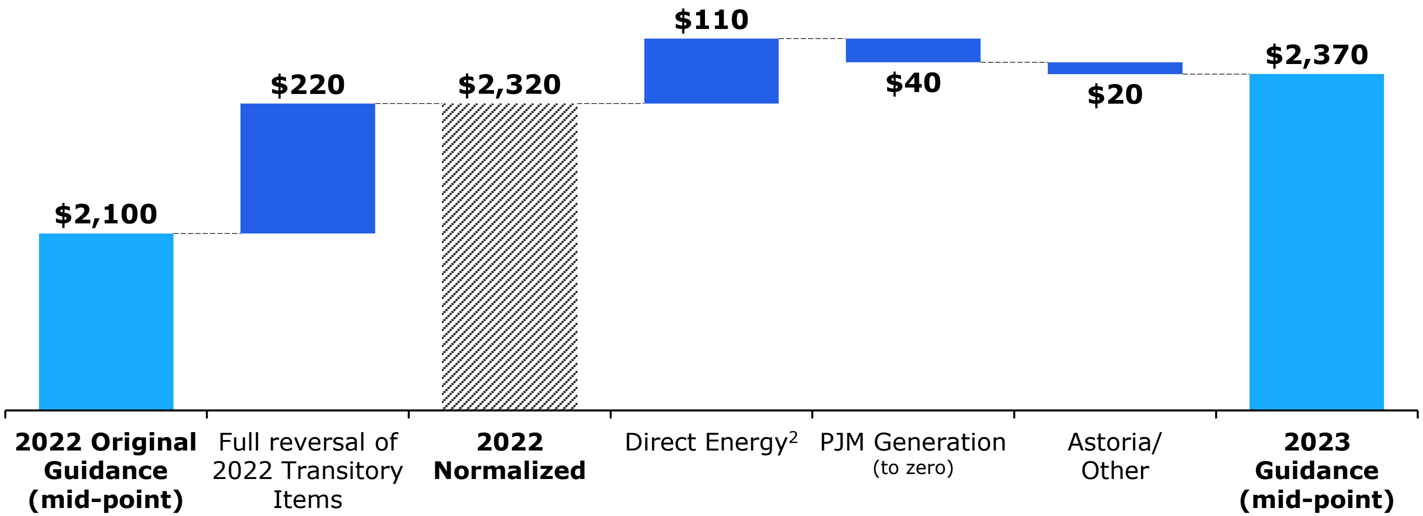


[1] Includes $696 MM in net securitization proceeds and recovery of ERCOT default shortfall payments, plus $80 MM incremental expectations for Uri-related recovery proceeds, less $97 MM of C&I bill credits as reported in 2Q earnings presentation plus additional expected $6 MM mitigants; [2] Increase in minimum cash from $541 MM to $650 MM – to reflect minimum cash post acquisition of Direct Energy; [3] Dividends calculated based on 230 MM shares outstanding as of 10/31/2022, previously $333 MM as reported in 2Q22 earnings presentation; [4] $1 Bn Share repurchase authorization; $39 MM executed December 2021; [5] Previously $356 MM as reported in the 2Q22 earnings presentation

Introducing 2023 Adjusted EBITDA Guidance

($ millions)

	2023 Guidance
Texas	$1,645-$1,795
East/West/Services/Other[1]	$625-$675
Adjusted EBITDA	**$2,270-$2,470**
Free Cash Flow before Growth ("FCFbG")	**$1,520-$1,720**

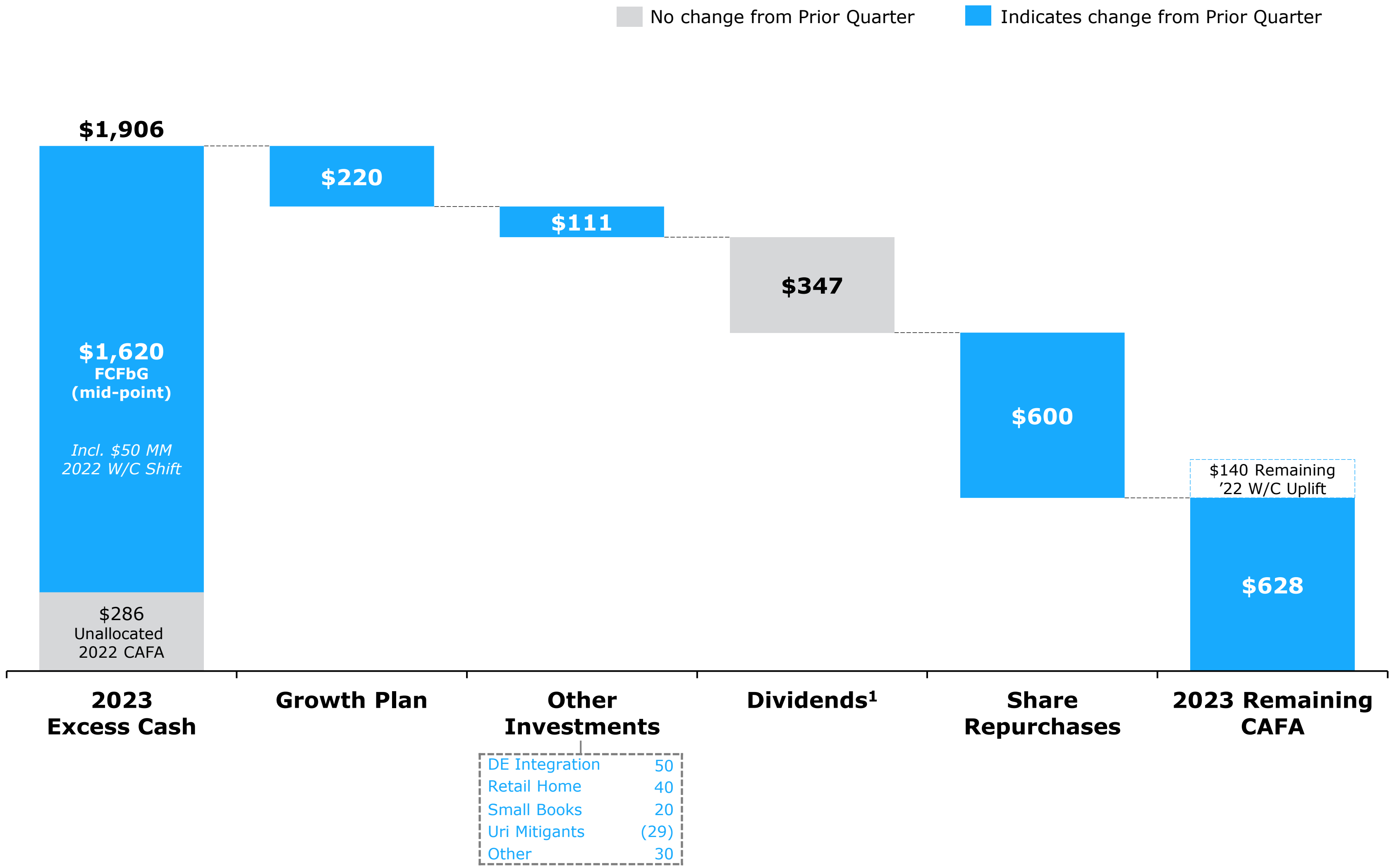


Initiating 2023 Guidance In-Line with Investor Day Outlook

[1] Includes Corporate segment; [2] $110 MM Direct Energy uplift comprised of $75 MM synergies and $35 MM COVID reversal (see slide 16 of July 24, 2020 Business Update)

Introducing 2023 Capital Allocation

($ millions)



[1] Dividends calculated based on 230 MM shares outstanding, as of 10/31/2022 and 8% increase in 2023 dividend per share increase to $1.51

Closing Remarks

2022 Priorities

- ☐ **Deliver on Financial, Operational and ESG Objectives**

- ☐ **Execute on Direct Energy Objectives**
  - ☑ $50 MM incremental 2022 EBITDA-accretive synergies (cumulative $225 MM in '22)
  - ☐ $300 MM cumulative 2023 run-rate EBITDA-accretive synergies – in 2023 guidance

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- ☐ **Optimize and Grow from Core**
  - ☑ Execute 'Test & Learn' phase of 5-year, 15-20% FCFbG/share growth roadmap
  - ☐ Enhance transparency through financial and operational disclosures
  - ☐ Increase renewable, storage, quick-start natural gas supply through capital-light (PPA) strategy
    - ☑ 2.4 GW of renewable PPAs signed
  - ☑ Portfolio / real-estate optimization – PJM retirements; Astoria land sale; Watson asset sale

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- ☐ **Execute Disciplined Capital Allocation Plan**
  - ☑ Maintain strong balance sheet
  - ☐ Advance plan to grow into Investment Grade metrics of 2.50-2.75x
  - ☐ Execute $1 Bn share repurchase program in 2022
    - ☑ $603 MM completed through 10/31/2022

Appendix

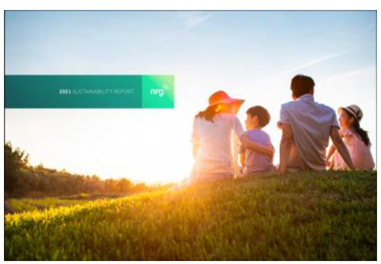
Committed to Sustainability

NRG Sustainability Framework

- Sustainable Business
- Sustainable Customers
- Sustainable Workplace
- Sustainable Operations
- Sustainable Suppliers

Industry-Leading Disclosure

12th Sustainability Report

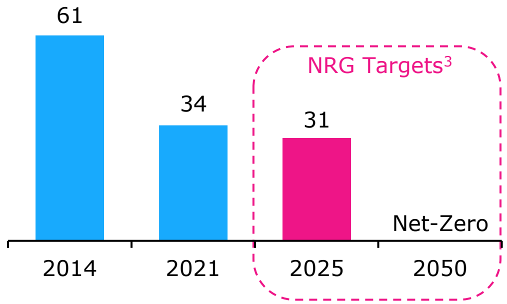


Comprehensive Approach

Environmental Leadership[1]

U.S. CO_2e Emissions ($MMtCO_2e$[2])

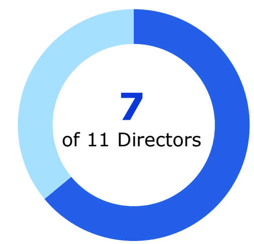
Carbon Reduction Target: 50% by 2025; net-zero by 2050



- ☑ Goals certified as 1.5 degrees Celsius-aligned by Science Based Targets initiative
- ☑ #14 on 2021 *Forbes* Green Growth List
- ☑ 2021 Climate Leadership Award for Excellence in Greenhouse Gas Management

Diversity & Inclusion Focus

64% Board Diversity



- ☑ Four women and three ethnically diverse board members
- ☑ Champion of Board Diversity award, Forum of Executive Women
- ☑ Diversity, Equity, and Inclusion one of the company's five core values
- ☑ Dedicated Diversity, Equity, and Inclusion management Steering Committee
- ☑ Independent board: 91%[4]

[1] Data as of December 31, 2021; [2] Million metric tons of carbon dioxide equivalent; [3] NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO_2e emissions by 50% by 2025, from the current 2014 baseline, and achieve net-zero emissions by 2050; [4] All Directors except CEO

Mature Risk Strategy
Managing Through-Cycle Stability

1 Forecast & Price

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

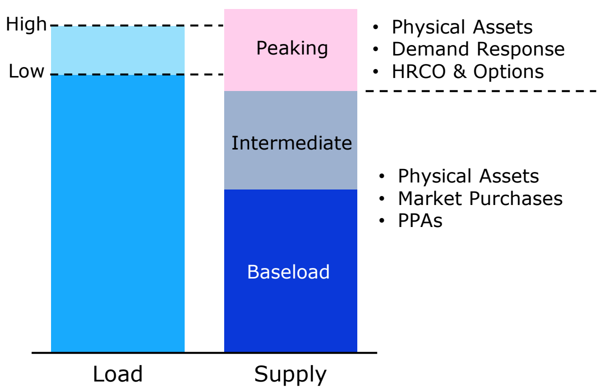
2 Retail Sale & Hedge

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

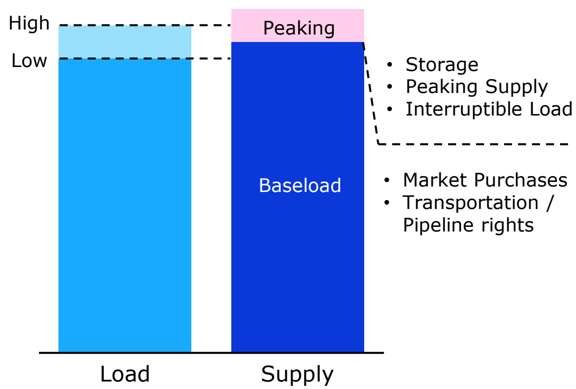
3 Optimize

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

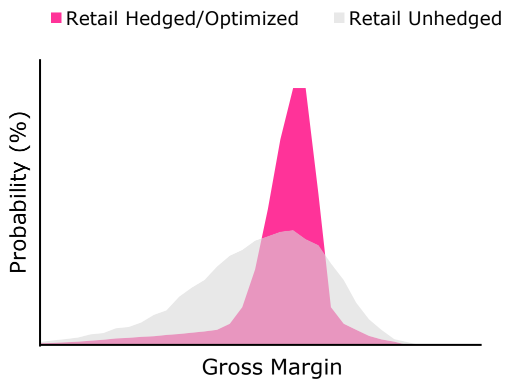
Power Retail



Natural Gas Retail



Stabilize & Enhance Gross Margin



At Signing, Day 0: Hedge to Expected Load

Day 1 thru Delivery Day: Optimize

Corporate Credit Profile

($ millions)

	2022 Guidance	2023 Guidance
Corporate Debt[1]	**$8,100**	**$8,100**
Minimum Cash balance	(650)	(650)
Corporate Net Debt	**$7,450**	**$7,450**
Adjusted EBITDA[2]	**$2,000**	**$2,370**
Other Adjustments[3]	175	175
Corporate Adjusted EBITDA	**$2,175**	**$2,545**

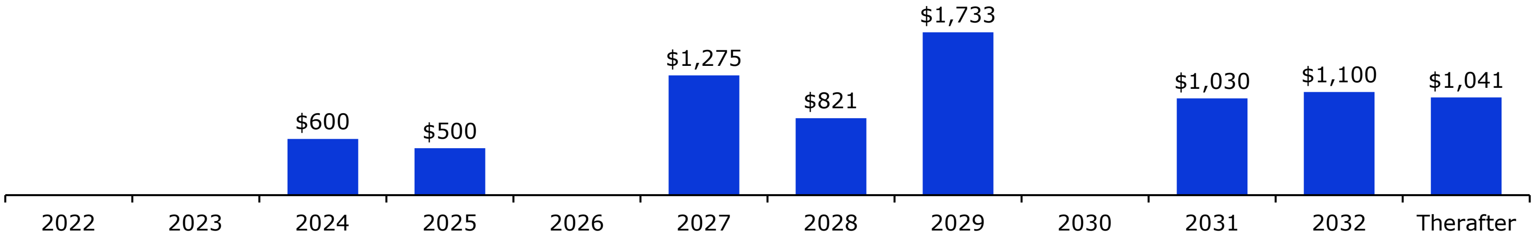
	Long-Term Target Investment Grade Metrics
Net Debt / Adjusted EBITDA	**2.50 – 2.75x**
Adjusted CFO/ Net Debt	**27.5 – 32.5%**
(Adjusted CFO + Interest) / Interest	**5.5 – 6.5x**

Continue to Target long term range of 2.50-2.75x Net Debt/Adj. EBIDTA Through Growth

[1] Balance at 12/31/2021; [2] 2022 and 2023 based on midpoint of guidance range, see slide 25 for Reg G reconciliation; [3] Includes non-cash expenses (e.g., nuclear amortization, equity compensation amortization, and bad debt expense) and non-cash equity earnings that are included in Adjusted EBITDA

Recourse Long-Term Debt Maturity Schedule
Balance as of 09/30/2022

($ millions)



Recourse Debt	Principal
6.625% Senior notes, due 2027	$375
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
3.875% Senior notes, due 2032	$1,100
2.75% Convertible Senior Notes, due 2048[1]	$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
Recourse Debt	**$8,100[2]**

NRG Energy, Inc. Credit Rating

S&P	Moody's
BB+ Stable	**Ba1 Stable**

Uniform Maturity Schedule with No Maturity Walls

[1] 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 9/30/2022, see page 29 of 3Q22 10Q; [2] Excludes revolving credit facilities

Direct Energy Integration
Advancing Customer Focused Strategy

($ millions)

Direct Energy Integration Scorecard

On Track

As of 09/30/2022	2021 Realized	2022 Target	2023 / Run Rate
Accretive & Recurring:			
Synergies	175	225	300
Total Recurring EBITDA & FCFbG –Accretion	**$175**	**$225**	**$300**
Non-Recurring:			
Integration Cost[1]	104	70	50
	$104	**$70**	**$50**

☑ 2022: $50 MM Incremental Synergies Target

☑ $50 MM Incremental Synergies Achieved YTD

Reaffirming Full Plan Targets

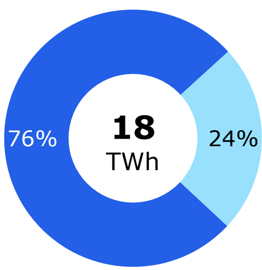
[1] 2020 Integration Costs ~$10M

3Q22 Business Metrics

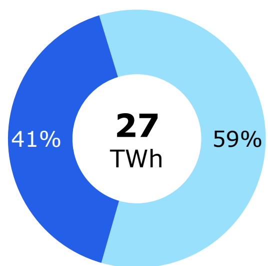
Home & Business Volumes

Texas | East / Other

Electric



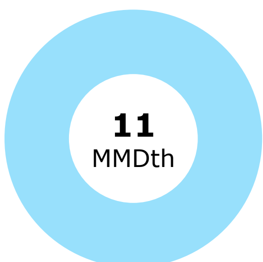
Home / Residential



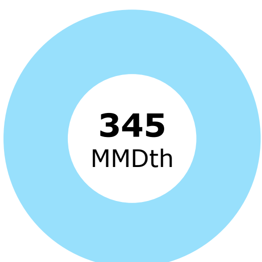
Business / C&I

45 TWh
Electricity

Natural Gas



Home / Residential



Business / C&I

356 MMDth
Natural Gas

Strong Retail Performance – Ending Quarter at 5.5 MM Home Customers

Appendix: Reg. G Schedules

Reg. G

($ millions)

Appendix Table A-1: 2022 and 2023 Guidance

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

	2022 Guidance Original	2022 Guidance Narrowed	2023 Guidance	
Net Income[1]	**$350 - $650**	**$345 - $445**	**$735 - $935**	
Interest expense, net	380	380	430	
Income tax	165	125	310	
Depreciation, amortization, contract amortization, and ARO expense	760	760	700	
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	70	70	15	
Impairments[2]	155	198	-	
Other costs[3]	70	70	80	
Adjusted EBITDA	**1,950 - 2,250**	**1,950 - 2,050**	**2,270 - 2,470**	
Interest payments, net	(360)	(360)	(375)	
Income tax	(50)	(50)	(95)	
Working capital / other assets and liabilities	(80)	(310)	125	A
Cash provided by Operating Activities	**1,460 - 1,760**	**1,230 - 1,330**	**1,925 - 2,125**	
Adjustments: Proceeds from investment and asset sales, collateral, nuclear decommissioning trust liability	10	10	10	
Adjusted Cash Flow from Operations	**1,470 - 1,770**	**1,240 - 1,340**	**1,935 - 2,135**	
Maintenance capital expenditures	(310) - (330)	(275) - (295)	(395) - (415)	B
Environmental capital expenditures	(5) - (10)	(2) - (5)	(10) - (15)	
Free Cash Flow before Growth	**$1,140 - $1,440**	**$950 - $1,050**	**$1,520 - $1,720**	

A Working Capital / Other Assets and Liabilities: includes expected cumulative property damage reimbursements of ~90% for capital deployed to return Limestone Unit 1 and W.A. Parish Unit 8 to service (see 'B' below for expected capital deployed); reimbursements expected to be closely timed with capital deployed, minimizing impact on FCFbG

B Maintenance Capital Expenditures: includes ~$70 MM in 2022 and ~$150 MM in 2023 of deployed capital to return Limestone Unit 1 to service in April 2022 and return W.A. Parish Unit 8 to service by end of second quarter 2023

[1] For purposes of guidance, fair value adjustments related to derivatives are assumed to be zero; [2] Represents impairments of Midwest Generation goodwill and PJM generating assets, and Astoria development spend; [3] Includes deactivation costs and integration expenses

nrg

($ millions)

Appendix Table A-2: Three months ended 9/30/22 and 9/30/21 Adjusted EBITDA Reconciliation by Operating Segment

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

	Three Months ended 9/30/22					Three Months ended 9/30/21				
	Texas	**East**	**West/ Services/ Other**	**Corp/Elim**	**Total**	**Texas**	**East**	**West/ Services/ Other**	**Corp/Elim**	**Total**
Net Income/(Loss)	**$ (475)**	**$ 555**	**$ 88**	**$ (101)**	**$ 67**	**$ 251**	**$ 1,980**	**$ 126**	**$ (739)**	**$ 1,618**
Plus:										
Interest expense, net	-	(1)	7	79	85	-	1	3	117	121
Income tax	-	-	18	(2)	16	-	-	14	531	545
Loss on debt extinguishment	-	-	-	-	-	-	-	-	57	57
Depreciation and amortization	77	39	22	7	145	84	87	21	7	199
ARO expense	2	2	-	-	4	3	4	-	-	7
Contract and emission credit amortization, net	4	(19)	5	-	(10)	7	(54)	5	-	(42)
EBITDA	**(392)**	**576**	**140**	**(17)**	**307**	**345**	**2,018**	**169**	**(27)**	**2,505**
Winter Storm Uri impact	-	-	-	-	-	19	-	-	2	21
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	13	-	13	-	-	17	-	17
Acquisition and divestiture integration and transaction costs	-	-	-	8	8	-	-	-	17	17
Legal settlements	-	-	-	-	-	-	(15)	-	3	(12)
Deactivation costs	-	7	1	-	8	-	-	1	-	1
Loss / (gain) on sale of assets	(22)	-	-	-	(22)	-	-	-	-	-
Other non recurring charges	1	4	-	1	6	-	(1)	1	3	3
Impairments	-	43	-	-	43	-	-	-	-	-
Mark-to-market for economic hedging activities, net	596	(455)	(52)	-	89	82	(1,783)	(84)	-	(1,785)
Adjusted EBITDA	**$ 183**	**$ 175**	**$ 102**	**$ (8)**	**$ 452**	**$ 446**	**$ 219**	**$ 104**	**$ (2)**	**$ 767**

($ millions)

Appendix Table A-3: Nine months ended 9/30/22 and 9/30/21 Adjusted EBITDA Reconciliation by Operating Segment

The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Net Income:

	Nine Months ended 9/30/22					Nine Months ended 9/30/21				
	Texas	East	West/ Services/ Other	Corp/Elim	Total	Texas	East	West/ Services/ Other	Corp/Elim	Total
Net Income/(Loss)	**$ 1,064**	**$ 2,086**	**$ 231**	**$ (1,065)**	**$ 2,316**	**$ 600**	**$ 3,119**	**$ 239**	**$ (1,344)**	**$ 2,614**
Plus:										
Interest expense, net	-	(4)	22	261	279	1	(1)	9	364	373
Income tax	-	(1)	28	712	739	-	-	32	808	840
Loss on debt extinguishment	-	-	-	-	-	-	-	-	57	57
Depreciation and amortization	230	167	65	23	485	245	237	66	21	569
ARO Expense	8	9	3	-	20	10	9	2	-	21
Contract and emission credit amortization, net	-	103	12	-	115	-	23	15	-	38
EBITDA	**1,302**	**2,360**	**361**	**(69)**	**3,954**	**856**	**3,387**	**363**	**(94)**	**4,512**
Winter Storm Uri impact	-	-	-	-	-	1,212	(138)	(10)	6	1,070
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	48	-	48	1	-	55	-	56
Acquisition and divestiture integration and transaction	-	-	-	32	32	-	-	-	83	83
Legal Settlements	-	-	-	-	-	-	(15)	-	11	(4)
Deactivation costs	-	16	1	-	17	-	16	1	-	17
Loss / (gain) on sale of assets	(10)	-	(43)	2	(51)	-	-	(17)	-	(17)
Other non recurring charges	3	24	(11)	12	28	2	-	-	(12)	(10)
Impairments	-	198	-	-	198	-	306	-	-	306
Mark-to-market for economic hedging activities, net	(663)	(2,037)	(207)	-	(2,907)	(1,067)	(2,796)	(160)	-	(4,023)
Adjusted EBITDA	**$ 632**	**$ 561**	**$ 149**	**$ (23)**	**$ 1,319**	**$ 1,004**	**$ 760**	**$ 232**	**$ (6)**	**$ 1,990**

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($ millions)

Appendix Table A-4: Three months ended 9/30/2022 and 9/30/2021 Free Cash Flow before Growth
The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Cash Provided by Operating Activities:

	Three Months Ended 9/30/22	Three Months Ended 9/30/21
Adjusted EBITDA	**$ 452**	**$ 767**
Winter Storm Uri loss	-	(21)
Interest payments, net	(76)	(143)
Income tax	(11)	(20)
Collateral / working capital / other	(1,796)	895
Net Cash Provided by Operating Activities	**(1,431)**	**1,478**
Winter Storm Uri loss	-	21
Securitization, C&I credits and remaining open accounts receivables	16	4
Net receipts from settlement of acquired derivatives that include financing elements	646	205
Acquisition and divestiture transaction and integration costs	8	16
Encina site improvement	2	4
Adjustment for change in collateral	800	(1,274)
Nuclear decommissioning trust liability	(5)	(9)
Effect of exchange rate changes on cash and cash equivalents	(5)	(3)
Adjusted Cash Flow from Operations	**31**	**442**
Maintenance capital expenditures, net	(73)	(47)
Free Cash Flow before Growth	**$ (42)**	**$ 395**

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($ millions)

Appendix Table A-5: Nine months ended 9/30/2022 and 9/30/2021 Free Cash Flow before Growth

The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Cash Provided by Operating Activities:

	Nine Months Ended 9/30/22	Nine Months Ended 9/30/21
Adjusted EBITDA	**$ 1,319**	**$ 1,990**
Winter Storm Uri loss	-	(1,070)
Interest payments, net	(254)	(333)
Income tax	(47)	(8)
Collateral / working capital / other	740	1,276
Net Cash Provided by Operating Activities	**1,758**	**1,855**
Winter Storm Uri loss	-	1,070
Securitization, C&I credits and remaining open accounts receivables	(608)	(107)
Net receipts from settlement of acquired derivatives that include financing elements	1,596	396
Acquisition and divestiture transaction and integration costs	32	82
Encina site improvement	11	19
GenOn Settlement	4	-
Adjustment for change in collateral	(2,321)	(1,970)
Nuclear decommissioning trust liability	2	(36)
Effect of exchange rate changes on cash and cash equivalents	(5)	(2)
Adjusted Cash Flow from Operations	**469**	**1,307**
Maintenance capital expenditures, net	(174)	(142)
Environmental capital expenditures, net	(1)	(2)
Free Cash Flow before Growth	**$ 294**	**$ 1,163**

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EBITDA and Adjusted EBITDA are non-GAAP financial measures. These measurements are not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. The presentation of Adjusted EBITDA should not be construed as an inference that NRG’s future results will be unaffected by unusual or non-recurring items.

EBITDA represents net income before interest expense (including loss on debt extinguishment), income taxes, depreciation and amortization, asset retirement obligation expenses, contract amortization consisting of amortization of power and fuel contracts and amortization of emission allowances. 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 presentation.

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 position 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 presentation.

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

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Adjusted cash flow from operating activities is a non-GAAP measure NRG provides to show cash from operations with the reclassification of net payments of derivative contracts acquired in business combinations from financing to operating cash flow, as well as the add back of merger, integration, related restructuring costs, changes in the nuclear decommissioning trust liability, and the impact of extraordinary, unusual or non-recurring items. 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. 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 investments) is adjusted cash flow from operations less maintenance and environmental capital expenditures, net of funding, preferred stock dividends and distributions to non-controlling interests and is used by NRG predominantly as a forecasting tool to estimate cash available for debt reduction and other capital allocation alternatives. The reader is encouraged to evaluate each of these adjustments and the reasons NRG considers them appropriate for supplemental analysis. Because we have mandatory debt service requirements (and other non-discretionary expenditures) investors should not rely on free cash flow before Growth investments as a measure of cash available for discretionary expenditures.

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