Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: June 30, 2010

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

Commission File Number: 001-15891

NRG Energy, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**41-1724239**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
211 Carnegie Center, Princeton, New Jersey	**08540**
(Address of principal executive offices)	(Zip Code)

(609) 524-4500

(Registrant's telephone number, including area code)

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

Yes ☑ **No** ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☑ **No** ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	**Accelerated filer** ☐	**Non-accelerated filer** ☐ (Do not check if a smaller reporting company)	**Smaller reporting company** ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ **No** ☑

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes ☑ **No** ☐

As of July 29, 2010, there were 253,184,870 shares of common stock outstanding, par value $0.01 per share.

TABLE OF CONTENTS
Index

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

This Quarterly Report on Form 10-Q of NRG Energy, Inc., or NRG or the Company, includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The words "believes," "projects," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions are intended to identify forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause NRG's actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors, risks and uncertainties include the factors described under Risks Factors Related to NRG Energy, Inc. in Part I, Item 1A, of the Company's Annual Report on Form 10-K, for the year ended December 31, 2009, including the following:

- General economic conditions, changes in the wholesale power markets and fluctuations in the cost of fuel;
- Volatile power supply costs and demand for power;
- Hazards customary to the power production industry and power generation operations such as fuel and electricity price volatility, unusual weather conditions, catastrophic weather-related or other damage to facilities, unscheduled generation outages, maintenance or repairs, unanticipated changes to fuel supply costs or availability due to higher demand, shortages, transportation problems or other developments, environmental incidents, or electric transmission or gas pipeline system constraints and the possibility that NRG may not have adequate insurance to cover losses as a result of such hazards;
- The effectiveness of NRG's risk management policies and procedures, and the ability of NRG's counterparties to satisfy their financial commitments;
- Counterparties' collateral demands and other factors affecting NRG's liquidity position and financial condition;
- NRG's ability to operate its businesses efficiently, manage capital expenditures and costs tightly, and generate earnings and cash flows from its asset-based businesses in relation to its debt and other obligations;
- NRG's ability to enter into contracts to sell power and procure fuel on acceptable terms and prices;
- The liquidity and competitiveness of wholesale markets for energy commodities;
- Government regulation, including compliance with regulatory requirements and changes in market rules, rates, tariffs and environmental laws and increased regulation of carbon dioxide and other greenhouse gas emissions;
- Price mitigation strategies and other market structures employed by ISOs or RTOs that result in a failure to adequately compensate NRG's generation units for all of its costs;
- NRG's ability to borrow additional funds and access capital markets, as well as NRG's substantial indebtedness and the possibility that NRG may incur additional indebtedness going forward;
- Operating and financial restrictions placed on NRG and its subsidiaries that are contained in the indentures governing NRG's outstanding notes, in NRG's Senior Credit Facility, and in debt and other agreements of certain of NRG subsidiaries and project affiliates generally;
- NRG's ability to implement its *Repowering*NRG strategy of developing and building new power generation facilities, including new nuclear, wind and solar projects;
- NRG's ability to implement its econrg strategy of finding ways to meet the challenges of climate change, clean air and protecting natural resources while taking advantage of business opportunities;
- NRG's ability to implement its *FOR*NRG strategy of increasing the return on invested capital through operational performance improvements and a range of initiatives at plants and corporate offices to reduce costs or generate revenues;
- NRG's ability to achieve its strategy of regularly returning capital to shareholders;
- Reliant Energy's ability to maintain market share;
- NRG's ability to successfully evaluate investments in new business and growth initiatives; and
- NRG's ability to successfully integrate and manage acquired businesses.

Forward-looking statements speak only as of the date they were made, and NRG undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in any forward-looking statements included in this Quarterly Report on Form 10-Q should not be construed as exhaustive.

GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below:

Baseload capacity	Electric power generation capacity normally expected to serve loads on an around-the-clock basis throughout the calendar year
BTU	British Thermal Unit
CAA	Clean Air Act
CAIR	Clean Air Interstate Rule
CAISO	California Independent System Operator
CATR	Clean Air Transport Rule
Capital Allocation Plan	Share repurchase program
Capital Allocation Program	NRG's plan of allocating capital between debt reduction, reinvestment in the business, and share repurchases through the Capital Allocation Plan
C&I	Commercial, industrial and governmental/institutional
CFTC	U.S. Commodity Futures Trading Commission
CO_2	Carbon dioxide
CPS	CPS Energy
CSF Debt	CSF I and CSF II issued notes and preferred interest, individually referred to as CSF I Debt and CSF II Debt
CSRA	Credit Sleeve Reimbursement Agreement with Merrill Lynch in connection with acquisition of Reliant Energy, as hereinafter defined
CSRA Amendment	Amendment of the existing CSRA with Merrill Lynch which became effective October 5, 2009
DNREC	Delaware Department of Natural Resources and Environmental Control
ERCOT	Electric Reliability Council of Texas, the Independent System Operator and the regional reliability coordinator of the various electricity systems within Texas
Exchange Act	The Securities Exchange Act of 1934, as amended
Expected Baseload Generation	The net baseload generation limited by economic factors (relationship between cost of generation and market price) and reliability factors (scheduled and unplanned outages)
FASB	Financial Accounting Standards Board — the designated organization for establishing standards for financial accounting and reporting
FERC	Federal Energy Regulatory Commission
Funded Letter of Credit Facility	NRG's $1.3 billion term loan-backed fully funded senior secured letter of credit facility, of which $500 million matures on February 1, 2013, and $800 million matures on August 31, 2015, and is a component of NRG's Senior Credit Facility
GHG	Greenhouse Gases
GWh	Gigawatt hour
IGCC	Integrated Gasification Combined Cycle
ISO	Independent System Operator, also referred to as Regional Transmission Organizations, or RTO
ISO-NE	ISO New England Inc.

kV	Kilovolts
kW	Kilowatts

kWh	Kilowatt-hours
LIBOR	London Inter-Bank Offer Rate
LTIP	Long-Term Incentive Plan
MACT	Maximum Achievable Control Technology
Mass	Residential and small business
Merit Order	A term used for the ranking of power stations in order of ascending marginal cost
MIBRAG	Mitteldeutsche Braunkohlengesellschaft mbH
MMBtu	Million British Thermal Units
MW	Megawatts
MWh	Saleable megawatt hours net of internal/parasitic load megawatt-hours
NAAQS	National Ambient Air Quality Standards
NINA	Nuclear Innovation North America LLC
NOx	Nitrogen oxide
NPNS	Normal Purchase Normal Sale
NRC	U.S. Nuclear Regulatory Commission
NYISO	New York Independent System Operator
OCI	Other comprehensive income
Phase II 316(b) Rule	A section of the Clean Water Act regulating cooling water intake structures
PJM	PJM Interconnection, LLC
PJM market	The wholesale and retail electric market operated by PJM primarily in all or parts of Delaware, the District of Columbia, Illinois, Maryland, New Jersey, Ohio, Pennsylvania, Virginia and West Virginia
PPA	Power Purchase Agreement
PUCT	Public Utility Commission of Texas
Reliant Energy	NRG's retail business in Texas purchased on May 1, 2009, from Reliant Energy, Inc. which is now known as RRI Energy, Inc., or RRI
Repowering	Technologies utilized to replace, rebuild, or redevelop major portions of an existing electrical generating facility, not only to achieve a substantial emissions reduction, but also to increase facility capacity, and improve system efficiency
*Repowering*NRG	NRG's program designed to develop, finance, construct and operate new, highly efficient, environmentally responsible capacity
RERH	RERH Holding, LLC and its subsidiaries
Revolving Credit Facility	NRG's $875 million senior secured revolving credit facility, which matures on August 31, 2015, and is a component of NRG's Senior Credit Facility
RGGI	Regional Greenhouse Gas Initiative
RMR	Reliability Must-Run
ROIC	Return on invested capital

RRI	RRI Energy, Inc. (formerly Reliant Energy, Inc.)
Sarbanes-Oxley	Sarbanes-Oxley Act of 2002, as amended
SEC	United States Securities and Exchange Commission

Securities Act	The Securities Act of 1933, as amended
Senior Credit Facility	NRG's senior secured facility, which is comprised of a Term Loan Facility, an $875 million Revolving Credit Facility and a $1.3 billion Funded Letter of Credit Facility
Senior Notes	The Company's $5.4 billion outstanding unsecured senior notes consisting of $1.2 billion of 7.25% senior notes due 2014, $2.4 billion of 7.375% senior notes due 2016, $1.1 billion of 7.375% senior notes due 2017, and $700 million of 8.5% senior notes due 2019
SO_2	Sulfur dioxide
STP	South Texas Project — nuclear generating facility located near Bay City, Texas in which NRG owns a 44% Interest
STPNOC	South Texas Project Nuclear Operating Company
TANE	Toshiba America Nuclear Energy Corporation
TANE Facility	NINA's $500 million credit facility with TANE which matures on February 24, 2012
TEPCO	The Tokyo Electric Power Company of Japan, Inc.
Term Loan Facility	A senior first priority secured term loan, of which approximately $975 million matures on February 1, 2013 and $1.0 billion matures on August 31, 2015, and is a component of NRG's Senior Credit Facility
TNEA	TEPCO Nuclear Energy America LLC
Tonnes	Metric tonnes, which are units of mass or weight in the metric system each equal to 2,205lbs and are the global measurement for GHG
TWh	Terawatt hour
U.S.	United States of America
U.S. DOE	United States Department of Energy
U.S. EPA	United States Environmental Protection Agency
U.S. GAAP	Accounting principles generally accepted in the United States
VaR	Value at Risk

ACCOUNTING PRONOUNCEMENTS

The FASB has established the FASB Accounting Standards Codification, or ASC, as the source of authoritative U.S. GAAP. The FASB issues updates to the ASC through Accounting Standards Updates, or ASUs. The following ASC topics and ASUs are referenced in this report:

ASC 280	ASC-280, *Segment Reporting*
ASC 450	ASC-450, *Contingencies*
ASC 740	ASC-740, *Income Taxes*
ASC 805	ASC-805, *Business Combinations*
ASC 810	ASC-810, *Consolidation*
ASC 815	ASC-815, *Derivatives and Hedging*
ASC 820	ASC-820, *Fair Value Measurements and Disclosures*
ASC 980	ASC-980, *Regulated Operations*
ASU 2009-15	ASU No. 2009-15, *Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing*
ASU 2009-17	ASU No. 2009-17, *Consolidations: Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*
ASU 2010-02	ASU No. 2010-02, *Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification*
ASU 2010-06	ASU No. 2010-06, *Fair Value Measurement and Disclosures: Improving Disclosures about Fair Value Measurements*
ASU 2010-09	ASU No. 2010-09, *Subsequent Events (Topic 815): Amendments to Certain Recognition and Disclosure Requirements*
ASU 2010-10	ASU No. 2010-10, *Consolidation (Topic 810): Amendments for Certain Investment Funds*

PART I — FINANCIAL INFORMATION

ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(In millions, except for per share amounts)	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Operating Revenues				
Total operating revenues	$ 2,133	$ 2,237	$ 4,348	$ 3,895
Operating Costs and Expenses				
Cost of operations	1,329	1,242	2,968	2,008
Depreciation and amortization	208	213	410	382
Selling, general and administrative	139	131	269	214
Acquisition-related transaction and integration costs	—	23	—	35
Development costs	13	9	22	22
Total operating costs and expenses	1,689	1,618	3,669	2,661
Gain on sale of assets	—	—	23	—
Operating Income	444	619	702	1,234
Other Income/(Expense)				
Equity in earnings of unconsolidated affiliates	11	5	25	27
Gain on sale of equity method investment	—	128	—	128
Other income/(expense), net	19	(11)	23	(14)
Interest expense	(147)	(159)	(300)	(297)
Total other expense	(117)	(37)	(252)	(156)
Income Before Income Taxes	327	582	450	1,078
Income tax expense	117	150	182	448
Net Income	210	432	268	630
Less: Net loss attributable to noncontrolling interest	(1)	(1)	(1)	(1)
Net income attributable to NRG Energy, Inc.	211	433	269	631
Dividends for preferred shares	3	7	5	21
Income Available for NRG Energy, Inc. Common Stockholders	$ 208	$ 426	$ 264	$ 610
Earnings per share attributable to NRG Energy, Inc. Common Stockholders				
Weighted average number of common shares outstanding — basic	255	253	254	245
Net Income per Weighted Average Common Share — basic	$ 0.82	$ 1.68	$ 1.04	$ 2.49
Weighted average number of common shares outstanding — diluted	256	275	256	275
Net Income per Weighted Average Common Share — diluted	$ 0.81	$ 1.56	$ 1.03	$ 2.27

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except shares)	June 30, 2010 (unaudited)	December 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 2,168	$ 2,304
Funds deposited by counterparties	310	177
Restricted cash	13	2
Accounts receivable — trade, less allowance for doubtful accounts of $21 and $29, respectively	909	876
Inventory	535	541
Derivative instruments valuation	1,800	1,636
Cash collateral paid in support of energy risk management activities	391	361
Prepayments and other current assets	243	311
Total current assets	6,369	6,208
Property, plant and equipment, net of accumulated depreciation of $3,414 and $3,052, respectively	11,793	11,564
Other Assets		
Equity investments in affiliates	394	409
Note receivable — affiliate and capital leases, less current portion	434	504
Goodwill	1,716	1,718
Intangible assets, net of accumulated amortization of $862 and $648, respectively	1,626	1,777
Nuclear decommissioning trust fund	360	367
Derivative instruments valuation	910	683
Restricted cash supporting funded letter of credit facility	1,300	—
Other non-current assets	201	148
Total other assets	6,941	5,606
Total Assets	$ 25,103	$ 23,378
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt and capital leases	$ 179	$ 571
Accounts payable	690	697
Derivative instruments valuation	1,484	1,473
Deferred income taxes	244	197
Cash collateral received in support of energy risk management activities	310	177
Accrued expenses and other current liabilities	623	647
Total current liabilities	3,530	3,762
Other Liabilities		
Long-term debt and capital leases	7,991	7,847
Funded letter of credit	1,300	—
Nuclear decommissioning reserve	309	300
Nuclear decommissioning trust liability	234	255
Deferred income taxes	1,768	1,783
Derivative instruments valuation	433	387
Out-of-market contracts	258	294
Other non-current liabilities	1,002	806
Total non-current liabilities	13,295	11,672
Total Liabilities	16,825	15,434
3.625% convertible perpetual preferred stock (at liquidation value, net of issuance costs)	248	247
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock (at liquidation value, net of issuance costs)	—	149
Common stock	3	3
Additional paid-in capital	5,311	4,948
Retained earnings	3,596	3,332
Less treasury stock, at cost — 50,625,606 and 41,866,451 shares, respectively	(1,373)	(1,163)
Accumulated other comprehensive income	476	416
Noncontrolling interest	17	12
Total Stockholders' Equity	8,030	7,697
Total Liabilities and Stockholders' Equity	$ 25,103	$ 23,378

See notes to condensed consolidated financial statements.

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

(In millions) Six months ended June 30,	2010	2009
Cash Flows from Operating Activities		
Net income	$ 268	$ 630
Adjustments to reconcile net income to net cash provided by operating activities:		
Distributions and equity in earnings of unconsolidated affiliates	(9)	(27)
Depreciation and amortization	410	382
Provision for bad debts	22	9
Amortization of nuclear fuel	19	19
Amortization of financing costs and debt discount/premiums	15	21
Amortization of intangibles and out-of-market contracts	1	15
Changes in deferred income taxes and liability for unrecognized tax benefits	179	445
Changes in nuclear decommissioning trust liability	9	15
Changes in derivatives	(55)	(368)
Changes in collateral deposits supporting energy risk management activities	(30)	245
Gain on sale of assets, net	(11)	(1)
Gain on sale of equity method investment	—	(128)
Loss/(gain) on sale of emission allowances	3	(9)
Gain recognized on settlement of pre-existing relationship	—	(31)
Amortization of unearned equity compensation	15	13
Changes in option premiums collected, net of acquisition	34	(270)
Cash used by changes in other working capital, net of acquisition	(265)	(238)
Net Cash Provided by Operating Activities	605	722
Cash Flows from Investing Activities		
Acquisition of businesses, net of cash acquired	(141)	(345)
Capital expenditures	(330)	(374)
Increase in restricted cash, net	(11)	(3)
Decrease/(increase) in notes receivable	15	(11)
Purchases of emission allowances	(45)	(52)
Proceeds from sale of emission allowances	11	15
Investments in nuclear decommissioning trust fund securities	(76)	(172)
Proceeds from sales of nuclear decommissioning trust fund securities	67	157
Proceeds from renewable energy grants	102	—
Proceeds from sale of assets, net	30	6
Proceeds from sale of equity method investment	—	284
Other	(7)	(5)
Net Cash Used by Investing Activities	(385)	(500)
Cash Flows from Financing Activities		
Payment of dividends to preferred stockholders	(5)	(21)
Payment for treasury stock	(50)	—
Net receipt from/(payments for) acquired derivatives that include financing elements	27	(22)
Installment proceeds from sale of noncontrolling interest in subsidiary	50	50
Proceeds from issuance of long-term debt	141	820
Proceeds from issuance of term loan for funded letter of credit facility	1,300	—
Increase in restricted cash supporting funded letter of credit facility	(1,300)	—
Proceeds from issuance of common stock	2	—
Payment of deferred debt issuance costs	(53)	(29)
Payments for short and long-term debt	(459)	(233)
Net Cash (Used)/Provided by Financing Activities	(347)	565
Effect of exchange rate changes on cash and cash equivalents	(9)	1
Net (Decrease)/Increase in Cash and Cash Equivalents	(136)	788
Cash and Cash Equivalents at Beginning of Period	2,304	1,494
Cash and Cash Equivalents at End of Period	$2,168	$ 2,282

See notes to condensed consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — Basis of Presentation

NRG Energy, Inc., or NRG or the Company, is primarily a wholesale power generation company with a significant presence in major competitive power markets in the United States, as well as a major retail electricity provider in the ERCOT (Texas) market. NRG is engaged in the ownership, development, construction and operation of power generation facilities, both conventional and renewable, the transacting in and trading of fuel and transportation services, the trading of energy, capacity and related products in the United States and select international markets, and supply of electricity and energy services to retail electricity customers in the Texas market. The Company also seeks to invest in and deploy new energy technologies.

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with the SEC's regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The following notes should be read in conjunction with the accounting policies and other disclosures as set forth in the notes to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2009. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all material adjustments consisting of normal and recurring accruals necessary to present fairly the Company's consolidated financial position as of June 30, 2010, the results of operations for the three and six months ended June 30, 2010, and 2009, and cash flows for the six months ended June 30, 2010 and 2009. Certain prior-year amounts have been reclassified for comparative purposes.

Use of Estimates

The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions impact the reported amount of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated financial statements. They also impact the reported amount of net earnings during the reporting period. Actual results could be different from these estimates.

Note 2 — Summary of Significant Accounting Policies

Other Cash Flow Information

NRG's investing activities do not include non-cash capital expenditures of $113 million which were accrued at June 30, 2010.

Recent Accounting Developments

ASU No. 2009-17 — On January 1, 2010, the Company adopted the provisions of ASU No. 2009-17 *, Consolidations: Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities*, or ASU 2009-17. This guidance amends ASC 810 by altering how a company determines when an entity that is insufficiently capitalized or not controlled through its voting interests should be consolidated. The previous ASC 810 guidance required a quantitative analysis of the economic risk/rewards of a Variable Interest Entity, or a VIE, to determine the primary beneficiary. ASU 2009-17 specifies that a qualitative analysis be performed, requiring the primary beneficiary to have both the power to direct the activities of a VIE that most significantly impact the entities' economic performance, as well as either the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The Company's adoption of ASU 2009-17 on January 1, 2010, did not have an impact on its results of operations, financial position or cash flows.

ASU No. 2010-10 — In February 2010, the FASB issued ASU No. 2010-10, *Consolidation (Topic 810): Amendments for Certain Investment Funds*, or ASU 2010-10. The amendments to ASC 810 clarify that related parties should be considered when evaluating the criteria for determining whether a decision maker's or service provider's fee represents a variable interest. In addition, the amendments clarify that a quantitative calculation should not be the sole basis for evaluating whether a decision maker's or service provider's fee represents a variable interest. The Company adopted the provisions of ASU 2010-10 effective January 1, 2010, with no impact on its results of operations, financial position or cash flows.

Other effects of ASU 2009-17/ASU 2010-10 adoption — NRG determined that one of its equity method investments was a VIE as of January 1, 2010, upon adoption of this new guidance. NRG owns a 50% interest in Sherbino I Wind Farm LLC, or Sherbino, a 150MW wind farm operated as a joint venture with BP Wind Energy North America Inc., or BP Wind. The Company has determined that Sherbino is a VIE, but the Company is not the primary beneficiary, under the amended guidance in ASU 2009-17 and ASU 2010-10. Therefore, NRG will continue to account for its investment in Sherbino under the equity method. NRG's maximum exposure to loss is limited to its equity investment, which is $94 million as of June 30, 2010.

Borrowings of an equity method investment – In December 2008, Sherbino entered into a 15-year term loan facility which is non-recourse to NRG. As of June 30, 2010, the outstanding principal balance of the term loan facility was $131 million, and is secured by substantially all of Sherbino's assets and membership interests.

ASU No. 2010-09 — In February 2010, the FASB issued ASU No. 2010-09, *Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements*, or ASU 2010-09. Under the amendments of ASU 2010-09, an entity that is an SEC filer is not required to disclose the date through which subsequent events have been evaluated. As this guidance provides only disclosure requirements, the adoption of ASU 2010-09 effective January 1, 2010, did not impact the Company's results of operations, financial position or cash flows.

Other — The following accounting standards were adopted on January 1, 2010, with no impact on the Company's results of operations, financial position or cash flows:

- ASU No. 2009-15, *Accounting for Own-Share Lending Arrangements in Contemplation of Convertible Debt Issuance or Other Financing* , or ASU 2009-15.
- ASU No. 2010-02, *Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary—a Scope Clarification,* or ASU 2010-02.
- ASU No. 2010-06, *Fair Value Measurement and Disclosures: Improving Disclosures about Fair Value Measurements*, or ASU 2010-06.

Note 3 — Comprehensive Income/(Loss)

The following table summarizes the components of the Company's comprehensive income/(loss), net of tax:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Net income attributable to NRG Energy, Inc.	$ 211	$ 433	$ 269	$ 631
Changes in derivative activity	(154)	(109)	103	64
Foreign currency translation adjustment	(36)	36	(42)	18
Reclassification adjustment for translation gain realized upon sale of foreign investments	—	(22)	—	(22)
Unrealized (loss)/gain on available-for-sale securities	(1)	1	(1)	2
Other comprehensive (loss)/income	(191)	(94)	60	62
Comprehensive income attributable to NRG Energy, Inc.	$ 20	$ 339	$ 329	$ 693

The following table summarizes the changes in the Company's accumulated other comprehensive income, net of tax:

(In millions)	
Accumulated other comprehensive income as of December 31, 2009	$416
Changes in derivative activity	103
Foreign currency translation adjustment	(42)
Unrealized loss on available-for-sale securities	(1)
Accumulated other comprehensive income as of June 30, 2010	$476

Note 4 — Business Acquisitions and Dispositions

Acquisition of Reliant Energy

On May 1, 2009, NRG, through its wholly-owned subsidiary, NRG Retail LLC, acquired Reliant Energy from RRI Energy, Inc., or RRI, which consisted of the entire Texas electric retail business operations of RRI, including the exclusive use of the trade name "Reliant" and related branding rights. The acquisition of Reliant Energy was accounted for under the acquisition method of accounting in accordance with ASC 805. Accordingly, NRG conducted an assessment of net assets acquired and recognized identifiable assets acquired and liabilities assumed at their acquisition date fair values. The accounting for this business combination was completed on March 31, 2010.

NRG paid RRI total cash consideration of approximately $370 million. NRG also recognized a $31 million non-cash gain at the acquisition date, on the settlement of a pre-existing relationship, representing the in-the-money value to NRG of an agreement that permits Reliant Energy to call on certain NRG gas plants when necessary for Reliant Energy to meet its load obligations. This non-cash gain was considered a component of consideration in accordance with ASC 805, and together with cash consideration, brings total consideration to approximately $401 million.

The following table summarizes the values assigned to the net assets acquired, including cash acquired of $6 million, as of the acquisition date:

	(In millions)
Assets	
Current and non-current assets	$ 635
Property, plant and equipment	72
Intangible assets subject to amortization:	
In-market customer contracts	790
Customer relationships	405
Trade names	178
In-market energy supply contracts	54
Other	6
Derivative assets	1,942
Deferred tax asset, net	14
Goodwill	—
Total assets acquired	$ 4,096
Liabilities	
Current and non-current liabilities	$ 556
Derivative liabilities	2,996
Out-of-market energy supply and customer contracts	143
Total liabilities assumed	$ 3,695
Net assets acquired	$ 401

Measurement period adjustments

The following measurement period adjustments to the provisional amounts, attributable to refinement of the underlying appraisal assumptions, were recognized during 2009 subsequent to the acquisition date and through the first quarter of 2010, the end of the measurement period:

	Increase/(Decrease) (In millions)
Assets	
Intangible assets subject to amortization:	
In-market customer contracts	$ 57
Customer relationships	(76)
In-market energy supply contracts	17
Deferred tax asset, net	3
Total assets acquired	1
Liabilities	
Current and non-current liabilities	6
Out-of-market energy supply and customer contracts	(5)
Total liabilities assumed	1
Net assets acquired	$ —

Other Acquisitions

Northwind Phoenix — On June 22, 2010, NRG, through its wholly-owned subsidiary, NRG Thermal LLC, or NRG Thermal, acquired Northwind Phoenix, LLC, or Northwind Phoenix, for a total purchase price of $100 million, plus a payment for acquired working capital true-ups. Northwind Phoenix owns and operates a district cooling system that provides chilled water to commercial buildings in the Phoenix central business district. In addition, Northwind Phoenix maintains and operates Combined Heat and Power, or CHP, plants that provide chilled water, steam and electricity in metropolitan Tucson and to portions of Arizona State University campuses in Tempe and Mesa. The acquisition was financed by the issuance of $100 million in notes by NRG Thermal. See Note 8, *Long-Term Debt,* for information related to the notes issued.

South Trent — On June 14, 2010, NRG acquired South Trent Wind LLC, owner of the South Trent wind farm, or South Trent, a 101 MW wind farm near Sweetwater, Texas, for a total purchase price of $111 million. South Trent commenced operations in January 2009 and consists of 44 turbines producing up to 2.3 MW of power each. The project has a 20-year PPA, which commenced January 2009, for all generation from the site. In connection with the acquisition, NRG paid $32 million in cash and South Trent entered into a financing arrangement that includes a $79 million term loan. See Note 8, *Long-Term Debt*, for information related to this financing arrangement.

Dispositions

Padoma — On January 11, 2010, NRG sold its terrestrial wind development company, Padoma Wind Power LLC, or Padoma, to Enel North America, Inc., or Enel. NRG retained its existing ownership interest in its three Texas wind farms: Sherbino, Elbow Creek and Langford. In addition, NRG will maintain a strategic partnership with Enel to evaluate potential opportunities in renewable energy, including the opportunity to participate in wind projects currently in development. NRG recognized a gain on the sale of Padoma of $23 million, which was recorded as a component of operating income in the statement of operations.

MIBRAG — On June 10, 2009, NRG sold its 50% ownership interest in Mibrag B.V. whose principal holding was MIBRAG. For its share, NRG received EUR 203 million ($284 million at an exchange rate of 1.40 U.S.$/EUR), net of transaction costs. During the three and six months ended June 30, 2009, NRG recognized an after-tax gain of $128 million. Prior to completion of the sale, NRG continued to record its share of MIBRAG's operations to Equity in earnings of unconsolidated affiliates. In connection with the transaction, NRG entered into a foreign currency forward contract to hedge the impact of exchange rate fluctuations on the sale proceeds. For the three and six months ended June 30, 2009, NRG recorded an exchange loss of $15 million and $24 million, respectively, on the contract within Other income/(expense), net.

Note 5 — Fair Value of Financial Instruments

The estimated carrying values and fair values of NRG's recorded financial instruments are as follows:

	Carrying Amount		Fair Value	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)			
Assets:				
Cash and cash equivalents	$ 2,168	$ 2,304	$ 2,168	$ 2,304
Funds deposited by counterparties	310	177	310	177
Restricted cash	13	2	13	2
Cash collateral paid in support of energy risk management activities	391	361	391	361
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	10	9	10	9
Marketable equity securities	3	5	3	5
Trust fund investments	362	369	362	369
Notes receivable	221	231	232	238
Derivative assets	2,710	2,319	2,710	2,319
Restricted cash supporting funded letter of credit facility	1,300	—	1,300	—
Liabilities:				
Long-term debt, including current portion	8,069	8,295	7,991	8,211
Funded letter of credit	1,300	—	1,250	—
Cash collateral received in support of energy risk management activities	310	177	310	177
Derivative liabilities	$ 1,917	$ 1,860	$ 1,917	$ 1,860

Recurring Fair Value Measurements

The following table presents assets and liabilities measured and recorded at fair value on the Company's condensed consolidated balance sheet on a recurring basis and their level within the fair value hierarchy:

(In millions)	Fair Value			
As of June 30, 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$2,168	$ —	$ —	$ 2,168
Funds deposited by counterparties	310	—	—	310
Restricted cash	13	—	—	13
Cash collateral paid in support of energy risk management activities	391	—	—	391
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	—	—	10	10
Marketable equity securities	3	—	—	3
Trust fund investments				
Cash and cash equivalents	9	—	—	9
U.S. government and federal agency obligations	27	—	—	27
Federal agency mortgage-backed securities	—	61	—	61
Commercial mortgage-backed securities	—	10	—	10
Corporate debt securities	—	50	—	50
Marketable equity securities	172	—	32	204
Foreign government fixed income securities	—	1	—	1
Derivative assets				
Commodity contracts	629	2,005	65	2,699
Interest rate contracts	—	—	11	11
Restricted cash supporting funded letter of credit facility	1,300	—	—	1,300
Total assets	$ 5,022	$2,127	$ 118	$ 7,267
Cash collateral received in support of energy risk management activities	$ 310	$ —	$ —	$ 310
Derivative liabilities				
Commodity contracts	681	967	152	1,800
Interest rate contracts	—	117	—	117
Total liabilities	$ 991	$ 1,084	$ 152	$ 2,227

(In millions)	Fair Value			
As of December 31, 2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 2,304	$ —	$ —	$ 2,304
Funds deposited by counterparties	177	—	—	177
Restricted cash	2	—	—	2
Cash collateral paid in support of energy risk management activities	361	—	—	361
Investment in available-for-sale securities (classified within other non-current assets):				
Debt securities	—	—	9	9
Marketable equity securities	5	—	—	5
Trust fund investments	214	118	37	369
Derivative assets	489	1,767	63	2,319
Total assets	$3,552	$1,885	$ 109	$5,546
Cash collateral received in support of energy risk management activities	$ 177	$ —	$ —	$ 177
Derivative liabilities	501	1,283	76	1,860
Total liabilities	$ 678	$ 1,283	$ 76	$ 2,037

There have been no transfers during the three months and six months ended June 30, 2010, between Levels 1 and 2. The following table reconciles the beginning and ending balances for financial instruments that are recognized at fair value in the consolidated financial statements using significant unobservable inputs:

	Three months ended June 30, 2010				Six months ended June 30, 2010			
(In millions)	Debt Securities	Trust Fund Investments	Derivatives[a]	Total	Debt Securities	Trust Fund Investments	Derivatives[a]	Total
Beginning Balance	$ 9	$ 37	$ (25)	$ 21	$ 9	$ 37	$ (13)	$ 33
Total gains/(losses) (realized and unrealized)								
Included in earnings	—	—	(63)	(63)	—	—	(31)	(31)
Included in OCI	1	—	—	1	1	—	—	1
Included in nuclear decommissioning obligations	—	(5)	—	(5)	—	(5)	—	(5)
Purchases	—	—	8	8	—	—	9	9
Transfer into Level 3 [b]	—	—	15	15	—	—	(47)	(47)
Transfer out of Level 3 [b]	—	—	(11)	(11)	—	—	6	6
Ending balance as of June 30, 2010	$ 10	$ 32	$ (76)	$(34)	$ 10	$ 32	$ (76)	$(34)
The amount of the total gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of June 30, 2010	$ —	$ —	$ (61)	$(61)	$ —	$ —	$ (36)	$(36)

	Three months ended June 30, 2009				Six months ended June 30, 2009			
(In millions)	Debt Securities	Trust Fund Investments	Derivatives[a]	Total	Debt Securities	Trust Fund Investments	Derivatives[a]	Total
Beginning Balance	$ 7	$ 27	$ 126	$160	$ 7	$ 31	$ 49	$87
Total gains/(losses) (realized and unrealized)								
Included in earnings	—	—	(49)	(49)	—	—	(30)	(30)
Included in nuclear decommissioning obligations	—	6	—	6	—	2	—	2
Purchases/(sales), net	—	1	(8)	(7)	—	1	(4)	(3)
Transfer in/(out) of Level 3 [b]	—	—	(19)	(19)	—	—	35	35
Ending balance as of June 30, 2009	$ 7	$ 34	$ 50	$ 91	$ 7	$ 34	$ 50	$ 91
The amount of the total gains for the period included in earnings attributable to the change in unrealized gains relating to assets still held as of June 30, 2009	$ —	$ —	$ (1)	$ (1)	$ —	$ —	$ 28	$28

(a) Consists of derivative assets and liabilities, net.

(b) Transfers in/(out) of Level 3 are related to the availability of external broker quotes. All transfers out are to Level 2.

Realized and unrealized gains and losses included in earnings that are related to the energy derivatives are recorded in operating revenues and cost of operations.

In determining the fair value of NRG's Level 2 and 3 derivative contracts, NRG applies a credit reserve to reflect credit risk which is calculated based on credit default swaps. As of June 30, 2010, the credit reserve resulted in an $11 million decrease in fair value which is composed of a $6 million loss in OCI and a $5 million loss in operating revenue and cost of operations.

Concentration of Credit Risk

In addition to the credit risk discussion as disclosed in Note 2, *Summary of Significant Accounting Policies*, to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2009, the following item is a discussion of the concentration of credit risk for the Company's financial instruments. Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. NRG is exposed to counterparty credit risk through various activities including wholesale sales, fuel purchases and retail supply and retail customer credit risk through its retail load activities.

Counterparty Credit Risk

The Company monitors and manages counterparty credit risk through credit policies that include: (i) an established credit approval process; (ii) a daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, prepayment arrangements, or volumetric limits; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty credit risk with a diversified portfolio of counterparties. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at NRG to cover the credit risk of the counterparty until positions settle.

As of June 30, 2010, total counterparty credit exposure to substantially all counterparties was $1.5 billion and NRG held cash collateral against those positions of $310 million and letters of credit of $11 million, resulting in a net exposure of $1.2 billion. Total counterparty credit exposure is discounted at the risk free rate.

The following table highlights the counterparty credit quality and the net counterparty credit exposure by industry sector. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and Normal Purchase Normal Sale, or NPNS, and non-derivative transactions. The exposure is shown net of collateral held, and includes amounts net of receivables or payables.

Category	Net Exposure[(a)] (% of Total)
Financial institutions	59%
Utilities, energy, merchants, marketers and other	31
Coal suppliers	4
ISOs	6
Total as of June 30, 2010	100%

Category	Net Exposure[(a)] (% of Total)
Investment grade	88%
Non-Investment grade	2
Non-rated	10
Total as of June 30, 2010	100%

(a) Counterparty credit exposure excludes California tolling, Northeast load obligations, certain cooperative load contracts, and Texas Westmoreland coal contracts. The aforementioned exposures were excluded for various reasons including regulatory support or liens held against the contracts which serve to reduce the risk of loss. NRG also excludes uranium and coal transportation contracts from counterparty credit exposure because of the illiquidity of the reference markets. Credit exposure also excludes any exposure NRG has to counterparties of non-recourse subsidiaries.

NRG has counterparty credit risk exposure to certain counterparties representing more than 10% of total net exposure and the aggregate of such counterparties was $409 million. Approximately 89% of NRG's positions relating to credit risk roll-off by the end of 2012. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial results or results of operations from nonperformance by any of NRG's counterparties.

Retail Customer Credit Risk

NRG is exposed to retail credit risk through the Company's competitive electricity supply business, which serves C&I customers and the Mass market in Texas. Retail credit risk results when a customer fails to pay for services rendered. The losses could be incurred from nonpayment of customer accounts receivable and any in-the-money forward value. NRG manages retail credit risk through the use of established credit policies that include monitoring of the portfolio, and the use of credit mitigation measures such as deposits or prepayment arrangements.

As of June 30, 2010, the Company's retail customer credit exposure to C&I customers was diversified across many customers and various industries, with a significant portion of the exposure with government entities.

NRG is also exposed to retail customer credit risk relating to its Mass customers, which may result in a write-off of bad debt. During 2010, the Company continued to experience improved customer payment behavior, but current economic conditions may affect the Company's customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

This footnote should be read in conjunction with the complete description under Note 5, *Fair Value of Financial Instruments*, to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2009.

Note 6 — Nuclear Decommissioning Trust Fund

NRG's nuclear decommissioning trust fund assets, which are for its portion of the decommissioning of the South Texas Project, or STP, are comprised of securities classified as available-for-sale and recorded at fair value based on actively quoted market prices. NRG accounts for the nuclear decommissioning trust fund in accordance with ASC-980 — *Regulated Operations*, or ASC 980. Since the Company is in compliance with the Public Utility Commission of Texas, or PUCT rules and regulations regarding decommissioning trusts and the cost of decommissioning is the responsibility of the Texas ratepayers, not NRG, all realized and unrealized gains or losses (including other than-temporary-impairments) related to the Nuclear Decommissioning Trust Fund are recorded to the Nuclear Decommissioning Trust Liability to the ratepayers and are not included in net income or accumulated other comprehensive income, consistent with regulatory treatment.

The following table summarizes the aggregate fair values and unrealized gains and losses (including other-than-temporary impairments) for the securities held in the trust funds as of June 30, 2010, and December 31, 2009, as well as information about the contractual maturities of those securities. The cost of securities sold is determined on the specific identification method.

	As of June 30, 2010				As of December 31, 2009			
(In millions, except otherwise noted)	Fair Value	Unrealized gains	Unrealized losses	Weighted-average maturities (in years)	Fair Value	Unrealized gains	Unrealized losses	Weighted-average maturities (in years)
Cash and cash equivalents	$ 9	$ —	$ —	—	$ 4	$ —	$ —	—
U.S. government and federal agency obligations	25	2	—	11	23	1	—	8
Federal agency mortgage-backed securities	61	3	—	22	60	2	—	23
Commercial mortgage-backed securities	10	—	1	30	10	—	1	29
Corporate debt securities	50	3	—	10	48	3	1	10
Marketable equity securities	204	73	3	—	220	89	2	—
Foreign government fixed income securities	1	—	—	7	2	—	—	6
Total	$360	$ 81	$ 4		$367	$ 95	$ 4	

The following tables summarize proceeds from sales of available-for-sale securities and the related realized gains and losses from these sales.

	Six months ended June 30,	
(In millions)	2010	2009
Realized gains	$ 2	$ 2
Realized losses	2	5
Proceeds from sale of securities	67	157

Note 7 — Accounting for Derivative Instruments and Hedging Activities

ASC 815 requires NRG to recognize all derivative instruments on the balance sheet as either assets or liabilities and to measure them at fair value each reporting period unless they qualify for a NPNS exception. If certain conditions are met, NRG may be able to designate certain derivatives as cash flow hedges and defer the effective portion of the change in fair value of the derivatives to accumulated OCI, until the hedged transactions occur and are recognized in earnings. The ineffective portion of a cash flow hedge is immediately recognized in earnings.

For derivatives designated as hedges of the fair value of assets or liabilities, the changes in fair value of both the derivative and the hedged transaction are recorded in current earnings.

For derivatives that are not designated as cash flow hedges or do not qualify for hedge accounting treatment, the changes in the fair value will be immediately recognized in earnings. Under the guidelines established per ASC 815, certain derivative instruments may qualify for the NPNS exception and are therefore exempt from fair value accounting treatment. ASC 815 applies to NRG's energy related commodity contracts, interest rate swaps, and foreign exchange contracts.

As the Company engages principally in the trading and marketing of its generation assets and retail business, some of NRG's commercial activities qualify for hedge accounting under the requirements of ASC 815. In order for the generation assets to qualify, the physical generation and sale of electricity should be highly probable at inception of the trade and throughout the period it is held, as is the case with the Company's baseload plants. For this reason, many trades in support of NRG's baseload units normally qualify for NPNS or cash flow hedge accounting treatment, and trades in support of NRG's peaking unit's asset optimization will generally not qualify for hedge accounting treatment, with any changes in fair value likely to be reflected on a mark-to-market basis in the statement of operations. Most of the retail load contracts either qualify for the NPNS exception or fail to meet the criteria for a derivative and the majority of the supply contracts are recorded under mark-to-market accounting. All of NRG's hedging and trading activities are subject to limits within the Company's Risk Management Policy.

Energy-Related Commodities

To manage the commodity price risk associated with the Company's competitive supply activities and the price risk associated with wholesale and retail power sales from the Company's electric generation facilities, NRG may enter into a variety of derivative and non-derivative hedging instruments, utilizing the following:

- Forward contracts, which commit NRG to sell or purchase energy commodities or purchase fuels in the future.
- Futures contracts, which are exchange-traded standardized commitments to purchase or sell a commodity or financial instrument.
- Swap agreements, which require payments to or from counter-parties based upon the differential between two prices for a predetermined contractual, or notional, quantity.
- Option contracts, which convey the right or obligation to purchase or sell a commodity.
- Weather and hurricane derivative products used to mitigate a portion of Reliant Energy's lost revenue due to weather.

The objectives for entering into derivative contracts designated as hedges include:

- Fixing the price for a portion of anticipated future electricity sales through the use of various derivative instruments including gas collars and swaps at a level that provides an acceptable return on the Company's electric generation operations.
- Fixing the price of a portion of anticipated fuel purchases for the operation of NRG's power plants.

As of June 30, 2010, NRG had cash flow hedge energy-related derivative financial instruments extending through December 2013.

NRG's trading activities are subject to limits within the Company's Risk Management Policy. These contracts are recognized on the balance sheet at fair value and changes in the fair value of these derivative financial instruments are recognized in earnings.

Interest Rate Swaps

NRG is exposed to changes in interest rates through the Company's issuance of variable and fixed rate debt. In order to manage the Company's interest rate risk, NRG enters into interest rate swap agreements. As of June 30, 2010, NRG had interest rate derivative instruments extending through June 2028, the majority of which had been designated as either cash flow or fair value hedges.

Volumetric Underlying Derivative Transactions

The following table summarizes the net notional volume buy/(sell) of NRG's open derivative transactions broken out by commodity, excluding those derivatives that qualified for the NPNS exception as of June 30, 2010, and December 31, 2009. Option contracts are reflected using delta volume. Delta volume equals the notional volume of an option adjusted for the probability that the option will be in-the-money at its expiration date.

		Total Volume	
		June 30, 2010	December 31, 2009
Commodity	Units	(In millions)	
Emissions	Short Ton	(7)	(2)
Coal	Short Ton	42	55
Natural Gas	MMBtu	(299)	(484)
Oil	Barrel	—	1
Power	MWh	11	5
Capacity	MW/Day	(3)	(2)
Interest	Dollars	$ 3,203	$ 3,291

Fair Value of Derivative Instruments

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. Also, collateral received or paid on the Company's derivative assets or liabilities are recorded on a separate line item on the balance sheet. The Company has chosen not to offset positions as permitted in ASC 815. As of June 30, 2010, the Company recorded $391 million of cash collateral paid and $310 million of cash collateral received on its balance sheet.

The following table summarizes the fair value within the derivative instrument valuation on the balance sheet as of June 30, 2010, and December 31, 2009:

	Fair Value			
	Derivative Assets		Derivative Liabilities	
(In millions)	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
Derivatives Designated as Cash Flow or Fair Value Hedges:				
Interest rate contracts current	$ —	$ —	$ 48	$ 2
Interest rate contracts long-term	11	8	69	106
Commodity contracts current	370	300	8	12
Commodity contracts long-term	511	508	1	6
Total Derivatives Designated as Cash Flow or Fair Value Hedges	892	816	126	126
Derivatives Not Designated as Cash Flow or Fair Value Hedges:				
Commodity contracts current	1,430	1,336	1,428	1,459
Commodity contracts long-term	388	167	363	275
Total Derivatives Not Designated as Cash Flow or Fair Value Hedges	1,818	1,503	1,791	1,734
Total Derivatives	$2,710	$ 2,319	$1,917	$ 1,860

Accumulated Other Comprehensive Income

The following table summarizes the effects of ASC 815 on NRG's Accumulated OCI balance attributable to cash flow hedge derivatives, net of tax:

	Three months ended June 30, 2010			Six months ended June 30, 2010		
(In millions)	Energy Commodities	Interest Rate	Total	Energy Commodities	Interest Rate	Total
Beginning Balance	$ 719	$ (56)	$ 663	$ 461	$ (55)	$ 406
Reclassified from Accumulated OCI to income:						
- Due to realization of previously deferred amounts	(128)	(2)	(130)	(234)	—	(234)
Mark-to-market of cash flow hedge accounting contracts	(16)	(8)	(24)	348	(11)	337
Accumulated OCI balance at June 30, 2010, net of $308 tax	$ 575	$ (66)	$ 509	$ 575	$ (66)	$ 509
Gains/(losses) expected to be realized from OCI during the next 12 months, net of $186 tax	$ 348	$ (32)	$ 316	$ 348	$ (32)	$ 316
(Losses)/gains recognized in income from the ineffective portion of cash flow hedges	$ (12)	$ 2	$ (10)	$ (14)	$ 2	$ (12)

	Three months ended June 30, 2009			Six months ended June 30, 2009		
(In millions)	Energy Commodities	Interest Rate	Total	Energy Commodities	Interest Rate	Total
Beginning Balance	$ 567	$ (79)	$ 488	$ 406	$ (91)	$ 315
Reclassified from Accumulated OCI to income:						
- Due to realization of previously deferred amounts	(76)	(1)	(77)	(188)	—	(188)
- Due to discontinuation of cash flow hedge accounting	—	—	—	(135)	—	(135)
Mark-to-market of cash flow hedge accounting contracts	(46)	14	(32)	362	25	387
Accumulated OCI balance at June 30, 2009, net of $233 tax	$ 445	$ (66)	$ 379	$ 445	$ (66)	$ 379
(Losses)/gains recognized in income from the ineffective portion of cash flow hedges	$ (3)	$ —	$ (3)	$ 1	$ —	$ 1

Amounts reclassified from Accumulated OCI into income and amounts recognized in income from the ineffective portion of cash flow hedges are recorded to operating revenue for commodity contracts and interest expense for interest rate contracts.

Accounting guidelines require a high degree of correlation between the derivative and the hedged item throughout the period in order to qualify as a cash flow hedge. As of July 31, 2008, the Company's regression analysis for natural gas prices to ERCOT power prices, while positively correlated, did not meet the required threshold for cash flow hedge accounting for calendar years 2012 and 2013. As a result, the Company de-designated its 2012 and 2013 ERCOT cash flow hedges as of July 31, 2008, and prospectively marked these derivatives to market. On April 1, 2009, the required correlation threshold for cash flow hedge accounting was achieved for these transactions, and accordingly, these hedges were re-designated as cash flow hedges.

As discussed in Note 3, *Business Acquisitions*, to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 2009, on October 5, 2009, the Company amended the CSRA with Merrill Lynch. In connection with the CSRA Amendment, NRG net settled certain in-the-money transactions with Morgan Stanley. As these transactions were net settled, $245 million in OCI was frozen and is recognized into income as the underlying power from the baseload plants is generated.

The following table summarizes the amount of gain/(loss) resulting from fair value hedges reflected in interest income/(expense) for interest rate contracts:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Derivative	$ —	$ (7)	$ 3	$ (8)
Senior Notes (hedged item)	$ —	$ 7	$ (3)	$ 8

Impact of Derivative Instruments on the Statement of Operations

In accordance with ASC 815, unrealized gains and losses associated with changes in the fair value of derivative instruments not accounted for as cash flow hedge derivatives and ineffectiveness of hedge derivatives are reflected in current period earnings.

The following table summarizes the pre-tax effects of economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activity on NRG's statement of operations. These amounts are included within operating revenues and cost of operations.

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Unrealized mark-to-market results				
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	$ (51)	$ (18)	$ (91)	$ (34)
Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009	60	210	150	210
Reversal of previously recognized unrealized losses/(gains) on settled positions related to trading activity	8	(35)	26	(104)
Net unrealized gains/(losses) on open positions related to economic hedges	48	(40)	(70)	309
(Losses)/gains on ineffectiveness associated with open positions treated as cash flow hedges	(12)	(3)	(14)	1
Net unrealized gains on open positions related to trading activity	9	1	23	8
Total unrealized gains	$ 62	$ 115	$ 24	$ 390

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Revenue from operations — energy commodities	$ (83)	$ (210)	$ (14)	$ 117
Cost of operations	145	325	38	273
Total impact to statement of operations	$ 62	$ 115	$ 24	$ 390

Reliant Energy's loss positions were acquired as of May 1, 2009, and valued using forward prices on that date. The roll-off amounts were offset by realized losses at the settled prices and are reflected in the cost of operations during the same period.

For the six months ended June 30, 2010, the $70 million loss from economic hedge positions is the result of a decrease in value of forward purchases and sales of natural gas, electricity and fuel due to a decrease in forward power and gas prices.

For the six months ended June 30, 2009, the $309 million gain from economic hedge positions includes $217 million recognized in earnings from previously deferred amounts in Accumulated OCI as the Company discontinued cash flow hedge accounting for certain 2009 transactions in Texas and New York due to lower expected generation, and $92 million of increase in value of forward purchases and sales of electricity and fuel due to a decrease in forward power and gas prices.

Discontinued Normal Purchase and Sale for Coal Purchases — Due to lower coal-fired generation during the first quarter 2009, the Company's coal consumption was lower than forecasted. The Company net settled some of its coal purchases under NPNS designation and thus was not able to assert physical delivery under these coal contracts. The forward positions previously treated as accrual accounting were reclassified into mark-to-market accounting during the first quarter of 2009 and prospectively. The impact of discontinuance of coal NPNS designated transactions resulted in a derivative loss of $29 million that was reflected in the cost of operations for the six months ended June 30, 2009.

Credit Risk Related Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed "adequate assurance" under the agreements, or require the Company to post additional collateral if there was a one notch downgrade in the Company's credit rating. The collateral required for contracts that have adequate assurance clauses that are in a net liability position as of June 30, 2010, was $63 million. The collateral required for contracts with credit rating contingent features that are in a net liability position as of June 30, 2010, was $11 million. The Company is also a party to certain marginable agreements where NRG has a net liability position but the counterparty has not called for the collateral due, which is approximately $15 million as of June 30, 2010.

See Note 5, *Fair Value of Financial Instruments*, to this Form 10-Q for discussion regarding concentration of credit risk.

Note 8 — Long-Term Debt

In March 2010, NRG made a repayment of approximately $229 million to its first lien lenders under the Term Loan Facility. This payment resulted from the mandatory annual offer of a portion of NRG's excess cash flow (as defined in the Senior Credit Facility) for the prior year.

Amendment and Extension of Maturity Dates

On June 30, 2010, NRG completed an amendment and extension of the Senior Credit Facility, resulting in the following:

- NRG extended the maturity date for approximately $1.0 billion of its $2.0 billion outstanding Term Loan Facility to August 31, 2015, with the remaining amount due on the original maturity date of February 1, 2013. The interest rate for the extended portion of the facility increased from LIBOR+1.75% to LIBOR+3.25%;
- Borrowing capacity under the Revolving Credit Facility was reduced from $1.0 billion to $875 million and its maturity was extended to August 31, 2015. The interest rate for the amended Revolving Credit Facility is LIBOR+3.25%;
- The existing Synthetic Letter of Credit Facility was converted into a term loan-backed funded letter of credit facility, or Funded Letter of Credit Facility, with the term loan reflected as a non-current liability and the proceeds of the term loan reflected as non-current restricted cash on NRG's balance sheet. Of the total $1.3 billion borrowed under the term loan, $500 million will mature on February 1, 2013 and bear interest at LIBOR+1.75%, while $800 million will mature August 31, 2015 and bear interest at LIBOR+3.25%.

  Restricted cash supporting funded letter of credit — Pursuant to the letter of credit reimbursement agreements entered into as of June 30, 2010, or the LC Agreements, and the Senior Credit Facility, as amended, NRG made capital contributions to NRG LC Facility Company, or LCFC, a separate, bankruptcy-remote entity that is a wholly-owned subsidiary of NRG. In addition, pursuant to reimbursement agreements related to the LC Agreements, NRG or its subsidiaries is liable for certain reimbursement obligations to LCFC. As of June 30, 2010, LCFC has cash invested in short-term certificates of deposit with an aggregate market value of $1.3 billion. Pursuant to the LC Agreements, which have a maximum committed amount of $1.3 billion, LCFC is liable on various letters of credit issued by Deutsche Bank AG, New York Branch and Citibank, N.A. These letters of credit will be used to support the businesses of NRG and certain of its other subsidiaries and equity investments. LCFC has secured its reimbursement and other obligations under the LC Agreements with a pledge of the cash and cash equivalents that it owns. The LC Agreements require LCFC's assets to be used first and foremost to satisfy claims of creditors of LCFC. Although the cash and cash equivalents held by LCFC are included in the consolidated assets of NRG, such cash and cash equivalents are not available to creditors of NRG.
- Expenses of approximately $45 million, including fees to the lenders and other fees, were deferred and will be expensed in part over the original term of maturity through 2013 and in part over the amended maturity through 2015.

As of June 30, 2010, NRG had issued $820 million of letters of credit under the Funded Letter of Credit Facility, leaving $480 million available for future issuances. Under the Revolving Credit Facility as of June 30, 2010, NRG had issued a letter of credit of $36 million, leaving $839 million available.

Dunkirk Power LLC Tax-Exempt Bonds

On February 1, 2010, the Company fixed the rate on the Dunkirk bonds originally issued in April 2009, at 5.875%. In addition, the $59 million letter of credit issued by NRG in support of the bonds was cancelled and replaced with an NRG guarantee.

Debt Related to Capital Allocation Program

On March 3, 2010, the Company completed the early unwinding of the CSF I Debt by remitting a cash payment to Credit Suisse, or CS, of $242 million to settle the outstanding principal and interest, as compared to $249 million that would have been due at maturity in June 2010. As part of the unwind, CS returned to NRG 6,600,000 shares of NRG common stock borrowed under the Share Lending Agreement, or SLA, between the parties and released all 12,441,973 shares of NRG common stock held as collateral for the CSF I Debt. The 6,600,000 shares of NRG common stock were returned to treasury stock and will no longer be treated as outstanding for corporate law purposes. The Company has now settled all obligations related to the CSF I and II Debt entered into in 2006, as amended from time to time, as well as the SLA entered into in February 2009.

Blythe Credit Agreement

On June 24, 2010, NRG Solar Blythe LLC, or Blythe, entered into a credit agreement with a bank, or the Blythe Credit Agreement, for a $30 million term loan which has an interest rate of LIBOR plus an applicable margin which escalates 0.25% every three years and ranges from 2.5% at closing to 3.75% in year fifteen. The term loan matures in June 2028, amortizes based upon a predetermined schedule, and is secured by all of the assets of Blythe. The bank has also issued two letters of credit on behalf of Blythe totaling approximately $6.4 million. Blythe pays an availability fee of 100% of the applicable margin on these issued letters of credit.

Also related to the Blythe Credit Agreement, on June 25, 2010, Blythe entered into a fixed for floating interest rate swap for 75% of the outstanding term loan amount, intended to hedge the risks associated with floating interest rates. Blythe will pay its counterparty the equivalent of a 3.563% fixed interest payment on a predetermined notional value, and Blythe will receive quarterly the equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by Blythe and its counterparty are made quarterly and the LIBOR is determined in advance of each interest period. The notional amount of the swap, which matures on June 25, 2028, is $22 million and amortizes in proportion to the loan.

South Trent Financing Agreement

On June 14, 2010 NRG completed the acquisition of the South Trent, as discussed in Note 4, *Business Acquisitions and Dispositions*. As part of the purchase price consideration, South Trent entered into the Amended and Restated Financing Agreement, or Financing Agreement, with a group of lenders, which matures on June 14, 2020. The Financing Agreement includes a $79 million term loan, as well as a $10 million letter of credit facility in support of the PPA, for which the full amount had been issued as of June 30, 2010. The Financing Agreement also provides for up to $8 million in additional letter of credit facilities, none of which are utilized as of June 30, 2010. The term loan accrues interest at LIBOR plus a margin based upon a grid, which is initially 2.50% and increases every two years by 12.5 basis points. The term loan amortizes quarterly based upon a predetermined schedule with the unamortized portion due at maturity.

Under the terms of the Financing Agreement, South Trent was required to enter into interest rate protection agreements that would fix the interest rate for a minimum of 75% of the outstanding principal amount. Accordingly, on June 14, 2010, South Trent entered into five interest rate swaps, intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, South Trent will pay its counterparty the equivalent of a 3.265% fixed interest payment on a predetermined notional value, and South Trent will receive the quarterly equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by South Trent and its counterparties are made quarterly and the LIBOR is determined in advance of each interest period. The total notional amount of these swaps, which mature on June 14, 2020, is $59 million. The swaps amortize in proportion to the loan.

South Trent also entered into a series of forward-starting interest rate swaps that will become effective June 14, 2020, and are effective for eight years. The swaps are intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, South Trent will pay its counterparty the equivalent of a 4.95% fixed interest payment on a predetermined notional value, and receive the quarterly equivalent of a floating interest payment based on a three month LIBOR calculated on the same notional value. All interest rate swap payments by South Trent and its counterparties will be made quarterly and the LIBOR is determined in advance of each interest period. The total notional amount of these swaps, which will mature on June 14, 2028, is $21 million.

NRG Thermal Financing

On June 22, 2010 NRG Thermal's largest subsidiary, NRG Energy Center Minneapolis LLC, or NRG Thermal Minneapolis, issued $100 million of 5.95% Series C notes due June 23, 2025, or the Series C Notes. The Series C Notes are secured by substantially all of the assets of NRG Energy Center Minneapolis. NRG Thermal has guaranteed the indebtedness and its guarantee is secured by a pledge of the equity interest in all of NRG Thermal's subsidiaries. At the same time, NRG Thermal amended agreements for its other outstanding notes to conform to the covenants of the Series C Notes. The proceeds of the loan were used to finance the acquisition of Northwind Phoenix, as discussed in Note 4, *Business Acquisitions and Dispositions.*

GenConn Energy LLC related financings

NRG Connecticut Peaking Development LLC made funding requests under the equity bridge loan, or EBL, during the quarter. The EBL is backed by a letter of credit issued by NRG under its Funded Letter of Credit Facility equal to 104% of the amount outstanding. The proceeds of the EBL received through June 30, 2010, were $115 million and the remaining amounts will be drawn as necessary to fund interest on the EBL as the maximum amount permitted to be drawn for project costs for both projects has been met. Of the $115 million, $55 million was drawn to fund Devon project costs and will become due and payable upon the commercial operation date, or COD, of the Devon project, which is expected to occur in the third quarter of 2010.

Borrowings of an equity method investment — In April 2009, GenConn secured financing for 50% of the Devon and Middletown project construction costs through a seven-year term loan facility, and also entered into a five-year revolving working capital loan and letter of credit facility, which collectively with the term loan is referred to as the GenConn Facility. The aggregate credit amount secured under the GenConn Facility, which is non-recourse to NRG, is $291 million, including $48 million for the revolving facility. In August 2009, GenConn began to draw under the GenConn Facility to cover costs related to the Devon project, and in June 2010 GenConn began to draw for the Middletown project. As of June 30, 2010, $109 million had been drawn.

NINA Financing

On May 28, 2010, NINA borrowed $3 million under the TANE Facility. On June 1, 2010, NINA repaid $20 million outstanding under its revolving credit facility, and the facility was terminated.

Note 9 — Changes in Capital Structure

The following table reflects the changes in NRG's common stock issued and outstanding during the six months ended June 30, 2010:

	Authorized	Issued	Treasury	Outstanding
Balance as of December 31, 2009	500,000,000	295,861,759	(41,866,451)	253,995,308
Shares issued under LTIP	—	179,259	—	179,259
Shares issued under NRG Employee Stock Purchase Plan, or ESPP	—	—	54,845	54,845
Capital Allocation Plan	—	—	(2,214,000)	(2,214,000)
Shares returned by affiliates of CS	—	—	(6,600,000)	(6,600,000)
4% Preferred Stock conversion	—	7,701,450	—	7,701,450
Balance as of June 30, 2010	500,000,000	303,742,468	(50,625,606)	253,116,862

Employee Stock Purchase Plan

As of June 30, 2010, there were 363,623 shares of treasury stock reserved for issuance under the ESPP. In July 2010, 66,145 shares of common stock were issued to employee accounts from treasury stock.

2010 Capital Allocation Plan

As part of the Company's 2010 Capital Allocation Plan, the Company repurchased $50 million of NRG's common stock during the quarter ended June 30, 2010. NRG intends to complete the remainder of its $180 million of share repurchases by the end of 2010, subject to market prices, financial restrictions under the Company's debt facilities and as permitted by securities laws.

Share Lending Agreements

As part of the CSF I Debt unwind on March 3, 2010, CS returned to NRG 6,600,000 shares of NRG common stock borrowed under the SLA between the parties. The 6,600,000 shares of NRG common stock were returned to treasury stock and will no longer be treated as outstanding for corporate law purposes. See Note 8, *Long-Term Debt*, to this Form 10-Q for more information.

4% Preferred Stock

As of January 21, 2010, the Company completed the redemption of all remaining outstanding shares of 4% Preferred Stock, with holders converting 154,029 Preferred Stock shares into 7,701,450 shares of common stock and the Company redeeming 28 Preferred Stock shares for $28 thousand in cash.

Note 10 — Equity Compensation

Non-Qualified Stock Options, or NQSOs

The following table summarizes the Company's NQSO activity as of June 30, 2010, and changes during the six months then ended:

	Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value (In millions)
Outstanding as of December 31, 2009	4,793,585	$ 25.07	
Granted	754,200	23.79	
Exercised	(111,331)	22.12	
Forfeited	(331,669)	30.16	
Outstanding at June 30, 2010	5,104,785	24.61	$ 10
Exercisable at June 30, 2010	3,288,301	$ 23.65	$ 10

The weighted average grant date fair value of NQSOs granted for the six months ended June 30, 2010, was $10.67.

Restricted Stock Units, or RSUs

The following table summarizes the Company's non-vested RSU awards as of June 30, 2010, and changes during the six months then ended:

	Units	Weighted Average Grant-Date Fair Value Per Unit
Non-vested as of December 31, 2009	1,614,769	$ 30.78
Granted	352,600	23.66
Vested	(68,240)	28.56
Forfeited	(109,180)	30.12
Non-vested as of June 30, 2010	1,789,949	$ 29.50

Performance Units, or PUs

The following table summarizes the Company's non-vested PU awards as of June 30, 2010, and changes during the six months then ended:

	Units	Weighted Average Grant- Date Fair Value Per Unit
Non-vested as of December 31, 2009	617,300	$ 24.27
Granted	348,500	23.81
Forfeited	(194,400)	22.73
Non-vested as of June 30, 2010	771,400	$ 24.45

In the six months ended June 30, 2010, there were no performance unit payouts in accordance with the terms of the performance units.

Deferral Stock Units, or DSUs

The following table summarizes the Company's outstanding DSU awards as of June 30, 2010, and changes during the six months then ended:

	Units	Weighted Average Grant- Date Fair Value Per Unit
Outstanding as of December 31, 2009	304,049	$ 19.34
Granted	59,067	22.18
Conversions	(28,395)	21.77
Outstanding as of June 30, 2010	334,721	$ 19.63

Note 11 — Earnings Per Share

Basic earnings per share attributable to NRG common stockholders is computed by dividing net income attributable to NRG Energy Inc. adjusted for accumulated preferred stock dividends by the weighted average number of common shares outstanding. Shares issued and treasury shares repurchased during the year are weighted for the portion of the year that they were outstanding.

Diluted earnings per share attributable to NRG common stockholders is computed in a manner consistent with that of basic earnings per share while giving effect to all potentially dilutive common shares that were outstanding during the period.

On March 3, 2010, as part of the CSF I Debt unwind, CS returned 6,600,000 shares of NRG common stock borrowed under the SLA between the parties. These shares had not been treated as outstanding for earnings per share purposes because CS was required to return all borrowed shares (or identical shares) upon termination of the SLA. See Note 8, *Long-Term Debt*, to this Form 10-Q, for more information on the SLA.

The reconciliation of basic earnings per common share to diluted earnings per share attributable to NRG is as follows:

	Three months ended June 30,		Six months ended June 30,	
(In millions, except per share data)	2010	2009	2010	2009
Basic earnings per share attributable to NRG common stockholders				
Numerator:				
Net income attributable to NRG Energy, Inc.	$ 211	$ 433	$ 269	$ 631
Preferred stock dividends	(3)	(7)	(5)	(21)
Net income attributable to NRG Energy, Inc. available to common stockholders	$ 208	$ 426	$ 264	$ 610
Denominator:				
Weighted average number of common shares outstanding	255	253	254	245
Basic earnings per share:				
Net income attributable to NRG Energy, Inc.	$ 0.82	$ 1.68	$ 1.04	$ 2.49
Diluted earnings per share attributable to NRG common stockholders				
Numerator:				
Net income available to common stockholders	$ 208	$ 426	$ 264	$ 610
Add preferred stock dividends for dilutive preferred stock	—	4	—	14
Net income attributable to NRG Energy, Inc. available to common stockholders	$ 208	$ 430	$ 264	$ 624
Denominator:				
Weighted average number of common shares outstanding	255	253	254	245
Incremental shares attributable to the issuance of equity compensation (treasury stock method)	1	1	1	1
Incremental shares attributable to assumed conversion features of outstanding preferred stock (if-converted method)	—	21	1	29
Total dilutive shares	256	275	256	275
Diluted earnings per share:				
Net income attributable to NRG Energy, Inc.	$ 0.81	$ 1.56	$ 1.03	$ 2.27

The following table summarizes NRG's outstanding equity instruments that were anti-dilutive and not included in the computation of the Company's diluted earnings per share for the three and six months ended June 30:

	Three months ended June 30,		Six months ended June 30,	
(In millions of shares)	2010	2009	2010	2009
Equity compensation — NQSOs and PUs	6	5	6	5
Embedded derivative of 3.625% redeemable perpetual preferred stock	16	16	16	16
Embedded derivative of CSF II Debt	—	8	—	8
Total	22	29	22	29

Note 12 — Segment Reporting

NRG's segment structure has changed to reflect the Company's acquisition of Reliant Energy along with the previously reported core areas of operation which are primarily the geographic regions of the Company's wholesale power generation, thermal and chilled water business, and corporate activities. Within NRG's wholesale power generation operations, there are distinct components with separate operating results and management structures for the following regions: Texas, Northeast, South Central, West and International.

(In millions)		Wholesale Power Generation								
Three months ended June 30, 2010	Reliant Energy	Texas[a]	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$1,282	$ 692	$ 205	$ 152	$ 32	$ 30	$ 27	$ (4)	$ (283)	$ 2,133
Depreciation and amortization	29	124	31	16	3	—	3	2	—	208
Equity in earnings of unconsolidated affiliates	—	1	(1)	—	1	11	—	(1)	—	11
Income/(loss) before income taxes	277	157	(2)	4	8	31	(2)	(147)	1	327
Net income/(loss)	277	157	(2)	4	8	21	(2)	(254)	1	210
Net loss attributable to non-controlling interest	—	(1)	—	—	—	—	—	—	—	(1)
Net income/(loss) attributable to NRG Energy, Inc.	$ 277	$ 158	$ (2)	$ 4	$ 8	$ 21	$ (2)	$ (254)	$ 1	$ 211
Total assets	$ 1,930	$13,363	$ 1,843	$ 884	$372	$ 672	$ 328	$ 27,303	$ (21,592)	$25,103

(a) Includes inter-segment sales of $281 million to Reliant Energy.

(In millions)		Wholesale Power Generation								
Three months ended June 30, 2009	Reliant Energy[a]	Texas[b]	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$ 1,175	$ 619	$ 237	$ 139	$ 42	$ 34	$ 28	$ 32	$ (69)	$2,237
Depreciation and amortization	43	117	30	17	2	—	3	1	—	213
Equity in earnings/(loss) of unconsolidated affiliates	—	(7)	—	—	3	9	—	—	—	5
Income/(loss) from continuing operations before income taxes	414	107	42	(9)	19	128	—	(119)	—	582
Net income/(loss)	233	98	42	(9)	19	125	—	(76)	—	432
Net loss attributable to non-controlling interest	—	(1)	—	—	—	—	—	—	—	(1)
Net income/(loss) attributable to NRG Energy, Inc.	$ 233	$ 99	$ 42	$ (9)	$ 19	$ 125	$ —	$ (76)	$ —	$ 433

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

(b) Includes inter-segment sales of $69 million to Reliant Energy.

(In millions) Six months ended June 30, 2010	Reliant Energy	Wholesale Power Generation								
		Texas[a]	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$2,458	$ 1,562	$ 484	$ 295	$ 67	$ 65	$ 63	$ (2)	$ (644)	$4,348
Depreciation and amortization	59	241	63	32	6	—	5	4	—	410
Equity in earnings of unconsolidated affiliates	—	11	(1)	—	1	15	—	(1)	—	25
Income/(loss) from continuing operations before income taxes	89	532	50	—	14	41	2	(279)	1	450
Net income/(loss)	89	532	50	—	14	29	2	(449)	1	268
Net loss attributable to non-controlling interest	—	(1)	—	—	—	—	—	—	—	(1)
Net income/(loss) attributable to NRG Energy, Inc.	$ 89	$ 533	$ 50	$ —	$ 14	$ 29	$ 2	$ (449)	$ 1	$ 269

(a) Includes inter-segment sales of $642 million to Reliant Energy.

In millions) Six months ended June 30, 2009	Reliant Energy[a]	Wholesale Power Generation								
		Texas[b]	Northeast	South Central	West	International	Thermal	Corporate	Elimination	Total
Operating revenues	$ 1,175	$1,544	$ 701	$ 301	$ 70	$ 68	$ 70	$ 36	$ (70)	$3,895
Depreciation and amortization	43	234	59	34	4	—	5	3	—	382
Equity in earnings/(losses) of unconsolidated affiliates	—	(3)	—	—	4	26	—	—	—	27
Income/(loss) from continuing operations before income taxes	414	485	253	(8)	16	142	4	(228)	—	1,078
Net income/(loss)	233	315	253	(8)	16	137	4	(320)	—	630
Net loss attributable to non-controlling interest	—	(1)	—	—	—	—	—	—	—	(1)
Net income/(loss) attributable to NRG Energy, Inc.	$ 233	$ 316	$ 253	$ (8)	$ 16	$ 137	$ 4	$ (320)	$ —	$ 631

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

(b) Includes inter-segment sales of $69 million to Reliant Energy.

Note 13 — Income Taxes

Effective Tax Rate

The Company's Income tax provision consisted of the following:

	Three months ended June 30,		Six months ended June 30,	
(In millions except otherwise noted)	2010	2009	2010	2009
Income tax expense	$ 117	$ 150	$ 182	$ 448
Effective tax rate	35.8%	25.8%	40.4%	41.5%

For the three months ended June 30, 2010, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to state and local income taxes as well as recording federal and state tax expense and interest for unrecognized tax benefits. For the three months ended June 30, 2009, NRG's effective tax rate was different than the statutory rate of 35% primarily due to a net state and local income tax benefit as a result of the Reliant Energy acquisition, and the sale of the MIBRAG facility.

For the six months ended June 30, 2010, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to state and local income taxes as well as recording federal and state tax expense and interest for unrecognized tax benefits. For the six months ended June 30, 2009, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to an increase in valuation allowance as a result of capital losses generated in the six month period for which there were no projected capital gains or available tax planning strategies. Furthermore, the effective tax rate was decreased by the sale of the MIBRAG facility as well as a net state and local income tax benefit as a result of the Reliant Energy acquisition.

Unrecognized tax benefits

As of June 30, 2010, NRG has recorded a $512 million non-current tax liability for unrecognized tax benefits, primarily resulting from taxable earnings for the period for which there are no net operating losses available to offset for financial statement purposes. NRG has accrued interest related to these unrecognized tax benefits of approximately $17 million for the six months ended June 30, 2010, and has accrued approximately $34 million since adoption. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

The Company continues to be under examination by the Internal Revenue Service for the years 2004 through 2006, as well as various state jurisdictions for multiple years.

Tax Receivable and Payable

As of June 30, 2010, NRG recorded a current tax payable of approximately $22 million that represents a tax liability due for domestic state taxes of approximately $14 million, as well as foreign taxes payable of approximately $8 million. In addition, as of June 30, 2010, NRG had a domestic tax receivable of $77 million for property tax refunds primarily due to the New York State Empire Zone program.

Note 14 — Benefit Plans and Other Postretirement Benefits

NRG Defined Benefit Plans

NRG sponsors and operates three defined benefit pension and other postretirement plans. The NRG Plan for Bargained Employees and the NRG Plan for Non-Bargained Employees are maintained solely for eligible legacy NRG participants. A third plan, the Texas Genco Retirement Plan, is maintained for participation solely by eligible employees. The total amount of employer contributions paid for the six months ended June 30, 2010, was $11 million. NRG expects to make approximately $7 million in further contributions for the remainder of 2010.

The net periodic pension cost related to all of the Company's defined benefit pension plans includes the following components:

	Defined Benefit Pension Plans			
	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Service cost benefits earned	$ 4	$ 3	$ 7	$ 7
Interest cost on benefit obligation	5	5	10	10
Prior service cost	—	1	—	1
Expected return on plan assets	(6)	(4)	(10)	(8)
Net periodic benefit cost	$ 3	$ 5	$ 7	$ 10

The net periodic cost related to all of the Company's other postretirement benefits plans includes the following components:

	Other Postretirement Benefits Plans			
	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Service cost benefits earned	$ —	$ 1	$ 1	$ 2
Interest cost on benefit obligation	2	1	3	3
Net periodic benefit cost	$ 2	$ 2	$ 4	$ 5

STP Defined Benefit Plans

NRG has a 44% undivided ownership interest in South Texas Project, or STP. South Texas Project Nuclear Operating Company, or STPNOC, which operates and maintains STP, provides its employees a defined benefit pension plan as well as postretirement health and welfare benefits. Although NRG does not sponsor the STP plan, it reimburses STPNOC for 44% of the contributions made towards its retirement plan obligations. The total amount of employer contributions reimbursed to STPNOC for the six months ended June 30, 2010 was $1 million.

The Company recognized net periodic costs related to its 44% interest in STP defined benefits as follows:

	Three months ended June 30,		Six months ended June 30,	
(In millions)	2010	2009	2010	2009
Net periodic benefit costs	$ 2	$ 2	$ 4	$ 5

Note 15 — Commitments and Contingencies

First and Second Lien Structure

NRG has granted first and second liens to certain counterparties on substantially all of the Company's assets to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-the-money hedge agreements for forward sales of power or MWh equivalents. The Company's lien counterparties may have a claim on NRG's assets to the extent market prices exceed the hedged price. As of June 30, 2010, all hedges under the first and second liens were in-the-money on a counterparty aggregate basis.

Nuclear Innovation North America, LLC

CPS Settlement — On March 1, 2010, an agreement was reached with CPS for NINA to acquire a controlling interest in the STP Units 3 and 4 Project through a settlement of litigation between the parties. As part of the agreement, NINA increased its ownership in the STP Units 3 and 4 Project from 50% to 92.375% and assumed full management control of the project. NRG also will pay $80 million to CPS, subject to the United States Department of Energy's, or U.S. DOE, approval of a fully executed term sheet for a conditional U.S. DOE loan guarantee. The first $40 million would be promptly paid after acceptance of the guarantee with the remaining $40 million paid six months later. NRG also agreed to donate an additional $10 million, unconditionally, over four years in annual payments of $2.5 million to the Residential Energy Assistance Partnership, or REAP, in San Antonio. The first $2.5 million payment to REAP was made on March 17, 2010. In connection with the agreement, the Company capitalized $90 million to construction in progress within property, plant and equipment, and as of June 30, 2010, $87.5 million in liabilities remains on the condensed consolidated balance sheet for the obligations to CPS and REAP. As part of the agreement with CPS, all litigation was dismissed with prejudice.

NINA Investment and Option Agreement — On May 10, 2010, NINA and Tokyo Electric Power Company of Japan, or TEPCO, signed an Investment and Option Agreement whereby TEPCO agreed to acquire up to a 20% interest in NINA Investments Holdings LLC, or Holdings, a wholly-owned subsidiary of NINA, which indirectly holds NINA's ownership interest in the STP Units 3 and 4 Project. TEPCO will initially invest $155 million for a 10% share of Holdings, which includes a $30 million option premium payment to Holdings. This option, which expires approximately one year from the date of signing the Investment and Option Agreement, will enable TEPCO to buy an additional 10% of Holdings for another payment of $125 million. Pursuant to the terms of the Agreement, the closing is contingent upon NINA's acceptance of a U.S. DOE loan guarantee commitment. Upon its initial investment, TEPCO will hold a 9.238% interest in the STP Units 3 and 4 Project, diluting NINA's investment to 83.137% (75.11% for NRG). If TEPCO exercises its option to increase its ownership of Holdings another 10%, it will own 18.475% of the STP Units 3 and 4 Project, diluting NINA's investment to 73.90% (66.8% for NRG).

U.S. DOE Loan Guarantee — In early 2010, NRG announced that if the STP Units 3 and 4 Project did not receive a loan guarantee from the U.S. DOE in a timely fashion, it was the intention of the Company both to reduce substantially its commitment to fund on-going project expenditures as well as to reduce development spending on the project overall while the outcome of the loan guarantee was uncertain. At the end of the second quarter, with the outcome of the loan guarantee uncertain, NRG began to curtail substantially its funding of on-going development expenses, immediately reducing its spend by approximately 70%. Working with NRG's partner (which agreed to step-up its commitment) and with other counterparties involved in the project, NRG also reduced the current spend rate on project development but did so in a manner which allowed the project to stay on its current schedule. NRG presently is in discussions with its partner and counterparties about a second phase of spending reductions. Should NRG and its partners withdraw support from the project this may result in a reassessment of the probability of success of the project and an impairment of the value of the capitalized assets for STP Units 3 and 4. An impairment to NRG would result in a permanent write-down of $498 million of construction-in-progress capitalized through June 30, 2010, plus any amounts capitalized through the impairment date. The likelihood of NINA receiving a loan guarantee is largely dependent upon additional appropriations for nuclear development by Congress or other means of properly securing the necessary funding for additional nuclear loan guarantee volume. On July 1, 2010, the U.S. House of Representatives passed an Emergency Supplemental Appropriations bill for fiscal year 2010, which included an additional $9 billion in loan guarantee authority for nuclear power facilities. The $9 billion in nuclear loan guarantee volume accelerates into 2010 a portion of the $36 billion in additional loan guarantee authority requested by the Obama administration for fiscal year 2011. The legislation passed by the House of Representatives, however, was rejected by the U.S. Senate. If Congress fails to agree on the necessary appropriation this session, the required funding will be subject to the normal fiscal year 2011 budget appropriation process, which as currently contemplated, would provide enough appropriations for the benefit of a loan guarantee to the STP Units 3 and 4 Project.

Contingencies

Set forth below is a description of the Company's material legal proceedings. The Company believes that it has valid defenses to these legal proceedings and intends to defend them vigorously. NRG records reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss, or range of loss, can be reasonably estimated. In addition legal costs are expensed as incurred. Management has assessed each of the following matters based on current information and made a judgment concerning its potential outcome, considering the nature of the claim, the amount and nature of damages sought, and the probability of success. Unless specified below, the Company is unable to predict the outcome of these legal proceedings or reasonably estimate the scope or amount of any associated costs and potential liabilities. As additional information becomes available, management adjusts its assessment and estimates of such contingencies accordingly. Because litigation is subject to inherent uncertainties and unfavorable rulings or developments, it is possible that the ultimate resolution of the Company's liabilities and contingencies could be at amounts that are different from its currently recorded reserves and that such difference could be material.

In addition to the legal proceedings noted below, NRG and its subsidiaries are party to other litigation or legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect NRG's consolidated financial position, results of operations, or cash flows.

California Department of Water Resources

This matter concerns, among other contracts and other defendants, the California Department of Water Resources, or CDWR and its wholesale power contract with subsidiaries of WCP (Generation) Holdings, Inc., or WCP. The case originated with a February 2002 complaint filed by the State of California alleging that many parties, including WCP subsidiaries, overcharged the State of California. For WCP, the alleged overcharges totaled approximately $940 million for 2001 and 2002. The complaint demanded that the Federal Energy Regulatory Commission, or FERC abrogate the CDWR contract and sought refunds associated with revenues collected under the contract. In 2003, the FERC rejected this complaint, denied rehearing, and the case was appealed to the U.S. Court of Appeals for the Ninth Circuit where oral argument was held on December 8, 2004. On December 19, 2006, the Ninth Circuit decided that in the FERC's review of the contracts at issue, the FERC could not rely on the *Mobile-Sierra* standard presumption of just and reasonable rates, where such contracts were not reviewed by the FERC with full knowledge of the then existing market conditions. WCP and others sought review by the U.S. Supreme Court. WCP's appeal was not selected, but instead held by the Supreme Court. In the appeal that was selected by the Supreme Court, on June 26, 2008 the Supreme Court ruled: (i) that the *Mobile-Sierra* public interest standard of review applied to contracts made under a seller's market-based rate authority; (ii) that the public interest "bar" required to set aside a contract remains a very high one to overcome; and (iii) that the *Mobile-Sierra* presumption of contract reasonableness applies when a contract is formed during a period of market dysfunction unless (a) such market conditions were caused by the illegal actions of one of the parties or (b) the contract negotiations were tainted by fraud or duress. In this related case, the U.S. Supreme Court affirmed the Ninth Circuit's decision agreeing that the case should be remanded to the FERC to clarify the FERC's 2003 reasoning regarding its rejection of the original complaint relating to the financial burdens under the contracts at issue and to alleged market manipulation at the time these contracts were formed. As a result, the U.S. Supreme Court then reversed and remanded the WCP CDWR case to the Ninth Circuit for treatment consistent with its June 26, 2008 decision in the related case. On October 20, 2008, the Ninth Circuit asked the parties in the remanded CDWR case, including WCP and the FERC, whether that Court should answer a question the U.S. Supreme Court did not address in its June 26, 2008 decision; whether the *Mobile-Sierra* doctrine applies to a third-party that was not a signatory to any of the wholesale power contracts, including the CDWR contract, at issue in that case. Without answering that reserved question, on December 4, 2008, the Ninth Circuit vacated its prior opinion and remanded the WCP CDWR case back to the FERC for proceedings consistent with the U.S. Supreme Court's June 26, 2008 decision. On December 15, 2008, WCP and the other seller-defendants filed with the FERC a Motion for Order Governing Proceedings on Remand. On January 14, 2009, the Public Utilities Commission of the State of California filed an Answer and Cross Motion for an Order Governing Procedures on Remand and on January 28, 2009, WCP and the other seller-defendants filed their reply.

At this time, while NRG cannot predict with certainty whether WCP will be required to make refunds for rates collected under the CDWR contract or estimate the range of any such possible refunds, a reconsideration of the CDWR contract by the FERC with a resulting order mandating significant refunds could have a material adverse impact on NRG's financial position, statement of operations, and statement of cash flows. As part of the 2006 acquisition of Dynegy's 50% ownership interest in WCP, WCP and NRG assumed responsibility for any risk of loss arising from this case, unless any such loss was deemed to have resulted from certain acts of gross negligence or willful misconduct on the part of Dynegy, in which case any such loss would be shared equally between WCP and Dynegy.

On January 14, 2010, the U.S. Supreme Court issued its decision in an unrelated proceeding involving the *Mobile-Sierra* doctrine that will affect the standard of review applied to the CDWR contract on remand before the FERC. In *NRG Power Marketing v. Maine Public Utilities Commission*, the Supreme Court held that the *Mobile-Sierra* presumption regarding the reasonableness of contract rates does not depend on the identity of the complainant who seeks a FERC investigation/refund.

Louisiana Generating, LLC

On February 11, 2009, the U.S. Department of Justice, or U.S. DOJ, acting at the request of the U.S. Environmental Protection Agency, or U.S. EPA, commenced a lawsuit against Louisiana Generating, LLC, or LaGen, in federal district court in the Middle District of Louisiana alleging violations of the Clean Air Act, or CAA, at the Big Cajun II power plant. This is the same matter for which Notices of Violation, or NOVs, were issued to LaGen on February 15, 2005, and on December 8, 2006. Specifically, it is alleged that in the late 1990's, several years prior to NRG's acquisition of the Big Cajun II power plant from the Cajun Electric bankruptcy and several years prior to the NRG bankruptcy, modifications were made to Big Cajun II Units 1 and 2 by the prior owners without appropriate or adequate permits and without installing and employing the best available control technology, or BACT, to control emissions of nitrogen oxides and/or sulfur dioxides. The relief sought in the complaint includes a request for an injunction to: (i) preclude the operation of Units 1 and 2 except in accordance with the CAA; (ii) order the installation of BACT on Units 1 and 2 for each pollutant subject to regulation under the CAA; (iii) obtain all necessary permits for Units 1 and 2; (iv) order the surrender of emission allowances or credits; (v) conduct audits to determine if any additional modifications have been made which would require compliance with the CAA's Prevention of Significant Deterioration program; (vi) award to the Department of Justice its costs in prosecuting this litigation; and (vii) assess civil penalties of up to $27,500 per day for each CAA violation found to have occurred between January 31, 1997, and March 15, 2004, up to $32,500 for each CAA violation found to have occurred between March 15, 2004, and January 12, 2009, and up to $37,500 for each CAA violation found to have occurred after January 12, 2009.

On April 27, 2009, LaGen made several filings. It filed an objection in the Cajun Electric Cooperative Power, Inc.'s bankruptcy proceeding in the U.S. Bankruptcy Court for the Middle District of Louisiana to seek to prevent the bankruptcy from closing. It also filed a complaint in the same bankruptcy proceeding in the same court seeking a judgment that: (i) it did not assume liability from Cajun Electric for any claims or other liabilities under environmental laws with respect to Big Cajun II that arose, or are based on activities that were undertaken, prior to the closing date of the acquisition; (ii) it is not otherwise the successor to Cajun Electric; and (iii) Cajun Electric and/or the Bankruptcy Trustee are exclusively liable for the violations alleged in the February 11, 2009, lawsuit to the extent that such claims are determined to have merit. On April 15, 2010, the bankruptcy court signed an order granting LaGen's stipulation of voluntary dismissal without prejudice of its adversary bankruptcy action.

On June 8, 2009, the parties filed a joint status report in the U.S. DOJ lawsuit setting forth their views of the case and proposing a trial schedule. On June 18, 2009, LaGen filed a motion to bifurcate the U.S. DOJ lawsuit into separate liability and remedy phases, and on June 30, 2009, the U.S. DOJ filed its opposition. On April 28, 2010, the district court entered a Joint Case Management Order, and LaGen's motion for bifurcation was effectively granted, in that the district court set trial on the liability phase for mid-2011, and, if necessary, trial on the damages (remedy) phase for mid-2012. On August 24, 2009, LaGen filed a motion to dismiss this lawsuit, and on September 25, 2009, the U.S. DOJ filed its opposition to the motion to dismiss. On February 18, 2010, the LDEQ filed a motion to intervene in the above lawsuit and a complaint against LaGen for alleged violations of Louisiana's Prevention of Significant Deterioration, or PSD regulations, and Louisiana's Title V operating permit program. LDEQ seeks substantially similar relief to that requested by the U.S. DOJ. On February 19, 2010, the district court granted LDEQ's motion to intervene. On April 26, 2010, LaGen filed a motion to dismiss LDEQ's complaint. On July 21, 2010, LaGen argued its motions to dismiss, while the U.S. DOJ and LDEQ argued in opposition to the motions. The judge ordered the parties to submit further briefing within thirty days.

On February 18, 2010, the Louisiana Department of Environmental Quality, or LDEQ, filed a motion to intervene in the above lawsuit and a complaint against LaGen for alleged violations of Louisiana's Prevention of Significant Deterioration, or PSD regulations and Louisiana's Title V operating permit program. LDEQ seeks substantially similar relief to that requested by the U.S. DOJ. On February 19, 2010, the district court granted LDEQ's motion to intervene. On April 26, 2010, LaGen filed a motion to dismiss LDEQ's complaint. On April 28, 2010, the district court entered a Joint Case Management Order in this matter. As a result of entering this order, LaGen's motion for bifurcation was effectively granted. As such, the first trial on liability will take place on or about May 2011. The second trial on the remedy will take place on or about March 2012. On July 21, 2010, LaGen argued its motions to dismiss, while the U.S. DOJ and LDEQ argued in opposition to the motions. The judge ordered the parties to submit further briefing within thirty days.

Dunkirk Construction Litigation

In 2005, NRG entered into a Consent Decree with the New York State Department of Environmental Conservation whereby it agreed to reduce certain emissions generated by its Huntley and Dunkirk power plants. Pursuant to the Consent Decree, on November 21, 2007, Clyde Bergemann EEC, or CBEEC, and NRG entered into a firm fixed price contract for the supply of equipment, material and services for six fabric filters for NRG's Dunkirk Electric Power Generating Station. Subsequent to contracting with NRG, CBEEC subcontracted with Hohl Industrial Services, Inc., or Hohl, to perform steel erection and equipment installation at Dunkirk.

On August 28, 2009, Hohl filed its original complaint against NRG, its subsidiary Dunkirk Power LLC, or Dunkirk Power, and CBEEC among others for claims of breach of contract, quantum meruit, unjust enrichment and foreclosure of mechanics' liens. As part of CBEEC's contractual obligation to NRG, CBEEC agreed to defend NRG, under a reservation of rights. CBEEC filed an answer to the above complaint on behalf of itself, NRG, and Dunkirk Power on October 5, 2009. On December 16, 2009, CBEEC filed a Motion for Summary Judgment on behalf of itself, NRG, and Dunkirk Power. On February 1, 2010, NRG and Dunkirk Power filed a Motion for Leave to file an Amended Answer with Cross-Claims against CBEEC. NRG asserted breach of contract claims seeking liquidated damages for the delays caused by CBEEC. NRG also retained its own counsel to represent its interest in the cross-claims and reserved its rights to seek reimbursement from CBEEC. On February 17, 2010, CBEEC filed an Amended Answer with Affirmative Defenses, Counterclaims and Cross-Claims against NRG, in which it sought $30 million alleging breach of contract, quantum meruit, unjust enrichment, and foreclosure of two mechanic's liens, as a result of alleged delays caused by NRG and Dunkirk Power. On March 5, 2010, CBEEC and NRG resolved their disputed cross-claims. In April 2010, the other parties to this litigation settled their disputes which settlement is expected to be final in the third quarter of 2010.

Excess Mitigation Credits

From January 2002 to April 2005, CenterPoint Energy applied excess mitigation credits, or EMCs, to its monthly charges to retail electric providers as ordered by the PUCT. The PUCT imposed these credits to facilitate the transition to competition in Texas, which had the effect of lowering the retail electric providers' monthly charges payable to CenterPoint Energy. As indicated in its Petition for Review filed with the Supreme Court of Texas on June 2, 2008, CenterPoint Energy has claimed that the portion of those EMCs credited to Reliant Energy Retail Services, LLC, or RERS, a retail electric provider and NRG subsidiary acquired from RRI, totaled $385 million for RERS's "Price to Beat" Customers. It is unclear what the actual number may be. "Price to Beat" was the rate RERS was required by state law to charge residential and small commercial customers that were transitioned to RERS from the incumbent integrated utility company commencing in 2002. In its original stranded cost case brought before the PUCT on March 31, 2004, CenterPoint Energy sought recovery of all EMCs that were credited to all retail electric providers, including RERS, and the PUCT ordered that relief in its Order on Rehearing in Docket No. 29526, on December 17, 2004. After an appeal to state district court, the court entered a final judgment on August 26, 2005, affirming the PUCT's order with regard to EMCs credited to RERS. Various parties filed appeals of that judgment with the Court of Appeals for the Third District of Texas with the first such appeal filed on the same date as the state district court judgment and the last such appeal filed on October 10, 2005. On April 17, 2008, the Court of Appeals for the Third District reversed the lower court's decision ruling that CenterPoint Energy's stranded cost recovery should exclude only EMCs credited to RERS for its "Price to Beat" customers. On June 2, 2008, CenterPoint Energy filed a Petition for Review with the Supreme Court of Texas and on June 19, 2009, the Court agreed to consider the CenterPoint Energy appeal as well as two related petitions for review filed by other entities. Oral argument occurred on October 6, 2009.

In November 2008, CenterPoint Energy and Reliant Energy Inc., or REI, on behalf of itself and affiliates including RERS, agreed to suspend unexpired deadlines, if any, related to limitations periods that might exist for possible claims against REI and its affiliates if CenterPoint Energy is ultimately not allowed to include in its stranded cost calculation those EMCs previously credited to RERS. Regardless of the outcome of the Texas Supreme Court proceeding, NRG believes that any possible future CenterPoint Energy claim against RERS for EMCs credited to RERS would lack legal merit. No such claim has been filed.

Note 16 — Regulatory Matters

NRG operates in a highly regulated industry and is subject to regulation by various federal and state agencies. As such, NRG is affected by regulatory developments at both the federal and state levels and in the regions in which NRG operates. In addition, NRG is subject to the market rules, procedures and protocols of the various ISO markets in which NRG participates. These power markets are subject to ongoing legislative and regulatory changes that may impact NRG's wholesale and retail businesses.

In addition to the regulatory proceedings noted below, NRG and its subsidiaries are a party to other regulatory proceedings arising in the ordinary course of business or have other regulatory exposure. In management's opinion, the disposition of these ordinary course matters will not materially adversely affect NRG's consolidated financial position, results of operations, or cash flows.

PJM — On June 18, 2009, FERC denied rehearing of its order dated September 19, 2008, dismissing a complaint filed by the Maryland Public Service Commission, or MDPSC, together with other load interests, against PJM challenging the results of the Reliability Pricing Model, or RPM transition Base Residual Auctions for installed capacity, held between April 2007 and January 2008. The complaint had sought to replace the auction-determined results for installed capacity for the 2008/2009, 2009/2010, and 2010/2011 delivery years with administratively-determined prices. On August 14, 2009, the MDPSC and the New Jersey Board of Public Utilities filed an appeal of FERC's orders to the U.S. Court of Appeals for the Fourth Circuit, and a successful appeal could disrupt the auction-determined results and create a refund obligation for market participants. The case has been transferred to the U.S. Court of Appeals for the DC Circuit.

Midwest ISO v. PJM — On March 8, 2010, Midwest ISO filed a complaint against PJM seeking payments from PJM related to inter-market operations and settlements for congestion costs between the systems for the period from April 2005 to the present. If the Midwest ISO's allegations are true, PJM may have significant liability. If PJM makes any payments to the Midwest ISO related to these claims, PJM is expected to seek to recover the payments from entities that served load and held transmission congestion rights on PJM during the period in dispute, including NRG, which provided basic generation service and thus effectively served load. At this time, NRG's share of any payment by PJM is not expected to be material.

Retail (Replacement Reserve) — On November 14, 2006, Constellation Energy Commodities Group, or Constellation, filed a complaint with the PUCT alleging that ERCOT misapplied the Replacement Reserve Settlement, or RPRS, Formula contained in the ERCOT protocols from April 10, 2006, through September 27, 2006. Specifically, Constellation disputed approximately $4 million in under-scheduling charges for capacity insufficiency asserting that ERCOT applied the wrong protocol. REPS, other market participants, ERCOT, and PUCT staff opposed Constellation's complaint. On January 25, 2008, the PUCT entered an order finding that ERCOT correctly settled the capacity insufficiency charges for the disputed dates in accordance with ERCOT protocols and denied Constellation's complaint. On April 9, 2008, Constellation appealed the PUCT order to the Civil District Court of Travis County, Texas and on June 19, 2009, the court issued a judgment reversing the PUCT order, finding that the ERCOT protocols were in irreconcilable conflict with each other. On July 20, 2009, REPS filed an appeal to the Third Court of Appeals in Travis County, Texas, thereby staying the effect of the trial court's decision. If all appeals are unsuccessful, on remand to the PUCT, it would determine the appropriate methodology for giving effect to the trial court's decision. It is not known at this time whether only Constellation's under-scheduling charges, the under-scheduling charges of all other QSEs that disputed REPS charges for the same time frame, the entire market, or some other approach would be used for any resettlement.

Under the PUCT ordered formula, Qualified Scheduling Entities, or QSEs, who under-scheduled capacity within any of ERCOT's four congestion zones were assessed under-scheduling charges which defrayed the costs incurred by ERCOT for RPRS that would otherwise be spread among all load-serving QSEs. Under the Court's decision, all RPRS costs would be assigned to all load-serving QSEs based upon their load ratio share without assessing any separate charge to those QSEs who under-scheduled capacity. If under-scheduling charges for capacity insufficient QSEs were not used to defray RPRS costs, REPS's share of the total RPRS costs allocated to QSEs would increase.

Note 17 — Environmental Matters

The construction and operation of power projects are subject to stringent environmental and safety protection and land use laws and regulation in the United States. If such laws and regulations become more stringent, or new laws, interpretations or compliance policies apply and NRG's facilities are not exempt from coverage, the Company could be required to make modifications to further reduce potential environmental impacts. New legislation and regulations to mitigate the effects of Greenhouse Gases, or GHG including carbon dioxide, or CO_2 from power plants, are under consideration at the federal and state levels. In general, the effect of such future laws or regulations is expected to require the addition of pollution control equipment or the imposition of restrictions or additional costs on the Company's operations.

Environmental Capital Expenditures

Based on current rules, technology and plans, NRG has estimated that environmental capital expenditures from 2010 through 2014 to meet NRG's environmental commitments will be approximately $0.9 billion and are primarily associated with controls on the Company's Big Cajun and Indian River facilities. These capital expenditures, in general, are related to installation of particulate, sulfur dioxide, or SO_2, nitrogen oxide, or NO_x, and mercury controls to comply with federal and state air quality rules and consent orders, as well as installation of "Best Technology Available" under a section of the Clean Water Act regulating cooling water intake structures, or Phase II 316(b) Rule. NRG continues to explore cost effective alternatives that can achieve desired results. This estimate reflects anticipated schedules and controls related to the Clean Air Interstate Rule, or CAIR, Clean Air Transport Rule, or CATR, Maximum Achievable Control Technology, or MACT for mercury, and the Phase II 316(b) Rule which are under remand to the U.S. EPA, and, as such, the full impact on the scope and timing of environmental retrofits from any new or revised regulations cannot be determined at this time.

NRG's current contracts with the Company's rural electrical customers in the South Central region allow for recovery of a portion of the regions' capital costs once in operation, along with a capital return incurred by complying with new laws, including interest over the asset life of the required expenditures. The actual recoveries will depend, among other things, on the timing of the completion of the capital project and the remaining duration of the contracts.

Northeast Region

In January 2006, NRG's Indian River Operations, Inc. received a letter of informal notification from DNREC stating that it may be a potentially responsible party with respect to Burton Island Old Ash Landfill, a historic captive landfill located at the Indian River facility. On October 1, 2007, NRG signed an agreement with DNREC to investigate the site through the Voluntary Clean-up Program. On February 4, 2008, DNREC issued findings that no further action is required in relation to surface water and that a previously planned shoreline stabilization project would satisfactorily address shoreline erosion. The landfill itself will require a further Remedial Investigation and Feasibility Study to determine the type and scope of any additional work required. Until the Remedial Investigation and Feasibility Study is completed, the Company is unable to predict the impact of any required remediation. On May 29, 2008, DNREC requested that NRG's Indian River Operations, Inc. participate in the development and performance of a Natural Resource Damage Assessment, or NRDA, at the Burton Island Old Ash Landfill. NRG is currently working with DNREC and other trustees to close out the assessment phase.

Pursuant to a consent order dated September 25, 2007, between NRG and DNREC, NRG agreed to operate the four units at the Indian River plant in a manner that would limit the emissions of NO_x and SO_2, and to mothball Units 1 and 2 on May 1, 2011 and May 1, 2010, respectively. In addition, Units 3 and 4, with a combined generating capacity of approximately 565 MW, could not operate beyond December 31, 2011 unless appropriate control technology was installed on each unit. Unit 2 was mothballed as planned on May 1, 2010. On July 21, 2010, the court approved an amended consent order, pursuant to which NRG will retire Unit 3 (155 MW) by December 31, 2013, thereby extending the operable period of the unit by two years without installing additional control technology. Units 1, 2 and 4 are not affected by the amended consent order.

South Central Region

On February 11, 2009, the U.S. DOJ acting at the request of the U.S. EPA commenced a lawsuit against LaGen in federal district court in the Middle District of Louisiana alleging violations of the CAA at the Big Cajun II power plant. This is the same matter for which NOVs were issued to LaGen on February 15, 2005, and on December 8, 2006. Further discussion on this matter can be found in Note 15, *Commitments and Contingencies,* to this Form 10-Q, *Louisiana Generating, LLC.*

Note 18 — Condensed Consolidating Financial Information

As of June 30, 2010, the Company had outstanding $1.2 billion of 7.25% Senior Notes due 2014, $2.4 billion of 7.375% Senior Notes due 2016, $1.1 billion of 7.375% Senior Notes due 2017, and $700 million of 8.50% Senior Notes due 2019. These notes are guaranteed by certain of NRG's current and future wholly-owned domestic subsidiaries, or guarantor subsidiaries.

Unless otherwise noted below, each of the following guarantor subsidiaries fully and unconditionally guaranteed the Senior Notes as of June 30, 2010:

Arthur Kill Power LLC
Astoria Gas Turbine Power LLC
Berrians I Gas Turbine Power LLC
Big Cajun II Unit 4 LLC
Cabrillo Power I LLC
Cabrillo Power II LLC
Carbon Management Solutions LLC
Clean Edge Energy LLC
Conemaugh Power LLC
Connecticut Jet Power LLC
Devon Power LLC
Dunkirk Power LLC
Eastern Sierra Energy Company
Elbow Creek Wind Project LLC
El Segundo Power, LLC
El Segundo Power II LLC
GCP Funding Company LLC
Huntley IGCC LLC
Huntley Power LLC
Indian River IGCC LLC
Indian River Operations Inc.
Indian River Power LLC
James River Power LLC
Keystone Power LLC
Langford Wind Power, LLC
Louisiana Generating LLC
Middletown Power LLC
Montville IGCC LLC
Montville Power LLC
NEO Corporation
NEO Freehold-Gen LLC
NEO Power Services Inc.
New Genco GP LLC
Norwalk Power LLC
NRG Affiliate Services Inc.
NRG Arthur Kill Operations Inc.
NRG Artesian Energy LLC
NRG Astoria Gas Turbine Operations Inc.
NRG Bayou Cove LLC
NRG Cabrillo Power Operations Inc.
NRG California Peaker Operations LLC
NRG Cedar Bayou Development Company LLC
NRG Connecticut Affiliate Services Inc.
NRG Construction LLC
NRG Devon Operations Inc.
NRG Dunkirk Operations, Inc.
NRG Energy Services LLC
NRG El Segundo Operations Inc.
NRG Generation Holdings, Inc.
NRG Huntley Operations Inc.
NRG International LLC
NRG MidAtlantic Affiliate Services Inc.
NRG Middletown Operations Inc.
NRG Montville Operations Inc.
NRG New Jersey Energy Sales LLC
NRG New Roads Holdings LLC
NRG North Central Operations, Inc.
NRG Northeast Affiliate Services Inc.
NRG Norwalk Harbor Operations Inc.
NRG Operating Services Inc.
NRG Oswego Harbor Power Operations Inc.
NRG Power Marketing LLC
NRG Retail LLC
NRG Saguaro Operations Inc.
NRG South Central Affiliate Services Inc.
NRG South Central Generating LLC
NRG South Central Operations Inc.
NRG South Texas LP
NRG Texas LLC
NRG Texas C & I Supply LLC
NRG Texas Holding Inc.
NRG Texas Power LLC
NRG West Coast LLC
NRG Western Affiliate Services Inc.
Oswego Harbor Power LLC
Reliant Energy Power Supply, LLC
Reliant Energy Retail Holdings, LLC
Reliant Energy Retail Services, LLC
RE Retail Receivables, LLC
RERH Holdings, LLC
Reliant Energy Services Texas LLC
Reliant Energy Texas Retail LLC
Saguaro Power LLC
Somerset Operations Inc.
Somerset Power LLC
Texas Genco Financing Corp.
Texas Genco GP, LLC
Texas Genco Holdings, Inc.
Texas Genco LP, LLC
Texas Genco Operating Services, LLC
Texas Genco Services, LP
Vienna Operations, Inc.
Vienna Power LLC
WCP (Generation) Holdings LLC
West Coast Power LLC

The non-guarantor subsidiaries include all of NRG's foreign subsidiaries and certain domestic subsidiaries. NRG conducts much of its business through and derives much of its income from its subsidiaries. Therefore, the Company's ability to make required payments with respect to its indebtedness and other obligations depends on the financial results and condition of its subsidiaries and NRG's ability to receive funds from its subsidiaries. Except for NRG Bayou Cove, LLC, which is subject to certain restrictions under the Company's Peaker financing agreements, there are no restrictions on the ability of any of the guarantor subsidiaries to transfer funds to NRG. In addition, there may be restrictions for certain non-guarantor subsidiaries.

The following condensed consolidating financial information presents the financial information of NRG, the guarantor subsidiaries and the non-guarantor subsidiaries in accordance with Rule 3-10 under the Securities and Exchange Commission's Regulation S-X. The financial information may not necessarily be indicative of results of operations or financial position had the guarantor subsidiaries or non-guarantor subsidiaries operated as independent entities.

In this presentation, NRG Energy, Inc. consists of parent company operations. Guarantor subsidiaries and non-guarantor subsidiaries of NRG are reported on an equity basis. For companies acquired, the fair values of the assets and liabilities acquired have been presented on a push-down accounting basis.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Three Months Ended June 30, 2010

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 2,066	$ 74	$ —	$ (7)	$ 2,133
Operating Costs and Expenses					
Cost of operations	1,283	53	—	(7)	1,329
Depreciation and amortization	202	4	2	—	208
Selling, general and administrative	72	2	65	—	139
Development costs	—	3	10	—	13
Total operating costs and expenses	1,557	62	77	(7)	1,689
Operating Income/(Loss)	509	12	(77)	—	444
Other Income/(Expense)					
Equity in earnings of consolidated subsidiaries	15	—	332	(347)	—
Equity in earnings of unconsolidated affiliates	1	10	—	—	11
Other income, net	2	14	3	—	19
Interest expense	(6)	(9)	(132)	—	(147)
Total other income/(expense)	12	15	203	(347)	(117)
Income/(Losses) Before Income Taxes	521	27	126	(347)	327
Income tax expense/(benefit)	190	12	(85)	—	117
Net Income	331	15	211	(347)	210
Less: Net loss attributable to noncontrolling interest	(1)	—	—	—	(1)
Net Income attributable to NRG Energy, Inc.	$ 332	$ 15	$ 211	$ (347)	$ 211

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Six Months Ended June 30, 2010

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 4,193	$ 169	$ —	$ (14)	$ 4,348
Operating Costs and Expenses					
Cost of operations	2,856	119	7	(14)	2,968
Depreciation and amortization	392	14	4	—	410
Selling general and administrative	139	5	125	—	269
Development costs	—	6	16	—	22
Total operating costs and expenses	3,387	144	152	(14)	3,669
Gain on sale of assets	—	—	23	—	23
Operating Income/(Loss)	806	25	(129)	—	702
Other Income/(Expense)					
Equity in earnings of consolidated subsidiaries	22	—	526	(548)	—
Equity in earnings of unconsolidated affiliates	1	24	—	—	25
Other income, net	3	17	3	—	23
Interest expense	(11)	(23)	(266)	—	(300)
Total other income/(expense)	15	18	263	(548)	(252)
Income/(Losses) Before Income Taxes	821	43	134	(548)	450
Income tax expense/(benefit)	301	16	(135)	—	182
Net Income	520	27	269	(548)	268
Less: Net loss attributable to noncontrolling interest	(1)	—	—	—	(1)
Net Income attributable to NRG Energy, Inc.	$ 521	$ 27	$ 269	$ (548)	$ 269

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
June 30, 2010

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
ASSETS					
Current Assets					
Cash and cash equivalents	$ 34	$ 154	$ 1,980	$ —	$ 2,168
Funds deposited by counterparties	310	—	—	—	310
Restricted cash	1	12	—	—	13
Accounts receivable, net	876	33	—	—	909
Inventory	527	8	—	—	535
Derivative instruments valuation	1,800	—	—	—	1,800
Cash collateral paid in support of energy risk management activities	389	2	—	—	391
Prepayments and other current assets	62	55	240	(114)	243
Total current assets	3,999	264	2,220	(114)	6,369
Net property, plant and equipment	10,515	1,125	153	—	11,793
Other Assets					
Investment in subsidiaries	753	258	20,751	(21,762)	—
Equity investments in affiliates	42	352	—	—	394
Capital leases and notes receivable, less current portion	5,626	431	3,169	(8,792)	434
Goodwill	1,713	3	—	—	1,716
Intangible assets, net	1,567	58	33	(32)	1,626
Nuclear decommissioning trust fund	360	—	—	—	360
Derivative instruments valuation	899	—	11	—	910
Restricted cash supporting funded letter of credit facility	—	1,300	—	—	1,300
Other non-current assets	39	13	149	—	201
Total other assets	10,999	2,415	24,113	(30,586)	6,941
Total Assets	$ 25,513	$ 3,804	$ 26,486	$ (30,700)	$ 25,103
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current Liabilities					
Current portion of long-term debt and capital leases	$ 58	$ 159	$ 20	$ (58)	$ 179
Accounts payable	(3,111)	483	3,318	—	690
Derivative instruments valuation	1,434	2	48	—	1,484
Deferred income taxes	(4)	—	248	—	244
Cash collateral received in support of energy risk management activities	310	—	—	—	310
Accrued expenses and other current liabilities	345	33	302	(57)	623
Total current liabilities	(968)	677	3,936	(115)	3,530
Other Liabilities					
Long-term debt and capital leases	2,936	853	12,994	(8,792)	7,991
Funded letter of credit	—	—	1,300	—	1,300
Nuclear decommissioning reserve	309	—	—	—	309
Nuclear decommissioning trust liability	234	—	—	—	234
Deferred income taxes	2,231	(193)	(270)	—	1,768
Derivative instruments valuation	364	40	29	—	433
Out-of-market contracts	283	6	—	(31)	258
Other non-current liabilities	739	27	236	—	1,002
Total non-current liabilities	7,096	733	14,289	(8,823)	13,295
Total liabilities	6,128	1,410	18,225	(8,938)	16,825
3.625% Preferred Stock	—	—	248	—	248
Stockholders' Equity	19,385	2,394	8,013	(21,762)	8,030
Total Liabilities and Stockholders' Equity	$ 25,513	$ 3,804	$ 26,486	$ (30,700)	$ 25,103

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2010

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
Cash Flows from Operating Activities					
Net income	$ 520	$ 27	$ 269	$ (548)	$ 268
Adjustments to reconcile net income to net cash provided by operating activities:					
Distributions and equity in (earnings)/losses of unconsolidated affiliates and consolidated subsidiaries	10	(11)	(489)	481	(9)
Depreciation and amortization	392	14	4	—	410
Provision for bad debts	22	—	—	—	22
Amortization of nuclear fuel	19	—	—	—	19
Amortization of financing costs and debt discount/premiums	—	3	12	—	15
Amortization of intangibles and out-of-market contracts	1	—	—	—	1
Changes in deferred income taxes and liability for unrecognized tax benefits	300	2	(123)	—	179
Changes in nuclear decommissioning trust liability	9	—	—	—	9
Changes in derivatives	(57)	2	—	—	(55)
Changes in collateral deposits supporting energy risk management activities	(30)	—	—	—	(30)
Loss/(gain) on sale of assets	12	—	(23)	—	(11)
Loss on sale of emission allowances	3	—	—	—	3
Amortization of unearned equity compensation	—	—	15	—	15
Changes in option premiums collected, net of acquisition	34	—	—	—	34
Cash (used)/provided by changes in other working capital, net of acquisitions	(505)	(75)	315	—	(265)
Net Cash Provided/(Used) by Operating Activities	730	(38)	(20)	(67)	605
Cash Flows from Investing Activities					
Intercompany (loans to)/receipts from subsidiaries	(739)	—	(142)	881	—
Acquisition of businesses	—	(141)	—	—	(141)
Investment in subsidiaries	—	1,721	(1,721)	—	—
Capital expenditures	(145)	(159)	(26)	—	(330)
Increase in restricted cash, net	—	(11)	—	—	(11)
Decrease in notes receivable	—	15	—	—	15
Purchases of emission allowances	(45)	—	—	—	(45)
Proceeds from sale of emission allowances	11	—	—	—	11
Investments in nuclear decommissioning trust fund securities	(76)	—	—	—	(76)
Proceeds from sales of nuclear decommissioning trust fund securities	67	—	—	—	67
Proceeds from renewable energy grants	84	18	—	—	102
Proceeds from sale of assets, net	1	—	29	—	30
Other	—	(2)	(5)	—	(7)
Net Cash (Used)/Provided by Investing Activities	(842)	1,441	(1,865)	881	(385)
Cash Flows from Financing Activities					
(Payments)/proceeds from intercompany loans	127	15	739	(881)	—
Payment of intercompany dividends	(30)	(37)	—	67	—
Payment of dividends to preferred stockholders	—	—	(5)	—	(5)
Payments for treasury stock	—	—	(50)	—	(50)
Net receipt from acquired derivatives that include financing elements	27	—	—	—	27
Installment proceeds from sale of non-controlling interest in subsidiary	—	50	—	—	50
Proceeds from issuance of long-term debt	3	138	—	—	141
Proceeds from issuance of term loan for funded letter of credit facility	—	—	1,300	—	1,300
Increase in restricted cash supporting funded letter of credit facility	—	(1,300)	—	—	(1,300)
Proceeds from issuance of common stock	—	—	2	—	2
Payment of deferred debt issuance costs	(1)	(7)	(45)	—	(53)

Payment of short and long-term debt	—	(219)	(240)	—	(459)
Net Cash Provided/(Used) by Financing Activities	126	(1,360)	1,701	(814)	(347)
Effect of exchange rate changes on cash and cash equivalents	—	(9)	—	—	(9)
Net Increase/(Decrease) in Cash and Cash Equivalents	14	34	(184)	—	(136)
Cash and Cash Equivalents at Beginning of Period	20	120	2,164	—	2,304
Cash and Cash Equivalents at End of Period	$ 34	$ 154	$ 1,980	$ —	$ 2,168

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Three Months Ended June 30, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 1,025	$ 1,254	$ 32	$ (74)	$ 2,237
Operating Costs and Expenses					
Cost of operations	596	719	1	(74)	1,242
Depreciation and amortization	157	54	2	—	213
Selling, general and administrative	17	51	63	—	131
Acquisition related transaction and integration costs	—	—	23	—	23
Development costs	2	3	4	—	9
Total operating costs and expenses	772	827	93	(74)	1,618
Operating Income/(Loss)	253	427	(61)	—	619
Other Income/(Expense)					
Equity in earnings of consolidated subsidiaries	120	—	477	(597)	—
Equity in earnings of unconsolidated affiliates	3	2	—	—	5
Gain on sale of equity method investment	—	128	—	—	128
Other income/(expense), net	2	(12)	(1)	—	(11)
Interest expense	(18)	(38)	(103)	—	(159)
Total other income/(expense)	107	80	373	(597)	(37)
Income/(Loss) Before Income Taxes	360	507	312	(597)	582
Income tax expense/(benefit)	97	174	(121)	—	150
Net Income	263	333	433	(597)	432
Less: Net loss attributable to noncontrolling interest	(1)	—	—	—	(1)
Net Income/(Loss) attributable to NRG Energy, Inc.	$ 264	$ 333	$ 433	$ (597)	$ 433

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
For the Six Months Ended June 30, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
Operating Revenues					
Total operating revenues	$ 2,591	$ 1,349	$ 32	$ (77)	$ 3,895
Operating Costs and Expenses					
Cost of operations	1,294	787	4	(77)	2,008
Depreciation and amortization	315	64	3	—	382
Selling, general and administrative	34	54	126	—	214
Acquisition related transaction and integration costs	—	—	35	—	35
Development costs	4	5	13	—	22
Total operating costs and expenses	1,647	910	181	(77)	2,661
Operating Income/(Loss)	944	439	(149)	—	1,234
Other Income/(Expense)					
Equity in earnings of consolidated subsidiaries	129	—	874	(1,003)	—
Equity in earnings of unconsolidated affiliates	4	23	—	—	27
Gain on sale of equity method investment	—	128	—	—	128
Other income/(expense), net	3	(19)	2	—	(14)
Interest expense	(66)	(59)	(172)	—	(297)
Total other income/(expense)	70	73	704	(1,003)	(156)
Income/(Loss) Before Income Taxes	1,014	512	555	(1,003)	1,078
Income tax expense/(benefit)	349	175	(76)	—	448
Net Income	665	337	631	(1,003)	630
Less: Net loss attributable to noncontrolling interest	(1)	—	—	—	(1)
Net Income attributable to NRG Energy, Inc.	$ 666	$ 337	$ 631	$ (1,003)	$ 631

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEETS
December 31, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
		ASSETS			
Current Assets					
Cash and cash equivalents	$ 20	$ 120	$ 2,164	$ —	$ 2,304
Funds deposited by counterparties	177	—	—	—	177
Restricted cash	1	1	—	—	2
Accounts receivable-trade, net	837	39	—	—	876
Inventory	529	12	—	—	541
Derivative instruments valuation	1,636	—	—	—	1,636
Cash collateral paid in support of energy risk management activities	359	2	—	—	361
Prepayments and other current assets	194	61	157	(101)	311
Total current assets	3,753	235	2,321	(101)	6,208
Net Property, Plant and Equipment	10,494	1,009	61	—	11,564
Other Assets					
Investment in subsidiaries	613	222	16,862	(17,697)	—
Equity investments in affiliates	42	367	—	—	409
Capital leases and note receivable, less current portion	4,982	504	3,027	(8,009)	504
Goodwill	1,718	—	—	—	1,718
Intangible assets, net	1,755	20	33	(31)	1,777
Nuclear decommissioning trust fund	367	—	—	—	367
Derivative instruments valuation	718	—	8	(43)	683
Other non-current assets	29	8	111	—	148
Total other assets	10,224	1,121	20,041	(25,780)	5,606
Total Assets	$ 24,471	$ 2,365	$ 22,423	$ (25,881)	$ 23,378
		LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities					
Current portion of long-term debt and capital leases	$ 58	$ 310	$ 261	$ (58)	$ 571
Accounts payable	(852)	393	1,156	—	697
Derivative instruments valuation	1,469	2	2	—	1,473
Deferred income taxes	456	11	(270)	—	197
Cash collateral received in support of energy risk management activities	177	—	—	—	177
Accrued expenses and other current liabilities	261	82	347	(43)	647
Total current liabilities	1,569	798	1,496	(101)	3,762
Other Liabilities					
Long-term debt and capital leases	2,533	1,003	12,320	(8,009)	7,847
Nuclear decommissioning reserve	300	—	—	—	300
Nuclear decommissioning trust liability	255	—	—	—	255
Deferred income taxes	1,711	(165)	237	—	1,783
Derivative instruments valuation	323	28	79	(43)	387
Out-of-market contracts	318	7	—	(31)	294
Other non-current liabilities	431	16	359	—	806
Total non-current liabilities	5,871	889	12,995	(8,083)	11,672
Total liabilities	7,440	1,687	14,491	(8,184)	15,434
3.625% Preferred Stock	—	—	247	—	247
Stockholders' Equity	17,031	678	7,685	(17,697)	7,697
Total Liabilities and Stockholders' Equity	$ 24,471	$ 2,365	$ 22,423	$ (25,881)	$ 23,378

(a) All significant intercompany transactions have been eliminated in consolidation.

NRG ENERGY, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2009

(In millions)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	NRG Energy, Inc. (Note Issuer)	Eliminations[a]	Consolidated Balance
Cash Flows from Operating Activities					
Net income	$ 666	$ 337	$ 630	$ (1,003)	$ 630
Adjustments to reconcile net income to net cash provided by operating activities:					
Distributions and equity in (earnings)/losses of unconsolidated affiliates and consolidated subsidiaries	197	(23)	(544)	343	(27)
Depreciation and amortization	315	64	3	—	382
Provision for bad debts	—	9	—	—	9
Amortization of nuclear fuel	19	—	—	—	19
Amortization of financing costs and debt discount/premiums	—	7	14	—	21
Amortization of intangibles and out-of-market contracts	(49)	64	—	—	15
Changes in deferred income taxes and liability for unrecognized tax benefits	100	14	331	—	445
Changes in nuclear decommissioning liability	15	—	—	—	15
Changes in derivatives	(198)	(170)	—	—	(368)
Changes in collateral deposits supporting energy risk management activities	274	(29)	—	—	245
Gain on sale of equity method investment	—	(128)	—	—	(128)
Gain on sale of assets	(1)	—	—	—	(1)
Gain on sale of emission allowances	(9)	—	—	—	(9)
Gain recognized on settlement of pre-existing relationship	—	—	(31)	—	(31)
Amortization of unearned equity compensation	—	—	13	—	13
Changes in option premium collected, net of acquisition	(265)	(5)	—	—	(270)
Cash provided/(used) by changes in other working capital, net of acquisition	533	170	(941)	—	(238)
Net Cash Provided/(Used) by Operating Activities	1,597	310	(525)	(660)	722
Cash Flows from Investing Activities					
Intercompany (loans to)/receipts from subsidiaries	(901)	—	160	741	—
Acquisition of Reliant Energy, net of cash acquired	—	(57)	(288)	—	(345)
Investment in Reliant Energy	—	200	(200)	—	—
Capital expenditures	(263)	(109)	(2)	—	(374)
(Increase)/decrease in restricted cash, net	6	(9)	—	—	(3)
Decrease/(increase) in notes receivable	—	(47)	36	—	(11)
Purchases of emission allowances	(52)	—	—	—	(52)
Proceeds from sale of emission allowances	15	—	—	—	15
Investment in nuclear decommissioning trust fund securities	(172)	—	—	—	(172)
Proceeds from sales of nuclear decommissioning trust fund securities	157	—	—	—	157
Proceeds from sale of assets, net	6	—	—	—	6
Other investment	—	—	(5)	—	(5)
Proceeds from sale of equity method investment	—	284	—	—	284
Net Cash (Used)/Provided by Investing Activities	(1,204)	262	(299)	741	(500)
Cash Flows from Financing Activities					
(Payments)/proceeds from intercompany loans	(188)	28	901	(741)	—
Payment from intercompany dividends	(330)	(330)	—	660	—
Payment of dividends to preferred stockholders	—	—	(21)	—	(21)
Receipt from/(payment of) from financing					

element of acquired derivatives	102	(124)	—	—	(22)
Installment proceeds from sale of noncontrolling interest in subsidiary	—	50	—	—	50
Proceeds from issuance of long-term debt	34	98	688	—	820
Payment of deferred debt issuance costs	(1)	(1)	(27)	—	(29)
Payment of short and long-term debt	—	(20)	(213)	—	(233)
Net Cash (Used)/Provided by Financing Activities	(383)	(299)	1,328	(81)	565
Effect of exchange rate changes on cash and cash equivalents	—	1	—	—	1
Net Decrease in Cash and Cash Equivalent	10	274	504	—	788
Cash and Cash Equivalents at Beginning of Period	(2)	159	1,337	—	1,494
Cash and Cash Equivalents at End of Period	$ 8	$ 433	$ 1,841	$ —	$ 2,282

(a) All significant intercompany transactions have been eliminated in consolidation.

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

As you read this discussion and analysis, refer to the Company's Condensed Consolidated Statements of Operations to this Form 10-Q, which present the results of operations for the three and six months ended June 30, 2010, and 2009. Also refer to NRG's Annual Report on Form 10-K for the year ended December 31, 2009, which includes detailed discussions of various items impacting the Company's business, results of operations and financial condition, including: Introduction and Overview section which provides a description of NRG's business segments; Strategy section; Business Environment section, including how regulation, weather, and other factors affect NRG's business; and Critical Accounting Policies and Estimates section.

The discussion and analysis below has been organized as follows:

- Executive Summary, including introduction and overview, business strategy, and changes to the business environment during the period including regulatory and environmental matters;
- Results of operations beginning with an overview of the Company's consolidated results, followed by a more detailed discussion of those results by operating segment;
- Financial condition addressing liquidity position, sources and uses of cash, capital resources and requirements, commitments, and off-balance sheet arrangements; and
- Known trends that may affect NRG's results of operations and financial condition in the future.

Executive Summary

Introduction and Overview

NRG Energy, Inc., or NRG or the Company, is primarily a wholesale power generation company with a significant presence in major competitive power markets in the United States, as well as a major retail electricity provider in the ERCOT (Texas) market through Reliant Energy. NRG is engaged in the ownership, development, construction and operation of power generation facilities, the transacting in and trading of fuel and transportation services, the trading of energy, capacity and related products in the United States and select international markets, and the supply of electricity and energy services to retail electricity customers in the Texas market.

As of June 30, 2010, NRG had a total global generation portfolio of 187 active operating fossil fuel and nuclear generation units, at 44 power generation plants, with an aggregate generation capacity of approximately 23,985 MW, and approximately 255 MW under construction which includes partner interests of 125 MW. In addition to its fossil fuel plant ownership, NRG has ownership interests in operating renewable facilities with an aggregate generation capacity of 465 MW, consisting of four wind farms representing an aggregate generation capacity of 445 MW and a 20 MW solar facility. Within the United States, NRG has large and diversified power generation portfolios in terms of geography, fuel-type and dispatch levels, with approximately 22,980 MW of fossil fuel and nuclear generation capacity in 179 active generating units at 42 plants. The Company's power generation facilities are most heavily concentrated in Texas (approximately 11,440 MW, including 445 MW from four wind farms), the Northeast (approximately 6,885 MW), South Central (approximately 2,855 MW), and West (approximately 2,150 MW, including 20 MW from a solar facility) regions of the United States, with approximately 115 MW of additional generation capacity from the Company's thermal assets. In addition, through certain foreign subsidiaries, NRG has investments in power generation projects located in Australia and Germany with approximately 1,005 MW of generation capacity.

NRG's principal domestic power plants consist of a mix of natural gas-, coal-, oil-fired, nuclear and renewable facilities, representing approximately 45%, 31%, 17%, 5% and 2% of the Company's total domestic generation capacity, respectively. In addition, 9% of NRG's domestic generating facilities have dual or multiple fuel capacity, which allows those plants to dispatch with the lowest cost fuel option.

NRG's domestic generation facilities consist of intermittent, baseload, intermediate and peaking power generation facilities, the ranking of which is referred to as the Merit Order, and include thermal energy production plants. The sale of capacity and power from baseload generation facilities accounts for the majority of the Company's revenues and provides a stable source of cash flow. In addition, NRG's generation portfolio provides the Company with opportunities to capture additional revenues by selling power during periods of peak demand, offering capacity or similar products to retail electric providers and others, and providing ancillary services to support system reliability.

Reliant Energy, the Company's retail electricity provider, arranges for the transmission and delivery of electricity to customers, bills customers, collects payments for electricity sold and maintains call centers to provide customer service. Based on metered locations, as of June 30, 2010, Reliant Energy had approximately 1.5 million Mass customers and approximately 0.1 million C&I customers, with expected annual volumes for these customer classes of 20 TWhs and 25-30 TWhs, respectively.

Furthermore, NRG is focused on the development and investment in energy-related new businesses and new technologies where the benefits of such investments represent significant commercial opportunities and create a comparative advantage for the Company. These investments include low or no GHG emitting energy generating sources, such as nuclear, wind, solar thermal, photovoltaic, biomass, "clean" coal and gasification, the retrofit of post-combustion carbon capture technologies, and developments in the electric vehicle ecosystem.

NRG's Business Strategy

NRG's business strategy is intended to maximize shareholder value through the production and sale of safe, reliable and affordable power to its customers in the markets served by the Company, while aggressively positioning the Company to meet the market's increasing demand for sustainable and low carbon energy solutions. This dual strategy is designed to perfect the Company's core business of competitive power generation and establish the Company as a leading provider of sustainable energy solutions, while utilizing the Company's retail business to complement and advance both initiatives.

The Company's core business is focused on: (i) top decile operating performance of its existing operating assets, (ii) optimal hedging of baseload and retail operations, while retaining optionality on the Company's gas fleet, (iii) repowering of power generation assets at existing sites and reducing environmental impacts, (iv) pursuit of selective acquisitions, joint ventures, divestitures and investments, and (v) engaging in a proactive capital allocation plan focused on achieving the regular return of capital to stockholders within the dictates of prudent balance sheet management.

In addition, the Company believes that success in providing energy solutions that address sustainability and climate change concerns will not only reduce the carbon and capital intensity of the Company in the future, it also will reduce the real and perceived linkage between the Company's financial performance and prospects, and volatile commodity prices, particularly with respect to natural gas. The Company's initiatives in this area of future growth are focused on: (i) low carbon baseload — primarily nuclear generation, (ii) renewables, with a concentration in solar and wind generation and development, (iii) fast start, high efficiency gas-fired capacity in the Company's core regions, (iv) electric vehicle ecosystems, and (v) smart grid services. The Company's advancements in each of these areas are driven by select acquisitions, joint ventures, and investments that are more fully described in the Company's 2009 Annual Report on Form 10-K, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, and this Form 10-Q.

Environmental Matters

Environmental Regulatory Landscape

A number of regulations that could significantly impact the power generation industry are in development or under review by the U.S. EPA: CAIR, MACT, NAAQS revisions, coal combustion byproducts, once-through cooling, and GHG regulations. While most of these regulations have been considered for some time, they are expected to gain clarity in 2010 through 2011. The timing and stringency of these regulations will provide a framework for the retrofit of existing fossil plants and deployment of new, cleaner technologies in the next decade. The Company has included capital to meet anticipated CAIR Phase I and II, CATR, MACT standards for mercury, and the installation of "Best Technology Available" under the 316(b) Rule in the current estimated environmental capital expenditure. While the Company cannot predict the impact of future regulations and would likely face additional investments over time, these expenditures, combined with the Company's already existing air quality controls, use of Powder River Basin coal, closed cycle cooling, and dry ash handling systems position NRG well to meet more stringent requirements.

The U.S. EPA released the proposed Clean Air Transport Rule, or CATR, on July 6, 2010. This rule is designed to replace CAIR and address the findings of the D.C. Court of Appeals that initially vacated the rule. It is designed to bring 31 states and D.C. into attainment with PM 2.5 and ozone national ambient air quality standards through emission reductions in SO_2 and NO_x. Proposed implementation would be through a cap and trade program starting in 2012 with constrained trading between states in the CATR regions. In 2014 the SO_2 cap would be further reduced in certain states. Under CATR, CAIR use of discounted Acid Rain SO_2 allowances would be discontinued and replaced with a completely distinct CATR SO_2 allowance program. Acid Rain allowances would still be required on a 1:1 basis under the Acid Rain Program. NRG continues to evaluate the proposed rule and any impact it has to emission markets and currently estimates that the proposed rule, if it becomes effective, could result in up to a $50 million future impairment of the Company's SO_2 emission allowance intangible assets. NRG's planned environmental capital expenditures are consistent with reductions anticipated in the rule.

The New York State Department of Environmental Conservation finalized the NO_x RACT Rule on July 14, 2010. This rule identifies new NO_x emission limits for major sources which must be met by July 1, 2014. Plants can comply or request an alternate Reasonably Available Control Technology, or RACT, limit. All of NRG's facilities are able to meet the new standards with the exception of Oswego, which will apply for an alternate limit.

On May 4, 2010, the U.S. EPA proposed two options for the regulation of coal combustion residue, commonly known as coal ash. Under the Proposal's first regulatory option, the U.S. EPA would reverse its August 1993 and May 2000 Bevill Regulatory Determinations and list coal ash as a special waste subject to regulation under hazardous waste regulations. The second regulatory option would leave the Bevill Determination in place and regulate disposal of coal ash as non-hazardous. Under both options, an exemption for the beneficial use of coal ash would remain in place. Additionally, under both options, the U.S. EPA would establish dam safety requirements to address the structural integrity of surface impoundments. While it is not possible to predict the impact of this rule until it is final, as proposed it is not expected to have a material impact on NRG's operations, as all flyash disposal sites are dry landfills; however, should the U.S. EPA implement the hazardous waste option, NRG may incur significant costs due to loss of markets for beneficial reuse. Given the recent release of this proposed rule, NRG will continue to monitor developments and their respective impact on the Company's operations.

On May 4, 2010, the California State Water Resources Control Board adopted a statewide 316(b) policy to mitigate once through cooling in California. Options for power plants with once through cooling include transitioning to a closed loop system, retirement or submitting an alternative plan that meets equivalent mitigation criteria. Specified compliance dates for NRG's El Segundo and Encina Power Plants are December 31, 2015, and December 31, 2017, respectively. NRG is analyzing compliance through a mix of alternative mitigation plans and repowering.

In June 2010, the U.S. EPA issued a Section 308 Information Collection Request to steam electric power generating plants across the industry, including 13 NRG facilities. The questionnaire focuses on water and wastewater discharges from power plants. The U.S. EPA indicated results will be used to develop new effluent guidelines for the industry.

Finalization of the Endangerment Finding, a rule addressing tailpipe limitations for light duty vehicles, and a final interpretation of the Johnson Memorandum set the stage for regulation of GHGs from stationary sources. On June 3, 2010, the U.S. EPA published the final rule tailoring the applicability criteria that determine which new and modified sources will become subject to permitting requirements for GHGs under the Prevention of Significant Deterioration, or PSD and Title V programs of the Clean Air Act. The rule raised applicability triggers to 75,000 or 100,000 tons per year CO_2 equivalents, or CO_2e, and implemented the requirements in two phases on January 2, 2011 or July 2, 2011. The immediate impact to NRG's new and modified facilities is not expected to be material; the Company will continue to evaluate the potential long-term impact as regulatory programs are implemented over time.

Climate Change Legislation

In 2009, in the course of producing approximately 71 million MWh of electricity, NRG's power plants emitted 59 million tonnes of CO_2, of which 53 million tonnes were emitted in the United States, 3 million tonnes in Germany and 3 million tonnes in Australia. During the same period, NRG emitted approximately 8 million tons of CO_2 in the RGGI region. The impact from legislation or federal, regional or state regulation of GHGs on the Company's financial performance will depend on a number of factors, including the overall level of GHG reductions required under any such regulations, the price and availability of offsets, and the extent to which NRG would be entitled to receive CO_2 emissions allowances without having to purchase them in an auction or on the open market. Thereafter, under any such legislation or regulation, the impact on NRG would depend on the Company's level of success in developing and deploying low and no carbon technologies such as those being pursued as discussed in the above.

Congress has been unable to come to an agreement on climate legislation during this session. Lack of legislation will prolong the uncertainty of the nature and timing of GHG requirements and their resulting impact on NRG.

Regulatory Matters

As operators of power plants and participants in wholesale energy markets, certain NRG entities are subject to regulation by various federal and state government agencies. These include the U.S. Commodity Futures Trading Commission, or CFTC, FERC, U.S. Nuclear Regulatory Commission, or NRC, PUCT and other public utility commissions in certain states where NRG's generating or thermal assets are located. In addition, NRG is subject to the market rules, procedures and protocols of the various ISO markets in which it participates. Certain of the Reliant Energy entities are competitive Retail Electric Providers, or REPs, and as such are subject to the rules and regulations of the PUCT governing REPs. NRG must also comply with the mandatory reliability requirements imposed by the North American Electric Reliability Corporation, or NERC, and the regional reliability councils in the regions where the Company operates. The operations of, and wholesale electric sales from, NRG's Texas region are not subject to rate regulation by the FERC, as they are deemed to operate solely within the ERCOT market and not in interstate commerce.

Financial Reform — On July 21, 2010, President Obama signed the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act, which, among other things, aims to improve transparency and accountability in derivative markets. While the Dodd-Frank Act increases the CFTC's regulatory authority over over-the-counter derivatives, there is uncertainty on several issues related to market clearing, definitions of market participants, reporting, and capital requirements. Thus, while many details remain to be addressed in CFTC rulemaking proceedings, at this time the Company does not anticipate any material impact to its current hedging collateral strategy. NRG's view is informed by a letter dated June 30, 2010 from Senate Banking Committee Chairman Dodd and Senate Agriculture Committee Chairman Lincoln clarifying that the legislative intent of the Dodd-Frank Act is not to impose margin requirements on end users that use swaps to hedge or mitigate commercial risks.

New England — On February 22, 2010, ISO-NE filed proposed amendments to its Forward Capacity Market, or FCM, design with FERC. A number of generators protested the ISO-NE filing, arguing that FERC should not accept the proposed amendments. On March 23, 2010, an association of generators filed a complaint alleging that the proposed FCM amendments are not just and reasonable due to market distortions such as out-of-market contracts, and thus would continue to under-compensate capacity suppliers in New England. On April 2, 2010, NRG and PSEG jointly filed a second complaint alleging that the existing FCM market fails to adequately establish zonal prices and thus does not adequately compensate suppliers for the locational value of their capacity. These complaints are seeking only prospective relief. Any changes to the FCM market in response to these complaints could benefit from the Company's existing New England assets in future FCM auctions. On April 23, 2010, FERC issued an order consolidating the proceedings. In its order, FERC accepted some of the ISO-NE's proposed changes, but also set several of the central issues for hearing and settlement processes.

California — On May 4, 2010, the U.S. Court of Appeals for the D.C. Circuit in *Southern California Edison Company v. FERC* vacated FERC's acceptance of station power rules for the CAISO market, and remanded the case for further proceedings at FERC. As a result of the court's decision, NRG's power plants may be prevented from netting their station power consumption against their sales on a monthly basis in the California markets, which could require NRG to purchase station power at retail rates. Additionally, the precedent announced in this case may affect station power tariffs in other markets.

Changes in Accounting Standards

See Note 2, *Summary of Significant Accounting Policies*, to this Form 10-Q as found in Item 1 for a discussion of recent accounting developments.

Consolidated Results of Operations

The following table provides selected financial information for the Company:

(In millions except otherwise noted)	Three months ended June 30, 2010	2009	Change %	Six months ended June 30, 2010	2009	Change %
Operating Revenues						
Energy revenue	$ 605	$ 725	(17)%	$ 1,283	$ 1,612	(20)%
Capacity revenue	206	253	(19)	417	513	(19)
Retail revenue	1,341	1,250	7	2,586	1,250	107
Risk management activities	(2)	(12)	83	89	425	(79)
Contract amortization	(52)	(53)	2	(114)	(32)	(256)
Thermal revenue	20	21	(5)	48	55	(13)
Other revenues	15	53	(72)	39	72	(46)
Total operating revenues	2,133	2,237	(5)	4,348	3,895	12
Operating Costs and Expenses						
Cost of sales	1,129	1,175	(4)	2,318	1,628	42
Risk management activities	(84)	(204)	59	51	(136)	138
Other cost of operations	284	271	5	599	516	16
Total cost of operations	1,329	1,242	7	2,968	2,008	48
Depreciation and amortization	208	213	(2)	410	382	7
Selling, general and administrative	139	131	6	269	214	26
Acquisition-related transaction and integration costs	—	23	(100)	—	35	(100)
Development costs	13	9	44	22	22	—
Total operating costs and expenses	1,689	1,618	4	3,669	2,661	38
Gain on sale of assets	—	—	—	23	—	—
Operating income	444	619	(28)	702	1,234	(43)
Other Income/(Expense)						
Equity in earnings of unconsolidated affiliates	11	5	120	25	27	(7)
Gain on sale of equity method investments	—	128	(100)	—	128	(100)
Other income/(expense), net	19	(11)	273	23	(14)	264
Interest expense	(147)	(159)	(8)	(300)	(297)	1
Total other expense	(117)	(37)	216	(252)	(156)	62
Income before income tax expense	327	582	(44)	450	1,078	(58)
Income tax expense	117	150	(22)	182	448	(59)
Net Income	210	432	(51)	268	630	(57)
Less: Net loss attributable to noncontrolling interest	(1)	(1)	—	(1)	(1)	—
Net income attributable to NRG Energy, Inc.	$ 211	$ 433	(51)	$ 269	$ 631	(57)
Business Metrics						
Average natural gas price — Henry Hub ($/MMBtu)	4.09	3.68	11%	4.69	4.13	14%

Management's discussion of the results of operations for the three months ended June 30, 2010, and 2009:

The table below represents the results of NRG excluding the impact of Reliant Energy, and adjusted for intercompany transactions between Reliant Energy and the Texas region, during the three months ended June 30, 2010, and 2009:

	2010				2009			
(In millions)	Consolidated	Reliant Energy	Eliminations	Total excluding Reliant Energy	Consolidated	Reliant Energy(a)	Eliminations	Total excluding Reliant Energy
Operating Revenues								
Energy revenue	$ 605	$ —	$ 284	$ 889	$ 725	$ —	$ 54	$ 779
Capacity revenue	206	—	3	209	253	—	11	264
Retail revenue	1,341	1,341	—	—	1,250	1,250	—	—
Risk management activities	(2)	—	(19)	(21)	(12)	—	2	(10)
Contract amortization	(52)	(59)	—	7	(53)	(75)	—	22
Thermal revenue	20	—	—	20	21	—	—	21
Other revenues	15	—	13	28	53	—	2	55
Total operating revenues	2,133	1,282	281	1,132	2,237	1,175	69	1,131
Operating Costs and Expenses								
Cost of sales	1,129	937	300	492	1,175	803	71	443
Risk management activities	(84)	(76)	(19)	(27)	(204)	(189)	(2)	(17)
Other operating costs	284	49	—	235	271	41	—	230
Total cost of operations	1,329	910	281	700	1,242	655	69	656
Depreciation and amortization	208	29	—	179	213	43	—	170
Selling, general and administrative	139	64	—	75	131	49	—	82
Acquisition-related transaction and integration costs	—	—	—	—	23	—	—	23
Development costs	13	—	—	13	9	—	—	9
Total operating costs and expenses	1,689	1,003	281	967	1,618	747	69	940
Operating income	$ 444	$ 279	$ —	$ 165	$ 619	$ 428	$ —	$ 191

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

Operating Revenues

Operating revenues, excluding risk management activities, decreased by $114 million during the three months ended June 30, 2010, compared to the same period in 2009.

- *Retail revenue* — increased by $91 million. This increase was driven by $354 million of revenue for the month of April included in 2010, which was offset by a decrease of $263 million from Mass, C&I and supply management revenues during the two month period ended June 30 2010, as compared to 2009. Mass revenues decreased by $143 million due to 12% lower revenue rates and 8% lower volumes due to fewer customers. C&I revenues decreased by $86 million due to 17% lower volumes driven by fewer customers.
- *Energy revenue* — including intercompany revenue, increased $110 million during the three months ended June 30, 2010, compared to the same period in 2009:
  - *Texas* — increased by $64 million with $66 million increase driven by higher energy prices and an increase in margin on megawatt hours sold from market purchases of $12 million, offset by a $13 million decrease driven by reduction in generation. The average realized energy price increased by 11%, driven by a 14% increase in merchant prices and a 3% increase in contract prices. Intercompany sales to Reliant Energy, which eliminate in consolidation, were $284 million, an increase of $230 million over the two month period in 2009. Generation decreased by 2%, driven by an 18% decrease in nuclear plant generation and a 6% decrease in gas plant generation. The decrease in nuclear plant generation is due to an STP Unit 2 spring refueling outage in 2010. These decreases were offset by an increase in wind farm generation as Langford began commercial operation in December 2009.

- *Northeast* — increased by $36 million, with $32 million driven by higher energy prices and $4 million driven by 3% higher generation. Merchant energy prices were higher by an average of 50%. The increase in oil and gas generation is attributable to higher reliability run hours at the Connecticut plants.
- *South Central* — increased by $15 million due to a $19 million increase in contract revenue offset by a decrease of $4 million in merchant energy revenues. The increase in contract energy price was driven by a $6 million increase in fuel cost pass-through from the cooperatives and a $12 million increase due to a new contract with a regional municipality. Total megawatt hour sales to the region's contract customers were up 13% while the average realized price on contract energy sales was $27.77 per MWh in 2010 compared to $22.98 per MWh in 2009. Megawatt hours sold to the merchant market increased by 26% but lower realized merchant prices resulted in a decrease of $4 million.

- *Capacity revenue* — including intercompany revenue, decreased $55 million during the three months ended June 30, 2010, compared to the same period in 2009:
  - *Texas* — decreased by $42 million resulting from a lower proportion of baseload contracts which contain a capacity component. Intercompany sales to Reliant Energy, which eliminate in consolidation, decreased by $8 million.
  - *South Central* — decreased by $7 million primarily due to expiration of a capacity agreement with a regional utility.
- *Contract amortization revenue* — decreased by $1 million during the three months ended June 30, 2010, as compared to the same period in 2009. The contract amortization expense decreased by $16 million at Reliant Energy offset by a $15 million reduction in contract amortization revenue in the Texas region due to the lower volume of contracted energy.
- *Other revenues* — decreased by $38 million during the three months ended June 30, 2010, as compared to the same period in 2009, driven by $7 million in lower emissions revenues and a $31 million non-cash gain related to the settlement of pre-existing in-the-money contracts with Reliant Energy recognized in 2009. The Texas region's intercompany ancillary sales to Reliant Energy, which eliminate in consolidation, were $13 million, an increase of $12 million over the two month period in 2009.

Cost of Operations

Cost of operations, excluding risk management activities, decreased by $33 million during the three months ended June 30, 2010, compared to the same period in 2009.

- *Cost of sales* — including intercompany purchases, decreased $46 million during the three months ended June 30, 2010, compared to the same period in 2009 due to:
  - *Retail* — increased by $134 million, with $280 million of costs for the month of April included in 2010. This increase was offset by a $151 million decrease in supply costs and by a $26 million decrease in transmission and distribution charges for the two month period ended June 30, 2010, as compared to 2009. Intercompany purchases from the Texas region, which eliminate in consolidation, were $300 million, an increase of $229 million over the two month period in 2009.
  - *Texas* — increased $25 million due to higher coal costs and ancillary services costs offset by a decrease in natural gas costs and purchased energy. Coal costs increased $23 million due to higher transportation charges.
  - *Northeast* — increased $24 million driven by a $13 million increase in natural gas and oil costs, an $8 million increase in purchased energy and a $4 million increase in coal costs. Natural gas and oil costs increased due to 20% higher generation and 37% higher average natural gas prices. Purchased energy increased due to costs to supply new load contracts which commenced on June 1, 2010. Coal costs increased due to 52% higher average prices offset by 1% lower coal generation.
- *Other costs of operations* — increased $13 million during the three months ended June 30, 2010, compared to the same period in 2009. Maintenance expenses in the Texas and South Central regions increased by $24 million due to planned baseload outages which was offset by a decrease of $16 million in the Northeast region due to lower property tax expense and lower operations and maintenance expenses.

Risk Management Activities

Risk management activities include economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activities. Total derivative gains decreased by $110 million during the three months ended June 30, 2010, compared to the same period in 2009. The breakdown of changes by region are as follows:

	Three months ended June 30, 2010							
	Reliant Energy	Texas	Northeast	South Central	West	Thermal	Elimination	Total
	(In millions)							
Net gains/(losses) on settled positions	$ (88)	$ 69	$ 44	$ (8)	$ 1	$ 2	$ —	$ 20
Mark-to-market gains/(losses)	163	(57)	(55)	10	2	(1)	—	62
Total derivative gains/(losses) included in revenues and cost of operations	$ 75	$ 12	$ (11)	$ 2	$ 3	$ 1	$ —	$ 82

	Three months ended June 30, 2009							
	Reliant Energy(a)	Texas	Northeast	South Central	West	Thermal	Elimination	Total
	(In millions)							
Net gains/(losses) on settled positions	$ (114)	$ 101	$ 95	$ (5)	$(1)	$ 1	$ —	$ 77
Mark-to-market gains/(losses)	303	(144)	(34)	(15)	7	(2)	—	115
Total derivative gains/(losses) included in revenues and cost of operations	$ 189	$ (43)	$ 61	$ (20)	$ 6	$ (1)	$ —	$192

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

The breakdown of gains and losses included in revenue and cost of operations by region are as follows:

	Three months ended June 30, 2010							
	Reliant Energy	Texas	Northeast	South Central	West	Thermal	Elimination (a)	Total
	(In millions)							
Net gains/(losses) on settled positions, or financial income in revenues	$ —	$ 70	$ 44	$ (8)	$ 1	$ 2	$ (28)	$ 81
Mark-to-market results in revenues								
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	—	(16)	(34)	1	—	(1)	2	(48)
Reversal of previously recognized unrealized losses on settled positions related to trading activity	—	7	—	1	—	—	—	8
Net unrealized (losses)/gains on open positions related to economic hedges	—	(66)	(28)	(4)	1	—	45	(52)
Net unrealized gains on open positions related to trading activity	—	2	3	3	1	—	—	9
Subtotal mark-to-market results	—	(73)	(59)	1	2	(1)	47	(83)
Total derivative (losses)/gains included in revenues	$ —	$ (3)	$ (15)	$ (7)	$ 3	$ 1	$ 19	$ (2)

(a) Represents the elimination of $19 million intercompany loss in the Texas region. The offsetting intercompany gain is included in cost of operations in the Reliant Energy region.

	Three months ended June 30, 2009							
	Reliant Energy[a]	Texas	Northeast	South Central	West	Thermal	Elimination[b]	Total
	(In millions)							
Net gains/(losses) on settled positions, or financial income in revenues	$ —	$ 105	$ 96	$ (2)	$ (1)	$ 1	$ —	$ 199
Mark-to-market results in revenues								
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	—	(16)	(32)	—	—	(1)	—	(49)
Reversal of previously recognized unrealized gains on settled positions related to trading activity	—	(14)	(9)	(12)	—	—	—	(35)
Net unrealized (losses)/gains on open positions related to economic hedges	—	(119)	(9)	(4)	7	(1)	(2)	(128)
Net unrealized (losses)/gains on open positions related to trading activity	—	(10)	5	6	—	—	—	1
Subtotal mark-to-market results	—	(159)	(45)	(10)	7	(2)	(2)	(211)
Total derivative (losses)/gains included in revenues	$ —	$ (54)	$ 51	$ (12)	$ 6	$ (1)	$ (2)	$ (12)

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

(b) Represents the elimination of $2 million intercompany gain in the Texas region. The offsetting intercompany loss is included in cost of operations in the Reliant Energy region.

	Three months ended June 30, 2010					
	Reliant Energy	Texas	Northeast	South Central	Elimination[a]	Total
	(In millions)					
Net (losses)/gains on settled positions, or financial expense in cost of operations	$ (88)	$ (1)	$ —	$ —	$ 28	$ (61)
Mark-to-market results in cost of operations						
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	(17)	8	4	4	(2)	(3)
Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009	60	—	—	—	—	60
Net unrealized gains/(losses) on open positions related to economic hedges	120	8	—	5	(45)	88
Subtotal mark-to-market results	163	16	4	9	(47)	145
Total derivative gains/(losses) included in cost of operations	$ 75	$ 15	$ 4	$ 9	$ (19)	$ 84

(a) Represents the elimination of $19 million intercompany gains in the Reliant Energy region. The offsetting intercompany loss is included in revenue in the Texas region.

	Three months ended June 30, 2009					
	Reliant Energy[a]	Texas	Northeast	South Central	Elimination[b]	Total
	(In millions)					
Net losses on settled positions, or financial expense in cost of operations	$ (114)	$ (4)	$ (1)	$ (3)	$ —	$ (122)
Mark-to-market results in cost of operations						
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	—	12	19	—	—	31
Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009	210	—	—	—	—	210
Net unrealized gains/(losses) on open positions related to economic hedges	93	3	(8)	(5)	2	85
Subtotal mark-to-market results	303	15	11	(5)	2	326
Total derivative gains/(losses) included in cost of operations	$ 189	$ 11	$ 10	$ (8)	$ 2	$ 204

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

(b) Represents the elimination of $2 million intercompany loss in the Reliant Energy region. The offsetting intercompany gain is included in revenue

in the Texas region.

For the three months ended June 30, 2010, the $52 million loss in revenue from economic hedge positions is primarily driven by a decrease in value of forward sales of natural gas and electricity due to an increase in forward power and gas prices. The $88 million gain in cost of energy from economic hedge positions is primarily driven by an increase in value of forward purchases of natural gas, electricity and fuel due to an increase in forward power and gas prices. Reliant Energy's $60 million gain from the roll-off of acquired derivatives consists of loss positions that were acquired as of May 1, 2009, and valued using forward prices on that date. The roll-off amounts were offset by realized losses at the settled prices and higher costs of physical power which are reflected in cost of operations during the same period.

For the period ended June 30, 2009, the $128 million mark-to-market loss in revenue related to a decrease in value in forward sales of electricity and fuel relating to economic hedges due to an increase in forward power and gas prices. The $85 million mark-to-market gain in expense related to economic hedges was due to an increase in forward purchases of electricity and natural gas relating to retail supply, due to an increase in forward power and gas prices.

In accordance with ASC 815, the following table represents the results of the Company's financial and physical trading of energy commodities for the three months ended June 30, 2010, and 2009. The realized financial trading results and unrealized financial and physical trading results are included in the risk management activities above, while the realized physical trading results are included in energy revenue. The Company's trading activities are subject to limits within the Company's Risk Management Policy.

	Three months ended June 30,	
(In millions)	2010	2009
Trading gains/(losses)		
Realized	$ (13)	$ 26
Unrealized	17	(34)
Total trading gains/(losses)	$ 4	$ (8)

Depreciation and Amortization

NRG's depreciation and amortization expense decreased by $5 million for the three months ended June 30, 2010, compared to the same period in 2009. Depreciation and amortization expense for Reliant Energy decreased by $14 million mainly due to reduction in amortization of customer relationships. This decrease was offset by a $9 million increase in depreciation related to baghouse projects in western New York, Cedar Bayou 4 project which began operations in June 2009 and Langford which began commercial operations in December 2009.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $8 million during the three months ended June 30, 2010, compared to the same period in 2009. The increase was due to:

- *Retail selling, general and administrative expense* — increased by $15 million due to inclusion of month of April in 2010.

This increase was offset by:

- *Consultant costs* — decreased due to $5 million non-recurring costs related to Exelon's exchange offer and proxy contest efforts incurred in 2009.

Acquisition-related Transaction and Integration Costs

NRG incurred Reliant Energy acquisition-related transaction and integration costs of $23 million for the three months ended June 30, 2009. These integration efforts were completed by the end of 2009.

Equity in Earnings of Unconsolidated Affiliates

NRG's equity earnings from unconsolidated affiliates increased by $6 million during the three months ended June 30, 2010, compared to the same period in 2009, primarily from an increase in equity earnings from Sherbino.

Gain on Sale of Equity Method Investments

NRG's gain on sale of equity method investments in 2009 represents a $128 million gain on the sale of NRG's 50% ownership interest in MIBRAG.

Other Income/(Expense), Net

NRG's other income/(expense), net increased $30 million during the three months ended June 30, 2010, compared to the same period in 2009. The 2010 amount includes $3 million and $9 million of unrealized and realized foreign exchange gains, respectively. The 2009 amount includes a $15 million loss on a forward contract for foreign currency executed to hedge the MIBRAG sale proceeds.

Interest Expense

NRG's interest expense decreased by $12 million during the three months ended June 30, 2010, compared to the same period in 2009. This decrease was due to $7 million related to the settlement of the CSF Debt in 2009 and early 2010, a $12 million decrease in fees on the CSRA facility, a $4 million decrease due to a lower outstanding principal balance on the Term Loan Facility, and $2 million due to lower interest rates related to the unhedged portion of the Term Loan. These decreases were offset by a $10 million increase in interest expense related to the issuance of the 2019 Senior Notes in June 2009.

Income Tax Expense

NRG's income tax expense decreased by $33 million during the three months ended June 30, 2010, compared to the same period in 2009. The decrease in income tax expense was primarily due to a decrease in income. The effective tax rate was 35.8% and 25.8% for the three months ended June 30, 2010, and 2009, respectively.

For the three months ended June 30, 2010, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to state and local income taxes as well as recording federal and state tax expense and interest for unrecognized tax benefits. For the three months ended June 30, 2009, NRG's effective tax rate was different than the statutory rate of 35% primarily due to a net state and local income tax benefit as a result of the Reliant Energy acquisition, and the sale of the MIBRAG facility.

Management's discussion of the results of operations for the six months ended June 30, 2010, and 2009:

The table below represents the results of NRG excluding the impact of Reliant Energy, and adjusted for intercompany transactions between Reliant Energy and the Texas region, during the six months ended June 30, 2010 and 2009:

	2010				2009			
(In millions)	Consolidated	Reliant Energy	Eliminations	Total excluding Reliant Energy	Consolidated	Reliant Energy[a]	Eliminations	Total excluding Reliant Energy
Operating Revenues								
Energy revenue	$ 1,283	$ —	$ 484	$ 1,767	$ 1,612	$ —	$ 54	$ 1,666
Capacity revenue	417	—	7	424	513	—	11	524
Retail revenue	2,586	2,586	—	—	1,250	1,250	—	—
Risk management activities	89	—	125	214	425	—	2	427
Contract amortization	(114)	(128)	—	14	(32)	(75)	—	43
Thermal revenue	48	—	—	48	55	—	—	55
Other revenues	39	—	26	65	72	—	2	74
Total operating revenues	4,348	2,458	642	2,532	3,895	1,175	69	2,789
Operating Costs and Expenses								
Cost of sales	2,318	1,843	516	991	1,628	803	71	896
Risk management activities	51	248	125	(72)	(136)	(189)	(2)	51
Other operating costs	599	94	1	506	516	41	—	475
Total cost of operations	2,968	2,185	642	1,425	2,008	655	69	1,422
Depreciation and amortization	410	59	—	351	382	43	—	339
Selling, general and administrative	269	122	—	147	214	49	—	165
Acquisition-related transaction and integration costs	—	—	—	—	35	—	—	35
Development costs	22	—	—	22	22	—	—	22
Total operating costs and expenses	3,669	2,366	642	1,945	2,661	747	69	1,983
Gain on sale of assets	23	—	—	23	—	—	—	—
Operating income	$ 702	$ 92	$ —	$ 610	$ 1,234	$ 428	$ —	$ 806

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

Operating Revenues

Operating revenues, excluding risk management activities, increased $789 million during the six months ended June 30, 2010, compared to the same period in 2009.

- *Retail revenue* — for the six months ended June 30, 2010, were $2.6 billion consisting of $1.5 billion in Mass revenues and $991 million in C&I revenues. Retail revenues for the two months ended 2009 were $1.3 billion consisting of $761 million in Mass revenues and $437 million in C&I revenues.
- *Energy revenue* — including intercompany revenue, increased $101 million during the six months ended June 30, 2010, compared to the same period in 2009:
  - *Texas* — increased by $98 million, with $56 million driven by higher energy prices, $10 million driven by margin on megawatt hours sold from market purchases and $31 million driven by an increase in generation. The average realized energy price increased by 5%, driven by a 1% increase in merchant prices and a 3% increase in contract prices. Intercompany sales to Reliant Energy, which eliminate in consolidation, were $484 million, an increase of $430 million over the two month period in 2009. Generation increased by 3%, driven by a 17% increase in gas plant generation and an increase in wind farm generation. Wind farm generation increased due to Langford, which began commercial operations in December 2009, and leased wind farm generation, which increased due to four additional months included in 2010. These increases were offset by a 13% decrease in nuclear plant generation due to planned outages.

- *Northeast* — decreased by $24 million, with $7 million driven by lower energy prices, $13 million driven by a reduction in generation, and $12 million of margin on a load contract which expired in May 2009, offset by an $8 million increase driven by new load-serving contracts, which commenced June 1, 2010. Merchant energy prices were lower by an average of 4%. Generation decreased by 5%, with a 19% decrease in oil and gas generation and a 2% decrease in coal generation. The decline in oil and gas generation is attributable to both planned and forced outages at Arthur Kill, Middletown and Oswego in 2010, offset by an increase due to higher reliability run hours at the Connecticut plants.
- *South Central* — increased by $25 million due to a $31 million increase in contract revenue offset by a $6 million decrease in merchant energy revenues. Of the $31 million increase, $18 million is attributable to the region's cooperative customers. Also contributing to the increase in contract revenue was $12 million due to a new contract with a regional municipality. Average realized price on contract energy sales was down $1.75 per MWh in 2010 compared to 2009. Megawatt hours sold to the merchant market decreased by 5%.

- *Capacity revenue* — including intercompany revenue, decreased $100 million during the six months ended June 30, 2010, compared to the same period in 2009:
  - *Texas* — decreased by $82 million due to a lower proportion of baseload contracts which contain a capacity component. Intercompany sales to Reliant Energy, which eliminate in consolidation, decreased by $4 million.
  - *Northeast* — increased by $8 million, due to a $21 million increase in capacity revenue in the NYISO and PJM markets driven by higher prices offset by a $13 million decrease in NEPOOL capacity driven by the expiration of RMR contracts for Montville, Middletown and Norwalk in 2010.
  - *South Central* — decreased by $18 million due to the expiration of a capacity agreement with a regional utility.
  - *West* — decreased by $7 million due to reduced resource adequacy and call option contract sales at El Segundo in 2010 compared to 2009.
- *Contract amortization revenue* — decreased by $82 million during the six months ended June 30, 2010, as compared to the same period in 2009. The decrease includes $52 million of amortization revenue for net in-market C&I contracts related to the Reliant Energy acquisition in May 2009 and a reduction of $28 million in amortization revenue in the Texas region due to the lower volume of contracted energy.
- *Other revenues* — decreased by $33 million during the six months ended June 30, 2010, as compared to the same period in 2009. The decrease was driven by $14 million in lower emissions revenues in 2010 and a $31 million non-cash gain related to the settlement of pre-existing in-the-money contracts with Reliant Energy recognized in 2009. These decreases were offset by a $9 million increase in ancillary revenue. The Texas region's intercompany ancillary sales to Reliant Energy, which eliminate in consolidation, were $25 million, an increase of $24 million over the two month period in 2009.

Cost of Operations

Cost of operations, excluding risk management activities, increased $773 million during the six months ended June 30, 2010, compared to the same period in 2009.

- *Cost of sales* — including intercompany purchases, increased $690 million during the six months ended June 30, 2010, compared to the same period in 2009 due to:
  - *Retail* — Cost of energy for the six months ended June 30, 2010, was $1.8 billion consisting of $1.2 billion in supply costs and $634 million in transmission and distribution charges. Cost of energy for the two months ended June 30, 2009 was $803 million consisting of $550 million in supply costs and $267 million in transmission and distribution charges. Intercompany purchases from the Texas region, which eliminate in consolidation, were $516 million, an increase of $445 million over the two month period in 2009.

- *Texas* — increased $98 million due to higher coal and natural gas costs, ancillary services costs and purchased energy. Coal costs increased by $40 million due to a $30 million increase in transportation cost, and a $15 million due to higher prices offset by a $9 million decrease due to reduced generation. Natural gas costs increased $22 million, reflecting a 23% increase in average natural gas per MMBtu prices and a 17% increase in gas-fired generation. Ancillary service costs increased by $18 million due to an increase in purchased ancillary costs incurred to meet contract obligations. Purchased energy increased by $14 million due to a higher average price and a greater number of megawatt hours purchased to meet obligations when baseload plants are not available.
- *South Central* — increased by $10 million due to an $11 million increase in purchased energy offset by $4 million decrease in coal costs due to a 1% reduction in coal generation.

- *Other costs of operations* — increased $83 million during the six months ended June 30, 2010, compared to the same period in 2009. Other costs of operations for Reliant Energy increased by $53 million due to the additional four months included in 2010. Also, maintenance expenses in the Texas and South Central regions increased by $42 million due to planned baseload outages offset by a $17 million decrease in the Northeast region mainly due to lower spending at the Indian River and Arthur Kill plants, which completed a major outage project in the second quarter of 2009.

Risk Management Activities

Risk management activities include economic hedges that did not qualify for cash flow hedge accounting, ineffectiveness on cash flow hedges, and trading activities. Total derivative gains decreased by $523 million during the six months ended June 30, 2010, compared to the same period in 2009. The breakdown of changes by region follows:

	Six months ended June 30, 2010							
	Reliant Energy	Texas	Northeast	South Central	West	Thermal	Elimination	Total
	(In millions)							
Net (losses)/gains on settled positions	$ (123)	$ 77	$ 77	$ (21)	$ 1	$ 3	$ —	$ 14
Mark-to-market (losses)/gains	(125)	170	(30)	8	3	(2)	—	24
Total derivative (losses)/gains included in revenues and cost of operations	$ (248)	$ 247	$ 47	$ (13)	$ 4	$ 1	$ —	$ 38

	Six months ended June 30, 2009							
	Reliant Energy[(a)]	Texas	Northeast	South Central	West	Thermal	Elimination	Total
	(In millions)							
Net (losses)/gains on settled positions	$ (114)	$ 130	$ 151	$ 5	$ (3)	$ 2	$ —	$ 171
Mark-to-market gains/(losses)	303	25	97	(40)	6	(1)	—	390
Total derivative gains/(losses) included in revenues and cost of operations	$ 189	$ 155	$ 248	$ (35)	$ 3	$ 1	$ —	$ 561

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

The breakdown of gains and losses included in revenue and cost of operations by region are as follows:

	Six months ended June 30, 2010							
	Reliant Energy	Texas	Northeast	South Central	West	Thermal	Elimination[a]	Total
	(In millions)							
Net gains/(losses) on settled positions, or financial income in revenues	$ —	$ 79	$ 77	$ (20)	$ 1	$ 3	$ (37)	$ 103
Mark-to-market results in revenues								
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	—	(53)	(58)	1	—	(2)	(9)	(121)
Reversal of previously recognized unrealized losses on settled positions related to trading activity	—	20	3	3	—	—	—	26
Net unrealized gains/(losses) on open positions related to economic hedges	—	156	2	(22)	1	—	(79)	58
Net unrealized gains on open positions related to trading activity	—	7	8	6	2	—	—	23
Subtotal mark-to-market results	—	130	(45)	(12)	3	(2)	(88)	(14)
Total derivative gains/(losses) included in revenues	$ —	$ 209	$ 32	$ (32)	$ 4	$ 1	$ (125)	$ 89

(a) Represents the elimination of $125 million intercompany gain in the Texas region. The offsetting intercompany loss is included in cost of operations in the Reliant Energy region.

	Six months ended June 30, 2009							
	Reliant Energy[a]	Texas	Northeast	South Central	West	Thermal	Elimination[b]	Total
	(In millions)							
Net gains/(losses) on settled positions, or financial income in revenues	$ —	$ 143	$ 156	$ 11	$ (3)	$ 2	$ —	$ 309
Mark-to-market results in revenues								
Reversal of previously recognized unrealized gains on settled positions related to economic hedges	—	(37)	(63)	—	—	(2)	—	(102)
Reversal of previously recognized unrealized gains on settled positions related to trading activity	—	(43)	(23)	(38)	—	—	—	(104)
Net unrealized gains/(losses) on open positions related to economic hedges	—	154	159	(4)	6	1	(2)	314
Net unrealized gains/(losses) on open positions related to trading activity	—	(8)	4	12	—	—	—	8
Subtotal mark-to-market results	—	66	77	(30)	6	(1)	(2)	116
Total derivative								

gains/(losses) included in revenues	$ —	$209	$ 233	$ (19)	$ 3	$ 1	$ (2)	$ 425

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

(b) Represents the elimination of $2 million intercompany gain in the Texas region. The offsetting intercompany loss is included in cost of operations in the Reliant Energy region.

	Six months ended June 30, 2010					
	Reliant Energy	Texas	Northeast	South Central	Elimination[a]	Total
	(In millions)					
Net gains/(losses) on settled positions, or financial expense in cost of operations	$ (123)	$ (2)	$ —	$ (1)	$ 37	$ (89)
Mark-to-market results in cost of operations						
Reversal of previously recognized unrealized (gains)/losses on settled positions related to economic hedges	(20)	23	9	9	9	30
Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009	150	—	—	—	—	150
Net unrealized gains/(losses) on open positions related to economic hedges	(255)	17	6	11	79	(142)
Subtotal mark-to-market results	(125)	40	15	20	88	38
Total derivative (losses)/gains included in cost of operations	$ (248)	$ 38	$ 15	$ 19	$ 125	$ (51)

(a) Represents the elimination of $125 million intercompany loss in the Reliant Energy region. The offsetting intercompany gain is included in revenue in the Texas region.

	Six months ended June 30, 2009					
	Reliant Energy[a]	Texas	Northeast	South Central	Elimination[b]	Total
	(In millions)					
Net losses on settled positions, or financial expense in cost of operations	$ (114)	$ (13)	$ (5)	$ (6)	$ —	$ (138)
Mark-to-market results in cost of operations						
Reversal of previously recognized unrealized losses on settled positions related to economic hedges	—	25	43	—	—	68
Reversal of loss positions acquired as part of the Reliant Energy acquisition as of May 1, 2009	210	—	—	—	—	210
Net unrealized gains/(losses) on open positions related to economic hedges	93	(66)	(23)	(10)	2	(4)
Subtotal mark-to-market results	303	(41)	20	(10)	2	274
Total derivative gains/(losses) included in cost of operations	$ 189	$ (54)	$ 15	$ (16)	$ 2	$ 136

(a) Reliant Energy results are for the period May 1, 2009, to June 30, 2009.

(b) Represents the elimination of $2 million intercompany loss in the Reliant Energy region. The offsetting intercompany gain is included in revenue in the Texas region.

For the six months ended June 30, 2010, the $58 million gain in revenue from economic hedge positions is primarily driven by an increase in value of forward sales of natural gas and electricity due to a decrease in forward power and gas prices. The $142 million loss in cost of energy from economic hedge positions is primarily driven by a decrease in value of forward purchases of natural gas, electricity and fuel due to a decrease in forward power and gas prices. Reliant Energy's $150 million gain from the roll-off of acquired derivatives consists of loss positions that were acquired as of May 1, 2009, and valued using forward prices on that date. The roll-off amounts were offset by realized losses at the settled prices and higher costs of physical power which are reflected in cost of operations during the same period.

In accordance with ASC 815, the following table represents the results of the Company's financial and physical trading of energy commodities for the six months ended June 30, 2010, and 2009. The realized financial trading results and unrealized financial and physical trading results are included in the risk management activities above, while the realized physical trading results are included in energy revenue. The Company's trading activities are subject to limits within the Company's Risk Management Policy.

	Six months ended June 30,	
(In millions)	2010	2009
Trading gains/(losses)		
Realized	$ (24)	$ 96
Unrealized	49	(96)

Total trading gains/(losses)	$ 25	$ —

Depreciation and Amortization

NRG's depreciation and amortization expense increased by $28 million during the six months ended June 30, 2010, compared to the same period in 2009. Reliant Energy's depreciation and amortization expense for the six month period increased by $16 million due to the inclusion of four additional months in 2010. The balance of the increase was due to depreciation on the baghouse projects in western New York, Cedar Bayou 4, which began commercial operation in June 2009, and Langford, which began commercial operation in December 2009.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $55 million during the six months ended June 30, 2010, compared to the same period in 2009. The increase was due to:

- *Retail selling, general and administrative expense* — increased by $73 million due to the inclusion of four additional months in 2010.

These increases were offset by

- *Labor costs* — decreased by $15 million offset by higher contractor expense of $5 million.
- *Consultant costs* — decreased by $9 million due to non-recurring costs related to Exelon's exchange offer and proxy contest efforts incurred in 2009.

Acquisition-related Transaction and Integration Costs

NRG incurred Reliant Energy acquisition-related transaction and integration costs of $35 million for 2009.

Gain on Sale of Assets

On January 11, 2010, NRG sold Padoma to Enel, recognizing a gain on sale of $23 million.

Equity in Earnings of Unconsolidated Affiliates

NRG's equity earnings from unconsolidated affiliates decreased by $2 million during the six months ended June 30, 2010, compared to the same period in 2009. In 2009, NRG recognized $15 million from MIBRAG, which was sold in June 2009. This decrease was partially offset by a $13 million increase from Sherbino in 2010.

Gain on Sale of Equity Method Investments

NRG's gain on sale of equity method investments in 2009 represents a $128 million gain on the sale of NRG's 50% ownership interest in MIBRAG.

Other Income/(Expense), Net

NRG's other income/(expense), net increased $37 million during the six months ended June 30, 2010, compared to the same period in 2009. The 2010 amount includes $3 million and $9 million of unrealized and realized foreign exchange gains, respectively. The 2009 amount includes a $24 million loss on a forward contract for foreign currency executed to hedge the MIBRAG sale proceeds.

Interest Expense

NRG's interest expense increased $3 million during the six months ended June 30, 2010, compared to the same period in 2009. This increase was due to $25 million related to the issuance of the 2019 Senior Notes in June 2009. This increase was offset by a $14 million decrease due to the settlement of the CSF Debt in 2009 and early 2010 and a $7 million decrease due to a lower outstanding principal balance on the Term Loan Facility and a $2 million decrease due to lower interest rates related to the unhedged portion of the Term Loan.

Income Tax Expense

NRG's income tax expense decreased by $266 million during the six months ended June 30, 2010, compared to the same period in 2009. The decrease in income tax expense was primarily due to a decrease in income. The effective tax rate was 40.4% and 41.5% for the six months ended June 30, 2010, and 2009, respectively.

For the six months ended June 30, 2010, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to state and local income taxes as well as recording federal and state tax expense and interest for unrecognized tax benefits. For the six months ended June 30, 2009, NRG's overall effective tax rate was different than the statutory rate of 35% primarily due to an increase in valuation allowance as a result of capital losses generated in the six month period for which there are no projected capital gains or available tax planning strategies. Furthermore, the effective tax rate is decreased by the sale of the MIBRAG facility as well as a net state and local income tax benefit as a result of the Reliant Energy acquisition.

Results of Operations — Regional Discussions

The following is a detailed discussion of the results of operations of NRG's retail business segment.

Reliant Energy

Quarterly Results

For a discussion of the business profile of the Company's Reliant Energy operations, see pages 94-96 of NRG Energy, Inc.'s 2009 Annual Report on Form 10-K.

Selected Income Statement Data

(In millions except otherwise noted)	Three months ended June 30, 2010	One month ended April 30, 2010	Two months ended June 30, 2010	Two months ended June 30, 2009(c)	Change %
Operating Revenues					
Mass revenues	$ 808	$ 190	$ 618	$ 761	(19)%
Commercial and Industrial revenues	502	151	351	437	(20)
Supply management revenues	31	13	18	52	(65)
Contract amortization	(59)	(22)	(37)	(75)	51
Total operating revenues	1,282	332	950	1,175	(19)
Operating Costs and Expenses					
Cost of energy (including risk management activities)	861	239	622	614	1
Other operating expenses	113	37	76	90	(16)
Depreciation and amortization	29	9	20	43	(53)
Operating Income	$ 279	$ 47	$ 232	$ 428	(46)
Electricity sales volume — GWh					
Mass	5,732	1,275	4,457	4,851	(8)
Commercial and Industrial (a)	6,683	2,059	4,624	5,580	(17)
Business Metrics					
Weighted average retail customer count (in thousands, metered locations)					
Mass	1,503	1,513	1,499	1,601	(6)
Commercial and Industrial (a)	63	63	63	71	(11)
Retail customer count (in thousands, metered locations)					
Mass	1,488	1,513	1,488	1,589	(6)
Commercial and Industrial (a)	63	63	63	68	(7)
Cooling Degree Days, or CDDs (b)	1,163	149	1,014	971	4%
Heating Degree Days, or HDDs (b)	26	25	1	1	—

(a) Includes customers of the Texas General Land Office, for whom the Company provides services.

(b) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period. The CDDs/HDDs amounts are representative of the Coast and North Central Zones within the ERCOT market in which Reliant Energy serves its customer base.

(c) For the period May 1, 2009, to June 30, 2009.

(In millions except otherwise noted)	Three months ended June 30, 2010	One month ended April 30, 2010	Two months ended June 30, 2010	Two months ended June 30, 2009(b)	Change %
Reliant Energy Operating Income:					
Mass revenues	$ 808	$ 190	$ 618	$ 761	(19)%
Commercial and Industrial revenues	502	151	351	437	(20)
Supply management revenues	31	13	18	52	(65)
Total retail operating revenues (a)	1,341	354	987	1,250	(21)
Retail cost of sales (a)	1,033	280	753	930	(19)
Total retail gross margin	308	74	234	320	(27)
Mark-to-market results on energy supply derivatives	163	39	124	303	(59)
Contract amortization, net	(50)	(20)	(30)	(62)	(52)
Other operating expenses	(113)	(37)	(76)	(90)	(16)
Depreciation and amortization	(29)	(9)	(20)	(43)	(53)
Operating Income	$ 279	$ 47	$ 232	$ 428	(46)%

(a) Amounts exclude unrealized gains/(losses) on energy supply derivatives and contract amortization.

(b) For the period May 1, 2009, to June 30, 2009.

- *Gross margin* — excluding April 2010 gross margin of $74 million, Reliant Energy's gross margin decreased by $86 million for May and June. This decrease was primarily due to 22% lower Mass margins driven by price reductions for certain customer classes and lower unit margins on acquisitions, renewals, and conversions from month-to-month to fixed priced contracts. In addition, Mass volumes sold were 8% lower due to fewer customers. Competition, lower unit margins on acquisitions and renewals and supply costs based on forward market prices, could drive lower gross margin in the future.

Operating Income

For the three months ended June 30, 2010 as compared to two months ended June 30, 2009, operating income decreased by $149 million, or $196 million excluding the one month ended April 30, 2010, due to:

Operating Revenues

Total operating revenues increased by $107 million during the three months ended June 30, 2010, as compared to the two months ended June 30, 2009, or decreased by $225 million excluding the one month ended April 30, 2010, due to:

- *Mass revenues* — excluding April 2010 revenues of $190 million, Mass revenues decreased by $143 million for May and June. This decrease was primarily due to 12% lower revenue rates driven by Reliant Energy price reductions for certain customer classes and lower revenue pricing on acquisitions, renewals, and conversions from month-to-month to fixed priced contracts consistent with competitive offers. Reliant Energy also experienced 8% lower volumes due to fewer customers driven by 0.6% monthly net attrition between July 2009 and June 2010 from increased competition. Favorable weather in both periods resulted in 11% higher customer usage in 2010 and 9% in 2009 when compared to ten-year normal weather.
- *Commercial and Industrial revenue* — excluding April 2010 revenues of $151 million, C&I revenues decreased by $86 million for May and June. This decrease was due to 17% lower volumes primarily driven by fewer customers due to lower renewals and acquisitions and 4% lower revenue rates primarily driven by lower prices on fixed priced renewals due to lower natural gas prices at the time of the renewals.

Cost of Energy

Cost of energy increased by $247 million for the three months ended June 30, 2010, as compared to the two months ended June 30, 2009, or $8 million excluding the one month ended April 30, 2010, due to:

- *Supply costs* — excluding April 2010 supply costs of $187 million, supply costs decreased by $151 million for May and June due to 12% lower volumes in 2010 versus 2009 primarily driven by fewer customers. Supply rates also decreased by 12% due to lower unit prices of purchased power at the time of procurement and favorable impacts of $14 million for out of market supply contracts terminated in the fourth quarter of 2009 in conjunction with the CSRA unwind. The terminated contract value for April 2010 was $7 million.
- *Transmission and distribution charges* — excluding April 2010 transmission and distribution charges of $93 million, transmission and distribution charges decreased by $26 million for May and June due to lower volumes transported and sold to customers in 2010 versus 2009. The lower volumes were primarily driven by fewer customers in 2010.
- *Risk management activities* — decreased $114 million as $75 million of gains were recorded for the three months ended June 30, 2010 compared to $189 million of gains recorded in the same period in 2009. The $75 million of gains in 2010 consisted of unrealized gains of $163 million, offset by $88 million of realized losses on settled transactions, compared to $303 million of unrealized gains offset by $114 million of realized losses on settled transactions in the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

Other Operating Expenses

Other operating expenses increased by $23 million for the three months ended June 30, 2010, as compared to the two months ended June 30, 2009. Excluding April 2010 expense of $37 million, other operating expenses decreased by $14 million primarily due to lower labor and related costs of $8 million, lower advertising and marketing costs of $5 million, and lower gross receipts taxes of $3 million, offset by other cost increases of $2 million.

Year to date Results

Selected Income Statement Data

(In millions except otherwise noted)	Six months ended June 30, 2010
Operating Revenues	
Mass revenues	$ 1,521
Commercial and Industrial revenues	991
Supply management revenues	74
Contract amortization	(128)
Total operating revenues	2,458
Operating Costs and Expenses	
Cost of energy (including risk management activities)	2,091
Other operating expenses	216
Depreciation and amortization	59
Operating Income	$ 92
Electricity sales volume — GWh	
Mass	10,546
Commercial and Industrial [(a)]	12,892
Business Metrics	
Weighted average retail customers count (in thousands, metered locations)	
Mass	1,512
Commercial and Industrial [(a)]	64
Retail customers count (in thousands, metered locations)	
Mass	1,488
Commercial and Industrial [(a)]	63
Cooling Degree Days, or CDDs [(b)]	1,180
Heating Degree Days, or HDDs [(b)]	1,268

(a) Includes customers of the Texas General Land Office, for whom the Company provides services.

(b) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period. The CDDs/HDDs amounts are representative of the Coast and North Central Zones within the ERCOT market in which Reliant Energy serves its customer base.

(In millions)	Six months ended June 30, 2010
Reliant Energy Operating Income:	
Mass revenues	$ 1,521
Commercial and industrial revenues	991
Supply management revenues	74
Total retail operating revenues [(a)]	2,586
Retail cost of sales [(a)]	1,985
Total retail gross margin	601
Mark-to-market results on energy supply derivatives	(125)
Contract amortization, net	(109)
Other operating expenses	(216)
Depreciation and amortization	(59)
Operating Income	$ 92

(a) Amounts exclude unrealized gains/(losses) on energy supply derivatives and contract amortization.

- *Gross margin* — Reliant Energy's gross margin totaled $601 million for the six months ended June 30, 2010. Higher Mass volumes were driven by favorable weather partially offset a reduction in volumes due to fewer customers driven by 0.4% monthly net attrition between January 2010 and June 2010. In addition, Mass unit margins decreased during the period due to lower margins on acquisitions and renewals driven by competition. A continuation of these factors could drive lower gross margin in the future.

Operating Income

Operating income for the six months ended June 30, 2010, was $92 million, which consisted of the following:

Operating Revenues

Total operating revenues for the six months ended June 30, 2010, were $2.6 billion and consisted of the following:

- *Mass revenues* — totaled $1.5 billion for the period from retail electric sales to approximately 1.5 million end use customers in the Texas market. Favorable weather, when compared to ten-year normal weather, resulted in 11% higher usage per customer. However, customer counts declined by 2% during the period. The average Mass revenue rate declined during the period due to lower revenue pricing on acquisitions, renewals and conversions from month-to-month to fixed price contracts consistent with competitive offers.
- *Commercial and Industrial revenue* — totaled $991 million for the period on volume sales of approximately 12,892 GWh. Variable rate contracts tied to the market price of natural gas accounted for approximately 45% of the contracted volumes as of June 30, 2010.

Cost of Energy

Cost of energy for the six months ended June 30, 2010, was $2.1 billion and consisted of the following:

- *Supply costs and financial costs of energy* — totaled $1.4 billion for the period. Energy is procured for fixed price term contracts at the time the sales contracts are executed. For month-to-month customers, the power is purchased at current market prices. Favorable weather caused an increase in purchased supply volumes during the period. The supply costs were favorably impacted by $48 million of out-of-market supply contracts terminated in the fourth quarter of 2009 in conjunction with the CSRA unwind.
- *Transmission and distribution charges* — totaled $634 million for the period for the cost to transport power from the generation sources to the end use customers.

- *Risk management activities* — decreased $437 million as losses of $248 million were reported for the six months ended June 30, 2010 compared to $189 million of gains during the same period in 2009. The $248 million of losses in 2010 consisted of $125 million of mark-to-market losses and $123 million of realized losses on settled transactions, compared to $303 million of mark-to-market gains offset by $114 million of realized losses on settled transactions in the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

Other Operating Expenses

Other operating expenses for the six months ended June 30, 2010, were $216 million, or 9% of Reliant Energy's total operating revenues. Other operating expenses consisted of the following:

- *Selling, general and administrative expenses* — totaled $100 million for the period. Total direct costs were $86 million, which primarily consisted of the costs of labor and external costs associated with advertising and other marketing activities, as well as human resources, community activities, legal, procurement, regulatory, accounting, internal audit, and management, as well as facilities leases and other office expenses. Indirect costs related to corporate allocations were $14 million.
- *Operations and maintenance expenses* — totaled $61 million for the six months ended June 30, 2010. These expenses primarily consisted of the labor and external costs associated with customer activities, including the call center, billing, remittance processing, and credit and collections, as well as the information technology costs associated with those activities.
- *Gross receipts tax* — totaled $33 million for the period or 1.3% of Mass and C&I revenues.
- *Bad debt expense* — totaled $22 million for the period or 0.9% of Mass and C&I revenues. During the period, Reliant Energy experienced improved customer payment behavior.

Results of Operations for Wholesale Power Generation Regions

The following is a detailed discussion of the results of operations of NRG's major wholesale power generation business segments.

Texas Region

For a discussion of the business profile of the Company's Texas operations, see pages 97-101 of NRG Energy, Inc.'s 2009 Annual Report on Form 10-K.

Selected Income Statement Data

	Three months ended June 30,			Six months ended June 30,		
(In millions except otherwise noted)	2010	2009	Change %	2010	2009	Change %
Operating Revenues						
Energy revenue	$ 664	$ 600	11%	$ 1,292	$ 1,194	8%
Capacity revenue	5	47	(89)	12	94	(87)
Risk management activities	(3)	(54)	94	209	209	—
Contract amortization	2	17	(88)	4	32	(88)
Other revenues	24	9	167	45	15	200
Total operating revenues	692	619	12	1,562	1,544	1
Operating Costs and Expenses						
Cost of energy (including risk management activities)	260	236	10	480	474	1
Other operating expenses	168	154	9	350	322	9
Depreciation and amortization	124	117	6	241	234	3
Operating Income	$ 140	$ 112	25	$ 491	$ 514	(4)
MWh sold (in thousands)	11,963	12,333	(3)	22,842	22,506	1
MWh generated (in thousands)	11,444	11,919	(4)	21,870	21,992	(1)
Business Metrics						
Average on-peak market power prices ($/MWh)	39.30	38.55	2	40.58	35.57	14
Cooling Degree Days, or CDDs (a)	1,004	982	2	1,026	1,108	(7)
CDD's 30 year average	854	854	—	948	948	—
Heating Degree Days, or HDDs (a)	79	100	(21)%	1,464	1,003	46%
HDD's 30 year average	83	83	—	1,205	1,205	—

(a) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

Quarterly Results

Operating Income

Operating income increased by $28 million for the three months ended June 30, 2010, compared to the same period in 2009, primarily due to an increase in net risk management activities of $55 million and an increase of $22 million driven by higher energy revenues and offset by an increase in the cost of energy of $26 million driven by increased coal costs.

Operating Revenues

Total operating revenues increased by $73 million during the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Risk management activities* — decreased $51 million as losses of $3 million were reported for the three months ended June 30, 2010, compared to losses of $54 million in the same period in 2009. The $3 million of losses in 2010 included $73 million of unrealized mark-to-market losses and $70 million in settled gains, or financial income, compared to $159 million in unrealized derivative losses and $105 million of settled financial gains in the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.
- *Energy revenues* — increased $64 million due to:
  - *Energy prices* — increased by $66 million for the three months ended June 30, 2010 compared to the same period 2009. The average realized energy price increased by 11%, driven by a 14% increase in merchant prices and a 3% increase in contract prices.
  - *Generation* — decreased by 2% resulting in a $13 million decrease in sales volume. This decrease was driven by a 1% decrease in coal plant generation due to increased planned maintenance hours in 2010, an 18% decrease in nuclear plant generation due to a planned maintenance outage on Unit 2, and a 6% decrease in gas plant generation. These decreases were offset by an increase in owned and leased wind farm generation, as Langford began commercial operations in December 2009.
  - *Margin on MWh sold from market purchases* — increased by $12 million for the three months ended June 30, 2010.
- *Capacity revenue* — decreased by $42 million due to a lower proportion of baseload contracts which contain a capacity component.
- *Contract amortization revenue* — decreased by $15 million due to the reduced volume of contracted energy in 2010 as compared to 2009.
- *Other revenue* — increased by $15 million primarily due to higher ancillary services revenue of $17 million offset by a decrease of $2 million in physical sales of natural gas and coal.

Cost of Energy

Cost of energy increased by $24 million during the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Coal costs* — increased by $23 million due to higher cost of transportation.
- *Ancillary services costs* — increased by $6 million due to an increase in purchased ancillary services costs incurred to meet obligations.

These increases were offset by:

- *Natural gas costs* — decreased by $2 million due to a 6% decrease in gas-fired generation offset by a 26% increase in average natural gas prices.
- *Purchased energy* — decreased $2 million due to lower cost of purchases per MWh to meet obligations when baseload plants are unavailable, including a decrease of $8 million from ERCOT congestion and out-of-merit purchases offset by bilateral and toll energy purchases of $6 million.

- *Fuel risk management activities* — increased $4 million as gains of $15 million were recorded for the three months ending June 30, 2010, compared to gains of $11 million during the same period in 2009. The gains of $15 million in 2010 included $16 million of unrealized mark-to-market gains offset by $1 million of losses on settled transactions, compared to $15 million of unrealized mark-to-market gains offset by $4 million in losses on settled transactions, or financial cost of energy, in the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

Other Operating Expenses

Other operating expenses increased by $14 million during the three months ended June 30, 2010, compared to the same period in 2009, driven by increases in operations and maintenance expense of $11 million due to baseload outages, general and administrative expense of $2 million, and development costs of $1 million.

Year to date results

Operating Income

Operating income decreased by $23 million for the six months ended June 30, 2010, compared to the same period in 2009, primarily due to an increase in the cost of energy of $98 million driven by higher fuel and purchased energy costs and higher operations and maintenance costs of $26 million due to baseload outages, offset by an increase in net risk management activities of $92 million.

Operating Revenues

Total operating revenues increased by $18 million during the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Energy revenues* — increased $98 million due to:
  - *Energy prices* — increased by $56 million for the six months ended June 30, 2010 compared to the same period 2009. The average realized energy price increased by 5%, driven by a 1% increase in merchant prices and a 3% increase in contract prices.
  - *Generation* — increased by 3% resulting in a $31 million increase in sales volume. This increase was driven by a 17% increase in gas plant generation and an increase in owned and leased wind farm generation, offset by a 13% decrease in nuclear plant generation due to planned and maintenance outages. Wind farm generation increased due to Langford, which began commercial operations in December 2009.
  - *Margin on MWh sold from market purchases* — increased by $10 million for the period.
- *Capacity revenue* — decreased by $82 million due to a lower proportion of baseload contracts which contain a capacity component.
- *Contract amortization revenue* — decreased by $28 million due to the reduced volume of contracted energy in 2010 as compared to 2009.
- *Other revenue* — increased by $30 million due to higher ancillary services revenue of $33 million, higher maintenance services revenue of $3 million, and an increase of $2 million in physical sales of natural gas and coal. This increase was offset by $8 million lower emissions credit revenue.

Cost of Energy

Cost of energy increased by $6 million during the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Coal costs* — increased by $40 million due to higher cost of transportation for WA Parish of $30 million, higher Limestone coal and lignite costs of $12 million, and increased lignite royalty and other costs of $3 million. These increases were offset by reduced generation of $9 million.
- *Natural gas costs* — increased by $22 million due to a 17% increase in gas-fired generation and a 23% increase in average natural gas prices.
- *Ancillary services costs* — increased by $18 million due to an increase in purchased ancillary services costs incurred to meet obligations.
- *Purchased energy* — increased $14 million due to $15 million higher volume and cost of purchases per MWh to meet obligations when baseload plants are unavailable, including a decrease of $9 million from ERCOT congestion and out-of-merit purchases offset by bilateral and toll energy purchases of $8 million.
- *Emissions amortization* — amortization of emissions credits increased $6 million due to the increased number of SO_2 credits required by federal rules.
- *ERCOT nodal fees* — increased $4 million due to an increase in the per MWh nodal fee by ERCOT.

These increases were offset by:

- *Fuel risk management activities* — decreased $92 million due to gains of $38 million recorded for the six months ended June 30, 2010, compared to losses of $54 million during the same period in 2009. The $38 million of gains in 2010 consisted of $40 million of mark-to-market gains offset by $2 million of losses on settled transactions, compared to $41 million of unrealized mark-to-market losses and $13 million in losses on settled transactions in the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

Other Operating Expenses

Other operating expenses increased by $28 million during the six months ended June 30, 2010, compared to the same period in 2009, driven by increased operations and maintenance expense of $26 million due to baseload outages, and general and administrative expense of $2 million.

Northeast Region

For a discussion of the business profile of the Northeast region, see pages 101-105 of NRG Energy, Inc.'s 2009 Annual Report on Form 10-K.

Selected Income Statement Data

	Three months ended June 30,			Six months ended June 30,		
(In millions except otherwise noted)	2010	2009	Change %	2010	2009	Change %
Operating Revenues						
Energy revenue	$ 115	$ 79	46%	$ 236	$ 260	(9)%
Capacity revenue	100	100	—	204	196	4
Risk management activities	(15)	51	(129)	32	233	(86)
Other revenues	5	7	(29)	12	12	—
Total operating revenues	205	237	(14)	484	701	(31)
Operating Costs and Expenses						
Cost of energy (including risk management activities)	89	58	53	176	175	1
Other operating expenses	73	94	(22)	169	188	(10)
Depreciation and amortization	31	30	3	63	59	7
Operating Income/(Loss)	$ 12	$ 55	(78)	$ 76	$ 279	(73)
MWh sold (in thousands)	1,688	1,634	3	4,077	4,272	(5)
MWh generated (in thousands)	1,688	1,634	3	4,077	4,272	(5)
Business Metrics						
Average on-peak market power prices ($/MWh) [(a)]	54.05	39.68	36	53.46	48.99	9
Cooling Degree Days, or CDDs [(b)]	215	77	179	215	77	179
CDD's 30 year average	105	105	—	105	105	—
Heating Degree Days, or HDDs [(b)]	594	789	(25)%	3,447	3,997	(14)%
HDD's 30 year average	841	841	—	3,935	3,935	—

(a) MWh sold are shown net of MWh purchased to satisfy certain load contracts in the region.

(b) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

Quarterly Results

Operating Income

Operating income decreased by $43 million for the three months ended June 30, 2010, compared to the same period in 2009 due primarily to a decrease in net risk management activities of $72 million offset by a decrease in other operating expenses of $21 million. Generation activities were relatively flat as increases in energy revenues were mostly offset by increases in cost of energy.

Operating Revenues

Operating revenues decreased by $32 million for the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Risk management activities* — decreased $66 million as losses of $15 million were recorded for the three months ending June 30, 2010, compared to gains of $51 million during the same period in 2009. The $15 million loss in 2010 included $59 million of unrealized mark-to-market losses and $44 million in gains on settled transactions, or financial income, compared to $45 million in unrealized mark-to-market losses and $96 million in financial gains during the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

These decreases were offset by:

- *Energy revenues* — increased by $36 million due to:
  - *Energy prices* — increased by $32 million reflecting an average 50% increase in merchant energy prices.
  - *Generation* — increased by $4 million due to a 3% increase in generation in 2010 compared to 2009, which is comprised of a 20% increase in oil and gas generation and a 1% decrease in coal generation. The increase in oil and gas generation is attributable to higher reliability run hours at the Connecticut plants.
  - *Margin on MWh sold from market purchases* — decreased by $8 million due to the expiration of load contracts.
  - *Contract revenues* — increased by $8 million due to revenues from new load-serving contracts which commenced June 1, 2010.
- *Capacity revenues* — remained flat, however reflected higher capacity prices in New York City, offset by a decrease in capacity revenues in New England due to the expiration of the RMR contracts for Montville, Middletown and Norwalk on May 31, 2010.

Cost of Energy

Cost of energy increased by $31 million for the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Natural gas and oil costs* — increased by $13 million, or 47%, due to 37% higher average prices and 20% higher generation.
- *Coal costs* — increased by $4 million, or 11%, due to 52% higher average prices offset by a 1% decrease in coal generation as discussed in energy revenues above.
- *Fuel risk management activities* — increased $6 million as gains of $4 million were recorded for the three months ending June 30, 2010, related primarily to mark-to-market gains as compared to gains of $10 million in 2009, consisting of $11 million in mark-to-market gains and $1 million in losses on settled transactions, or financial cost of energy. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.
- *Purchased energy* — increased by $8 million due to costs to supply new load contracts which commenced June 1, 2010.

Other Operating Expenses

Other operating expenses decreased by $21 million for the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Property tax expense* — decreased by $12 million due to increased credits related to the New York Empire Zone program for 2010 and by a $6 million charge in June 2009 to reflect changes in Empire Zone regulations that eliminated the Oswego plant's ability to continue participation in the Empire Zone program.
- *General & administrative expense* — decreased $4 million due primarily to a reduction in corporate allocations.
- *Operations and maintenance expense* — decreased $4 million due primarily to lower spending at the Arthur Kill plant, which completed a major outage project in the second quarter of 2009.

Year-to-Date Results

Operating Income

Operating income decreased by $203 million for the six months ended June 30, 2010, compared to the same period in 2009 due primarily to the impact of net risk management activities, which decreased by $201 million. In addition, there were decreases in energy revenues of $24 million that were offset by an increase in capacity revenues of $8 million and a decrease in other operating expenses of $19 million.

Operating Revenues

Operating revenues decreased by $217 million for the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Energy revenues* — decreased by $24 million due to:
  - *Energy prices* — decreased by $7 million reflecting an average 4% decline in merchant energy prices.
  - *Generation* — decreased by $13 million due to a 5% decrease in generation in 2010 compared to 2009, driven by a 2% decrease in coal generation and a 19% decrease in oil and gas generation. The decrease in oil and gas generation is attributable to a combination of planned and forced outages as well as reserve shutdowns primarily at Arthur Kill, Middletown and Oswego in the first quarter 2010, offset in part by higher reliability run hours at the Connecticut plants.
  - *Margin on MWh sold from market purchases* — decreased by $12 million due to the expiration of a load contract in May 2009.
  - *Contract revenues* — increased by $8 million due to revenues from new load-serving contracts which commenced June 1, 2010.
- *Risk management activities* — decreased $201 million as gains of $32 million were recorded for the six months ending June 30, 2010, compared to gains of $233 million during the same period in 2009. The $32 million gain in 2010 included $45 million of unrealized mark-to-market losses and $77 million in gains on settled transactions, or financial income, compared to $77 million in unrealized mark-to-market gains and $156 million in financial income during the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

This increase was offset by:

- *Capacity revenues* — increased by $8 million due to:
  - *NYISO* — capacity revenues increased by $15 million due to higher capacity prices in New York City driven in part by the retirement of the Poletti facility in January 2010.
  - *PJM* — capacity revenues increased by $6 million due to higher capacity prices.
  - *NEPOOL* — capacity revenues decreased by $13 million due to the expiration of the RMR contracts for Montville, Middletown and Norwalk on May 31, 2010. These plants now operate as fully merchant facilities.

Cost of Energy

Cost of energy increased by $1 million for the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Purchased energy* — increased by $8 million due to costs to supply new load contracts, which commenced June 1, 2010.
- *Fuel risk management activities* — remained flat as gains of $15 million were recorded for the six months ending June 30, 2010, related to mark-to-market gains, as compared to gains of $15 million in 2009, consisting of $20 million in mark-to-market gains and $5 million in losses on settled transactions, or financial cost of energy. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

These increases were offset by:

- *Natural gas and oil costs* — decreased by $5 million, or 7%, due to 19% lower generation offset by 17% higher average prices.

Other Operating Expenses

Other operating expenses decreased by $19 million for the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Property taxes* — decreased by $11 million due to increased credits related to the New York Empire Zone program for 2010 and by a $6 million charge in June 2009 to reflect changes in Empire Zone regulations that eliminated the Oswego plant's ability to continue participation in the Empire Zone program.
- *ARO accretion expense* — decreased $4 million due to a change in estimate for an ARO liability at the Huntley and Dunkirk plants.
- *General and administrative expense* — decreased $10 million due primarily to a reduction in corporate allocations.

These decreases were offset by:

- *Operations and maintenance expense* — increased $6 million due primarily to $12 million in charges relating to the write-off of previously capitalized costs on the Indian River Unit 3 back end controls project together with associated cancellation penalties and write-offs for other asset retirements of $8 million. In addition, 2009 includes credits of $4 million booked to reflect resolution of certain station service liabilities. These increases were offset by decreases in normal and major maintenance of $17 million mainly due to lower spending at the Indian River and Arthur Kill plants, which completed a major outage project in the second quarter of 2009.

South Central Region

For a discussion of the business profile of the South Central region, see pages 106-109 of NRG Energy, Inc.'s 2009 Annual Report on Form 10-K.

Selected Income Statement Data

(In millions except otherwise noted)	Three months ended June 30, 2010	2009	Change%	Six months ended June 30, 2010	2009	Change%
Operating Revenues						
Energy revenue	$ 96	$ 81	19%	$ 202	$ 177	14%
Capacity revenue	58	65	(11)	115	133	(14)
Risk management activities	(7)	(12)	42	(32)	(19)	(68)
Contract amortization	5	5	—	10	11	(9)
Other revenues	—	—	—	—	(1)	100
Total operating revenues	152	139	9	295	301	(2)
Operating Costs and Expenses						
Cost of energy (including risk management activities)	80	92	(13)	177	202	(12)
Other operating expenses	41	27	52	63	49	29
Depreciation and amortization	16	17	(6)	32	34	(6)
Operating Income	$ 15	$ 3	400	$ 23	$ 16	44
MWh sold (in thousands)	3,221	2,792	15	6,399	5,961	7
MWh generated (in thousands)	2,366	2,386	(1)	5,008	5,093	(2)
Business Metrics						
Average on-peak market power prices ($/MWh)	38.96	32.21	21	41.13	34.75	18
Cooling Degree Days, or CDDs[(a)]	689	582	18	689	588	17
CDD's 30 year average	458	458	—	489	489	—
Heating Degree Days, or HDDs[(a)]	182	289	(37)%	2,423	2,094	16%
HDD's 30 year average	299	299	—	2,194	2,194	—

(a) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

Quarterly Results

Operating income increased by $12 million for the three months ended June 30, 2010, due to the favorable impact of $22 million in net risk management activities offset by $14 million of higher operating expenses.

Operating Revenues

Operating revenues increased by $13 million for the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Energy revenues* — increased by $15 million due to a $19 million rise in contract revenue offset by a decline of $4 million in merchant energy revenues. Total megawatt hours sold to the region's contract customers increased 13% reflecting the impact of a new contract with a regional municipality and higher sales to cooperative customers. The new contract added an additional $12 million and a fuel pass-through to the cooperative customers increased $6 million. The average realized price on contract energy sales was $27.77 per MWh in 2010 compared to $22.98 per MWh in 2009. Megawatt hours sold to the merchant market increased by 26% but lower realized merchant prices resulted in a drop of $4 million.

- *Risk management activities* — increased $5 million as losses of $7 million were recorded for the three months ended June 30, 2010 compared to losses of $12 million during the same period in 2009. The $7 million loss in 2010 included $1 million in unrealized gains and $8 million in realized losses compared to $10 million in unrealized losses and $2 million in realized losses for the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.
- *Capacity revenues* — capacity revenue decreased by $7 million due to an $8 million decrease resulting from the expiration of a capacity agreement offset by higher capacity revenue associated with the region's contract customers.

Cost of Energy

Cost of energy decreased by $12 million for the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Fuel risk management activities* — decreased $17 million as gains of $9 million were recorded for the three months ended June 30, 2010, related to mark-to-market gains, as compared to a loss of $8 million recorded in 2009, consisting of $5 million in unrealized losses and $3 million in realized losses. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

This decrease was offset by:

- *Purchased energy* — Total purchased power increased by $5 million as increased load requirements were met with market purchases.

Other Operating Expenses

Other operating expense increased by $14 million for the three months ended June 30, 2010, compared to the same period in 2009. The scope of work and duration of the 2010 outage at the region's coal facility was greater than the outage work performed in 2009. Outage work is performed in accordance with the region's long-term maintenance plan.

Year-to-Date Results

Operating income increased by $7 million for the six months ended June 30, 2010, due to the favorable impact of $22 million in net risk management activities offset by $14 million of higher operating expenses.

Operating Revenues

Operating revenues decreased by $6 million for the six months ended June 30, 2010 compared to the same period in 2009 due to:

- *Energy revenues* — increased by $25 million due to a $31 million increase in contract revenue offset by a $6 million decrease in merchant energy revenues. The increase is attributable to the region's cooperative customers from fuel cost pass-through which contributed $12 million and increased volume $6 million. The new contract with a regional municipality added an additional $12 million. Merchant megawatt hour sales fell by 5% and average realized prices were down by $1.75 MWh.
- *Capacity revenues* — decreased by $18 million due to the expiration of a capacity agreement with a regional utility.
- *Risk management activities* — decreased by $13 million as losses of $32 million were recorded for the six months ended June 30, 2010 compared to losses of $19 million recognized during the same period in 2009. The $32 million loss in 2010 included $12 million in unrealized losses and $20 million of realized losses, compared to $30 million in unrealized losses offset by $11 million in realized gains for the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

Cost of Energy

Cost of energy decreased by $25 million for the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Fuel risk management activities* — decreased $35 million as gains of $19 million were recorded for the six months ended June 30, 2010, compared to losses of $16 million during the same period in 2009. The $19 million of gains in 2010 included $20 million of unrealized gains offset by $1 million of realized losses, compared to $10 million in unrealized losses and $6 million in realized losses for the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.
- *Coal costs* — dropped by $4 million due to a 1% reduction in coal generation.

These decreases were offset by:

- *Purchased energy* — increased by $11 million as increased load requirements were met with market purchases.

Other Operating Expenses

Other operating expense increased by $14 million for the six months ended June 30, 2010, compared to the same period in 2009. The scope of work and duration of the 2010 outage at the region's coal facility was greater than the outage work performed in 2009. Outage work is performed in accordance with the region's long-term maintenance plan.

West Region

For a discussion of the business profile of the West region, see pages 110-112 of NRG Energy, Inc.'s 2009 Annual Report on Form 10-K.

Selected Income Statement Data

	Three months ended June 30,			Six months ended June 30,		
(In millions except otherwise noted)	2010	2009	Change%	2010	2009	Change%
Operating Revenues						
Energy revenue	$ 2	$ 5	(60)%	$ 10	$ 7	43%
Capacity revenue	27	31	(13)	53	60	(12)
Risk management activities	3	6	(50)	4	3	33
Total operating revenues	32	42	(24)	67	70	(4)
Operating Costs and Expenses						
Cost of energy (including risk management activities)	1	3	(67)	6	7	(14)
Other operating expenses	20	21	(5)	41	46	(11)
Depreciation and amortization	3	2	50	6	4	50
Operating Income	$ 8	$ 16	(50)	$ 14	$ 13	8
MWh sold (in thousands)	28	62	(55)	97	76	28
MWh generated (in thousands)	28	62	(55)	97	76	28
Business Metrics						
Average on-peak market power prices ($/MWh)	35.40	33.14	7	41.64	36.80	13
Cooling Degree Days, or CDDs[(a)]	75	144	(48)	75	144	(48)
CDD's 30 year average	150	150	—	157	157	—
Heating Degree Days, or HDDs[(a)]	674	470	43%	2,004	1,880	7%
HDD's 30 year average	556	556	—	1,975	1,975	—

(a) National Oceanic and Atmospheric Administration-Climate Prediction Center — A CDD represents the number of degrees that the mean temperature for a particular day is above 65 degrees Fahrenheit in each region. An HDD represents the number of degrees that the mean temperature for a particular day is below 65 degrees Fahrenheit in each region. The CDDs/HDDs for a period of time are calculated by adding the CDDs/HDDs for each day during the period.

Quarterly Results

Operating Income

Operating income decreased by $8 million for the three months ended June 30, 2010, compared to the same period in 2009.

Operating Revenues

Operating revenues decreased by $10 million for the three months ended June 30, 2010, compared to the same period in 2009, due to:

- *Energy revenues* — decreased by $3 million primarily due to a 55% decrease in generation and an 11% decline in merchant energy prices in 2010 compared to 2009. This increase includes $2 million in energy revenue related to Blythe Solar, which began commercial operation in December 2009.
- *Capacity revenues* — decreased by $4 million due to a reduction in resource adequacy and call option contract sales at El Segundo in 2010 compared to 2009.

- *Risk management activities* — decreased $3 million as gains of $3 million were recorded for the three months ended June 30, 2010, compared to gains of $6 million during the same period in 2009. The $3 million of gains in 2010 included $2 million of unrealized mark-to-market gains and $1 million in gains on settled transactions, or financial income, compared to $7 million in unrealized mark-to-market gains and $1 million in financial losses during the same period in 2009. Please refer to the Consolidated Results of Operations to this Form 10-Q for a more complete description of movements in risk management activities.

Cost of Energy

Cost of energy decreased by $2 million for the three months ended June 30, 2010, compared to the same period in 2009, due to a 77% decrease in natural gas consumption due to lower generation. This decrease was partially offset by a 44% increase in average natural gas prices per MMBtu.

Year-to-Date Results

Operating income increased by $1 million for the six months ended June 30, 2010, compared to the same period in 2009.

Operating Revenues

Operating revenues decreased by $3 million for the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Capacity revenues* — decreased by $7 million primarily due to reduced resource adequacy and call option contract sales at El Segundo in 2010 compared to 2009.
- *Energy revenues* — increased by $3 million primarily due to incremental revenue from the commencement of operations at Blythe Solar. The region experienced a 28% increase in generation and a 3% increase in merchant energy prices in 2010 compared to 2009.

Cost of Energy and Other Operating Expenses

Cost of energy and other operating expenses decreased by $6 million for the six months ended June 30, 2010, compared to the same period in 2009, due to:

- *Cost of energy* — decreased by $1 million due to $3 million of expense in 2009 resulting from a write-down to market of fuel oil inventory no longer used in the production of energy. This decrease was offset by a $2 million increase in natural gas expense due to a 47% increase in average natural gas prices per MMBtu and a 12% decrease in natural gas consumption.
- *Other operating expenses* — decreased by $5 million due to lower major maintenance expense associated with a major overhaul at El Segundo in 2009.

Liquidity and Capital Resources

Liquidity Position

As of June 30, 2010, and December 31, 2009, NRG's liquidity, excluding collateral received, was approximately $3.5 billion and $3.8 billion, respectively, comprised of the following:

(In millions)	June 30, 2010	December 31, 2009
Cash and cash equivalents	$2,168	$ 2,304
Funds deposited by counterparties	310	177
Restricted cash	13	2
Total cash	2,491	2,483
Funded Letter of Credit Facility availability	480	583
Revolving Credit Facility availability	839	905
Total liquidity	3,810	3,971
Less: Funds deposited as collateral by hedge counterparties	(310)	(177)
Total liquidity, excluding collateral received	$ 3,500	$ 3,794

For the six months ended June 30, 2010, total liquidity, excluding collateral received, decreased by $294 million due to lower cash and cash equivalent balances of $136 million, decreased availability of the Funded Letter of Credit Facility of $103 million, and decreased availability of $66 million in the Revolving Credit Facility. The Revolving Credit Facility availability decrease was due to a decrease in capacity of $125 million as a result of the refinancing of the Senior Credit Facility, offset by an increase of $59 million due to the cancellation in February 2010 of the letter of credit issued in support of the Dunkirk bonds, as described below and further in Note 8, *Long-Term Debt.* Changes in cash and cash equivalent balances are further discussed below under the heading *Cash Flow Discussion*. Cash and cash equivalents and funds deposited by counterparties at June 30, 2010, were predominantly held in money market funds invested in treasury securities, treasury repurchase agreements or government agency debt.

The line item "Funds deposited by counterparties" represents the amounts that are held by NRG as a result of collateral posting obligations from the Company's counterparties due to positions in the Company's hedging program. These amounts are segregated into separate accounts that are not contractually restricted but, based on the Company's intention, are not available for the payment of NRG's general corporate obligations. Depending on market fluctuation and the settlement of the underlying contracts, the Company will refund this collateral to the counterparties pursuant to the terms and conditions of the underlying trades. Since collateral requirements fluctuate daily and the Company cannot predict if any collateral will be held for more than twelve months, the funds deposited by counterparties are classified as a current asset on the Company's balance sheet, with an offsetting liability for this cash collateral received within current liabilities.

Management believes that the Company's liquidity position and cash flows from operations will be adequate to finance operating and maintenance capital expenditures and other liquidity commitments. Management continues to regularly monitor the Company's ability to finance the needs of its operating, financing and investing activity in a manner consistent with its intention to maintain a net debt to capital ratio in the range of 45-60%.

SOURCES OF FUNDS

The principal sources of liquidity for NRG's future operating and capital expenditures are expected to be derived from new and existing financing arrangements, existing cash on hand and cash flows from operations.

Financing Arrangements

Senior Credit Facility

On June 30, 2010, NRG completed an amendment and extension, or the Amendment, of its Senior Credit Facility. NRG's Senior Credit Facility is comprised of the Term Loan Facility, the Funded Letter of Credit Facility and the Revolving Credit Facility. As a result of the Amendment, NRG extended the maturity date for approximately $1.0 billion of the $2.0 billion outstanding Term Loan Facility to August 31, 2015, and the remaining amount is due on the original maturity date of February 1, 2013. In addition, borrowing capacity under the Revolving Credit Facility was reduced from $1.0 billion to $875 million and its maturity was extended to August 31, 2015. Finally, the Synthetic Letter of Credit Facility was converted into a term loan-backed Funded Letter of Credit Facility (on an "on-balance sheet" basis), with term loans in an amount of $800 million maturing on August 31, 2015, and $500 million maturing on the original maturity date of February 1, 2013. As of June 30, 2010, NRG had issued $820 million of letters of credit under the Funded Letter of Credit Facility, leaving $480 million available for future issuances. Under the Revolving Credit Facility as of June 30, 2010, NRG had issued a letter of credit of $36 million, leaving $839 million available.

TANE Facility

On February 24, 2009, NINA executed an Engineering, Procurement and Construction, or EPC, agreement with TANE, which specifies the terms under which STP Units 3 and 4 will be constructed. Concurrent with the execution of the EPC agreement, NINA and TANE entered into the TANE Facility, wherein TANE has committed up to $500 million to finance purchases of long-lead materials and equipment for the construction of STP Units 3 and 4. The TANE Facility matures on February 24, 2012, subject to two renewal periods, and provides for customary events of default, which include, among others: nonpayment of principal or interest; default under other indebtedness; the rendering of judgments; and certain events of bankruptcy or insolvency. Outstanding borrowings will accrue interest at LIBOR plus 3%, subject to a ratings grid, and are secured by substantially all of the assets of and membership interests in NINA and its subsidiaries. As of June 30, 2010, $3 million has been borrowed under the TANE Facility.

NRG Non-Recourse Project Financings

During the second quarter 2010, three of the Company's subsidiaries completed the following project level financings which are non-recourse to NRG. See Note 8, *Long-Term Debt*, to this Form 10-Q for a more complete description of these project financings.

(in millions)	As of June 30, 2010
NRG Solar Blythe LLC, term loan due 2028	$ 30
South Trent Wind LLC, term loan due 2020	$ 79
NRG Energy Center Minneapolis LLC, senior secured notes due 2025	$ 100

GenConn Energy LLC related financings

NRG Connecticut Peaking Development LLC made funding requests under the EBL during the quarter. The EBL is backed by a letter of credit issued by NRG under its Funded Letter of Credit Facility equal to 104% of the amount outstanding. The proceeds of the EBL received through June 30, 2010, were $115 million and the remaining amounts will be drawn as necessary to fund interest on the EBL as the maximum amount permitted to be drawn for project costs for both projects has been met. Of the $115 million, $55 million was drawn to fund Devon project costs and will become due and payable upon COD of the Devon project, which is expected to occur in the third quarter of 2010.

In April 2009, GenConn secured financing for 50% of the Devon and Middletown project construction costs through a seven-year term loan facility, and also entered into a five-year revolving working capital loan and letter of credit facility, which collectively with the term loan is referred to as the GenConn Facility. The aggregate credit amount secured under the GenConn Facility, which is non-recourse to NRG, is $291 million, including $48 million for the revolving facility. In August 2009, GenConn began to draw under the GenConn Facility to cover costs related to the Devon project, and in June 2010 began to draw to cover costs related to the Middletown project. As of June 30, 2010, $109 million had been drawn.

First and Second Lien Structure

NRG has granted first and second liens to certain counterparties on substantially all of the Company's assets. NRG uses the first and second lien structure to reduce the amount of cash collateral and letters of credit that it would otherwise be required to post from time to time to support its obligations under out-of-money hedge agreements for forward sales of power or MWh equivalents. To the extent that the underlying hedge positions for a counterparty are in-the-money to NRG, the counterparty would have no claim under the lien program. The lien program limits the volume that can be hedged, not the value of underlying out-of-money positions. The first lien program does not require NRG to post collateral above any threshold amount of exposure. Within the first and second lien structure, the Company can hedge up to 80% of its baseload capacity and 10% of its non-baseload assets with these counterparties for the first 60 months and then declining thereafter. Net exposure to a counterparty on all trades must be positively correlated to the price of the relevant commodity for the first lien to be available to that counterparty. The first and second lien structure is not subject to unwind or termination upon a ratings downgrade of a counterparty or NRG and has no stated maturity date.

The Company's lien counterparties may have a claim on its assets to the extent market prices exceed the hedged price. As of June 30, 2010, all hedges under the first and second liens were in-the-money on a counterparty aggregate basis.

The following table summarizes the amount of MWs hedged against the Company's baseload assets and as a percentage relative to the Company's baseload capacity under the first and second lien structure as of June 30, 2010:

Equivalent Net Sales Secured by First and Second Lien Structure [(a)]	**2010**	**2011**	**2012**	**2013**
In MW[(b)]	2,793	2,222	1,439	736
As a percentage of total net baseload capacity [(c)]	41%	33%	21%	11%

(a) Equivalent Net Sales include natural gas swaps converted using a weighted average heat rate by region.

(b) 2010 MW value consists of July through December positions only.

(c) Net baseload capacity under the first and second lien structure represents 80% of the Company's total baseload assets .

USES OF FUNDS

The Company's requirements for liquidity and capital resources, other than for operating its facilities, can generally be categorized by the following: (i) commercial operations activities; (ii) debt service obligations; (iii) capital expenditures including *Repowering*NRG and environmental; and (iv) corporate financial transactions including return of capital to shareholders.

Commercial Operations

NRG's commercial operations activities require a significant amount of liquidity and capital resources. These liquidity requirements are primarily driven by: (i) margin and collateral posted with counterparties; (ii) initial collateral required to establish trading relationships; (iii) timing of disbursements and receipts (i.e., buying fuel before receiving energy revenues); and (iv) initial collateral for large structured transactions. As of June 30, 2010, commercial operations had total cash collateral outstanding of $391 million, and $537 million outstanding in letters of credit to third parties primarily to support its economic hedging activities for both wholesale and retail transactions (includes a $60 million letter of credit relating to deposits at the PUCT that covers outstanding customer deposits and residential advance payments). As of June 30, 2010, total collateral held from counterparties was $310 million and $11 million of letters of credit.

Future liquidity requirements may change based on the Company's hedging activities and structures, fuel purchases, and future market conditions, including forward prices for energy and fuel and market volatility. In addition, liquidity requirements are dependent on NRG's credit ratings and the general perception of its creditworthiness.

Debt Service Obligations

NRG must annually offer a portion of its excess cash flow, as defined in the Senior Credit Facility, to its first lien lenders under the Term Loan Facility. The percentage of excess cash flow offered to these lenders is dependent upon the Company's consolidated leverage ratio, as defined in the Senior Credit Facility, at the end of the preceding year. Of the amount offered, the first lien lenders must accept 50% while the remaining 50% may either be accepted or rejected at the lenders' option. In March 2010, NRG made and the lenders accepted a repayment of approximately $229 million for the mandatory annual offer relating to 2009.

Debt Related to Capital Allocation Program

On March 3, 2010, the Company completed the early unwinding of the CSF I Debt by remitting a cash payment to CS of $242 million to settle the outstanding principal and interest, as compared to $249 million that would have been due at maturity in June 2010. The Company has now settled all obligations related to the CSF I and II Debt entered into in 2006, as amended from time to time, as well as the SLA entered into in February 2009.

Acquisitions

During the second quarter 2010, the Company completed the acquisitions of Northwind Phoenix and South Trent, for combined consideration totaling $211 million. See Note 4, *Business Acquisitions and Dispositions*, to this Form 10-Q for a more complete description of these acquisitions.

2010 Capital Allocation Plan

In the second quarter 2010, as part of the Company's 2010 Capital Allocation Plan, the Company repurchased $50 million of its common stock. NRG intends to complete the remainder of its $180 million of share repurchases by the end of 2010, subject to market prices, financial restrictions under the Company's debt facilities and as permitted by securities laws.

Capital Expenditures

The following table summarizes the Company's capital expenditures, including accruals, for the six months ended June 30, 2010, and the estimated capital expenditure and repowering investments forecast for the remainder of 2010. As discussed below, the Repowering expenditures include amounts anticipated to be funded from sources other than NRG.

(In millions)	Maintenance	Environmental	Repowering	Total
Northeast	$ 5	$ 83	$ 1	$ 89
Texas	41	—	—	41
South Central	7	—	—	7
West	2	—	7	9
Reliant Energy	3	—	—	3
Nuclear development	—	—	279	279
Other	22	—	5	27
Total for the six months ended June 30, 2010	$ 80	$ 83	$ 292	$455
Estimated capital expenditures for the remainder of 2010	$ 166	$ 111	$ 194	$ 471

*Repowering*NRG *capital expenditures* — *Repowering*NRG project capital expenditures consisted of approximately $279 million related to the development of STP Units 3 and 4 in Texas.

NRG's net expenditures for STP Units 3 and 4 for 2010, funded from operating activities, are anticipated to be approximately $286 million. In addition, NINA anticipates net funding of approximately $170 million of 2010 capital expenditures from sources other than NRG, including draws on the TANE long-lead material facility, Toshiba equity contributions, and TEPCO equity contributions upon NINA's acceptance of a U.S. DOE loan guarantee commitment. NINA is also exploring additional funding alternatives with existing project constituents in the event a U.S. DOE loan guarantee is not received in a timely fashion. In early 2010, NRG announced that if this project did not receive a loan guarantee from the U.S. DOE in a timely fashion, it was the intention of the Company both to reduce substantially its commitment to fund on-going project expenditures as well as to reduce development spending on the project overall while the outcome of the loan guarantee was uncertain. See Note 15, *Commitments and Contingencies*, to this Form 10-Q for further discussion.

Major maintenance and environmental capital expenditures — The Company's maintenance capital expenditures were $80 million, of which $41 million was related to the Texas region's assets, including approximately $15 million in nuclear fuel expenditures related to STP Units 1 and 2. The Company's environmental capital expenditures were $83 million, of which $73 million was due to a project to install selective catalytic reduction systems, scrubbers and fabric filters on Indian River Unit 4 with an expected in service date of year end 2011.

Loans to affiliates — The equity portion of construction costs for GenConn is funded through the EBLs of NRG Connecticut Peaking and The United Illuminating Company, or United Illuminating. These funds are made available to GenConn through interest bearing promissory notes that convert to equity upon repayment of the EBL loans by NRG Connecticut Peaking and United Illuminating. As of June 30, 2010, there was $116 million outstanding under the loan from NRG Connecticut Peaking.

Environmental Capital Expenditures

Based on current rules, technology and plans, NRG has estimated that environmental capital expenditures from 2010 through 2014 to meet NRG's environmental commitments will be approximately $0.9 billion. These capital expenditures, in general, are related to installation of particulate, SO_2, NO_x, and mercury controls to comply with federal and state air quality rules and consent orders, as well as installation of "Best Technology Available" under the Phase II 316(b) Rule. NRG continues to explore cost effective alternatives that can achieve desired results. While this estimate reflects schedules and controls to meet anticipated reduction requirements, the full impact on the scope and timing of environmental retrofits cannot be determined until issuance of final rules by the U.S. EPA.

This estimate reflects the recent announcement to retrofit only Unit 4 at the Indian River Generating Station and shifts in the timing of other projects to reflect anticipated issuance dates for revised regulations.

NRG's current contracts with the Company's rural electrical customers in the South Central region allow for recovery of a portion of the regions' capital costs once in operation, along with a capital return incurred by complying with new laws, including interest over the asset life of the required expenditures. The actual recoveries will depend, among other things, on the timing of the completion of the capital project and the remaining duration of the contracts.

Preferred Stock Dividend Payments

For the six months ended June 30, 2010, NRG paid approximately $5 million in dividends to holders of the Company's 3.625% Preferred Stock.

Reliant Energy Customer Deposits

Revisions in the PUCT rules required that NRG keep a segregated account, or that the Company post a fully collateralized letter of credit on or before May 21, 2010, to cover outstanding customer deposits and residential advance payments. The Company filed an amendment to its Retail Electric Provider certificate in the first quarter of 2010, which was approved by the PUCT, and posted a letter of credit to satisfy the rule changes. The amount of deposits subject to segregation as of June 30, 2010, was approximately $54 million.

Cash Flow Discussion

The following table reflects the changes in cash flows for the comparative years; all cash flow categories include the cash flows from both continuing operations and discontinued operations:

(In millions) Six months ended June 30,	2010	2009	Change
Net cash provided by operating activities	$ 605	$ 722	$ (117)
Net cash used by investing activities	(385)	(500)	115
Net cash (used)/provided by financing activities	(347)	565	(912)

Net Cash Provided By Operating Activities

For the six months ended June 30, 2010, net cash provided by operating activities decreased by $117 million compared to the same period in 2009, due to:

- *Lower cash flows from Wholesale Power Generation* — The Company's cash flow from operating activities excluding Reliant Energy was lower by $370 million, mainly due to a $381 million decrease in operating income adjusted for non-cash charges, offset by a $6 million increase in net collateral deposits paid and option premiums paid and collected, as well as a $5 million increase in working capital for 2010 as compared to the same period in 2009.
- *Cash generated by Reliant Energy* — Reliant Energy contributed approximately $442 million to the Company's consolidated cash flow from operating activities for the first six months of 2010, compared with $189 million for the two months ended June 30, 2009.

Net Cash Used By Investing Activities

For the six months ended June 30, 2010, net cash used by investing activities decreased by $115 million compared to the same period in 2009, due to:

- *Cash for Acquisitions* — During 2010, the Company paid $141 million, primarily for the acquisitions of Northwind Phoenix and South Trent. During 2009, the Company paid $345 million for the acquisition of Reliant Energy.
- *Proceeds from renewable energy grants* — During 2010, the Company received $102 million of federal cash grants for the Blythe solar and Langford wind facilities.
- *Capital expenditures and loans to affiliates* — NRG's capital expenditures decreased by $44 million due to decreased spending on maintenance, *Repowering*NRG, and environmental projects. Loans to affiliates reflects a net increase in cash of $26 million in 2010 as compared to 2009.
- *Proceeds from sale of assets* — Net proceeds increased by $24 million in 2010 as compared to 2009 due to the sale of Padoma in January 2010.
- *Proceeds from sale of equity method investment* — Proceeds from investing activities decreased in 2010 as compared to 2009 due to the sale of MIBRAG in June 2009 for net proceeds of $284 million.

Net Cash Used By Financing Activities

For the six months ended June 30, 2010, net cash used by financing activities was $347 million, compared with net cash provided by financing activities of $565 million for the same period in 2009, a net cash decrease of $912 million, due to:

- *Lower issuance of debt* — During 2010, the Company issued $130 million under new debt facilities and $14 million under existing debt facilities. The new debt facilities consist of $100 million by NRG Thermal and $30 million by Blythe. During 2009, the Company received $25 million from the initial draw under the Reliant Energy working capital facility, $34 million from the Dunkirk bonds, $70 million in GenConn financings and $688 million in gross proceeds from the 2019 Senior Notes.
- *Increase in term loan and other facility payments* — In 2010, the Company paid down $240 million of its Term Loan Facility, including the payment of excess cash flow, as discussed above under *Debt Service Obligations*. In addition, NINA paid $20 million under its revolving credit facility. In 2009, the Company paid down $213 million of its Term Loan Facility.
- *Repayment of CSF I Debt* — During 2010, the Company paid $190 million in principal to early settle the CSF I Debt.
- *Share repurchases* — During 2010, the Company repurchased $50 million of NRG common stock.
- *Net receipt from acquired derivatives that include financing elements* — In 2010, the Company received a net of $27 million for the settlement of gas swaps compared with a payment of $22 million for 2009 for the settlement of gas swaps related to Reliant Energy and Texas Genco.
- *Increase in deferred financing costs* —During 2010, deferred financing costs primarily consist of fees paid as a result of the amendment and extension of the Senior Credit Facility. During 2009, the Company paid lower deferred financing costs related to the Reliant Energy CSRA, the 2019 Senior Notes, the Dunkirk bonds and the Reliant Energy working capital facility.
- *Decrease in preferred stock dividends* — During 2010, dividend payments on preferred stock decreased by $16 million as compared to the same period in 2009 due to the conversion of the 5.75% Preferred Stock in 2009 and the conversion of the 4% Preferred Stock, which was completed in January 2010.

NOLs, Deferred Tax Assets and Uncertain Tax Position Implications, under ASC-740, Income Taxes, or ASC 740

As of June 30, 2010, the Company had generated total domestic pre-tax book income of $410 million and foreign pre-tax book income of $40 million. The Company has net operating losses for tax return purposes available to offset taxable income in the current period. In addition, NRG has cumulative foreign NOL carryforwards of $240 million, of which $71 million will expire starting in 2011 through 2017 and of which $169 million do not have an expiration date.

In addition to these amounts, the Company has $635 million of tax effected unrecognized tax benefits which relate primarily to net operating losses for tax return purposes but have been classified as capital loss carryforwards for financial statement purposes and for which a full valuation allowance has been established. As a result of the Company's tax position, and based on current forecasts, NRG anticipates income tax payments, primarily due to foreign, state and local jurisdictions, of up to $75 million in 2010.

However, as the position remains uncertain for the $635 million of tax effected unrecognized tax benefits, the Company has recorded a non-current tax liability of $512 million and may accrue the remaining balance as an increase to non-current liabilities until final resolution with the related taxing authority. The $512 million non-current tax liability for unrecognized tax benefits is primarily due to taxable earnings for which there are no NOLs available to offset for financial statement purposes.

The Company is under examination by the Internal Revenue Service for years 2004 through 2006, as well as various state jurisdictions for multiple years.

New and On-going Company Initiatives, Development Projects and Acquisitions

FOR*NRG Update*

Beginning in January 2009, the Company transitioned to *FOR*NRG 2.0 to target an incremental 100 basis point improvement to the Company's ROIC by 2012. The initial targets for *FOR*NRG 2.0 were based upon improvements in the Company's ROIC as measured by increased cash flow. The economic goals of *FOR*NRG 2.0 will focus on: (i) revenue enhancement; (ii) cost savings; and (iii) asset optimization, including reducing excess working capital and other assets. The *FOR*NRG 2.0 program will measure its progress towards the *FOR*NRG 2.0 goals by using the Company's 2008 financial results as a baseline, while plant performance calculations will be based upon the appropriate historic baselines.

The 2010 *FOR*NRG goal is 65 basis points improvement, which corresponds to approximately $98 million in cash flows. The goal is inclusive of benefits created in 2009 and new project benefits reported in 2010. As of the second quarter 2010, the Company has delivered a 33 basis point improvement in ROIC, which is equivalent to approximately $49 million in cash flows to the *FOR*NRG program. During 2010, the Company expects to progress further toward the program goal of 100 basis point ROIC improvement by 2012.

***Repowering*NRG Update**

NRG has several projects in varying stages of development. The Company's development projects are generally subject to certain conditions, milestones, or other factors that may result in the Company's decision to no longer pursue the development of these projects. Projects that have achieved a significant milestone, financing, or other material developments are more fully described in the Company's 2009 Annual Report on Form 10-K and this Quarterly Report on Form 10-Q.

Air permitting litigation unrelated to the El Segundo project has delayed receipt of certain required permits, including an air permit, which will prevent the El Segundo project from meeting its original completion date of June 2011. However, legislation enacted on January 1, 2010, has allowed the affected air district to issue air permits like El Segundo's. A revised draft air permit was issued in April 2010 by the South Coast Air Quality Management District, or SCAQMD, allowing the project permitting to proceed. On June 30, 2010, the California Energy Commission approved the construction permit, and the Company is now awaiting the issuance of the final air permit by SCAQMD. The Company is working with the power purchaser to consider certain PPA modifications including a revised commercial operations date, currently expected to be the summer of 2013.

On March 9, 2010, NRG was selected by the U.S. DOE to negotiate to receive up to $167 million, including funding from the American Recovery and Reinvestment Act, to build a 60 MW post-combustion carbon capture demonstration unit at NRG's WA Parish plant southwest of Houston with use of the captured carbon in enhanced oil recovery in adjacent oil fields. The proposed project was submitted under the Clean Coal Power Initiative Program, or CCPI, a cost-shared collaboration between the federal government and private industry to demonstrate carbon capture and storage technologies in existing coal-based, power generation. On May 7, 2010, the Company executed a cooperative agreement with the U.S. DOE which defines the basis for cost sharing in the development and initial operations of the facility. The project currently is in the design engineering phase. Construction would begin in late 2012 with commercial operations anticipated in the fourth quarter 2014.

The following is a summary of the 2010 repowering projects that are currently under construction. In addition, NRG continues to participate in active bids in response to requests for proposals in markets in which it operates.

Plants under Construction

GenConn Energy LLC — GenConn Energy, a 50/50 joint venture of NRG and The United Illuminating Company, or United Illuminating, formed to construct, own and operate peaking generation facilities in Connecticut, is in the construction phase of two, 200 MW peaking facilities at NRG's Devon and Middletown sites. Each of these facilities is being constructed pursuant to 30-year contracts for differences with The Connecticut Light & Power Company. Three of the four units at the GenConn Devon facility were released to the ISO-NE during June 2010 and the last unit was released to ISO-NE in mid July 2010. The Middletown project, which is fully permitted, is in the early stages of construction, with a target commercial operation date of June 1, 2011.

GenConn was directed by the Connecticut Department of Public Utility Control to bid the full capacity of the GenConn Devon facility into the ISO-NE locational forward reserve auction for the summer 2010 period (June 1, 2010 — September 30, 2010). Because the units were not available to the ISO-NE by June 1, 2010 and GenConn did not have or procure replacement capacity to meet its full reserve obligation, GenConn was assessed ISO-NE penalties for the difference between the cleared GenConn Devon capacity and the facility's available capacity. NRG's share of such penalties was not material.

In April 2009, GenConn Energy closed on $534 million of project financing related to these projects. The project financing includes a seven-year project backed term loan and a five-year working capital facility which together total $291 million. In addition, NRG and United Illuminating have each closed an equity bridge loan of $121.5 million, which together total $243 million. NRG is funding its share of costs related to these projects via draw downs on the equity bridge loan totaling $115 million as of June 30, 2010. GenConn began to draw on the project financing facility to cover costs related to the Devon project in August 2009 and the Middletown project in June 2010. As of June 30, 2010, $109 million had been drawn.

Retail Development

In 2009, NRG began development of a "network operations" business to support the large scale deployment of electric vehicles in Houston and elsewhere in the ERCOT market. By 2011, and in coordination with the introduction of multiple plug-in vehicles by the automotive industry, NRG plans to offer a range of integrated products and services that enable both public and home charging of electric vehicles. In conjunction with this effort, NRG announced in November 2009 that it will work with Nissan Motor Co. to make the City of Houston a launch city for the broader use of electric vehicles. In November 2009, NRG announced a joint project with the City of Houston to add plug-in fleet vehicles as well as public charging stations to support them. In March 2010, NRG invested in Aptera Motors, Inc., a privately held electric vehicle, or EV, manufacturer expected to launch a production EV in 2011.

In Mass, Reliant is continuing its development efforts in smart energy by enhancing the products and services that provide energy usage insights, choices and control, and increasing the scale at which we can offer these services. In addition, during the second quarter of 2010, Reliant expanded its product offerings to include non-commodity value added services to both Mass and C&I customers.

Nuclear Innovation North America

NINA, NRG's majority-owned subsidiary, is focused on marketing, siting, developing, financing and investing in new advanced design nuclear projects in select markets across North America, including the planned STP Units 3 and 4 Project. TANE, a wholly-owned subsidiary of Toshiba Corporation, is the minority owner of NINA. Based on its current NRC schedule, the Company expects to achieve commercial operation for Unit 3 in 2016 and commercial operation for Unit 4 approximately 12 months thereafter. The total rated capacity of STP Units 3 and 4 is expected to be approximately 3,000 MW, subject to NRC approval.

The U.S. DOE has confirmed that the STP Units 3 and 4 Project is one of four projects selected for further due diligence and negotiation leading to a conditional commitment under the U.S. DOE loan guarantee program. NINA is currently in discussions with the U.S. DOE on the specific terms and amount to be loaned for the project. NRG believes U.S. DOE loan guarantee support is critical to new nuclear development projects. In addition to U.S. loan guarantees, NINA is seeking to augment potential financial support from the U.S. DOE by actively pursuing additional loan guarantees through the Japanese government.

The likelihood of NINA receiving a loan guarantee is largely dependent upon additional appropriations for nuclear development by Congress or other means of properly securing the necessary funding for additional nuclear loan guarantee volume. See Note 15, *Commitments and Contingencies*, to this Form 10-Q for further discussion.

On March 1, 2010, an agreement was reached with CPS for NINA to acquire a controlling interest in the STP Units 3 and 4 Project through a settlement of the litigation between the parties. See Note 15, *Commitments and Contingencies*, to this Form 10-Q for further discussion.

On April 8, 2010, NINA announced an agreement for the Building and Construction Trades Department, or BCTD, of the AFL-CIO to provide skilled union labor to construct STP Units 3 and 4. The BCTD is an alliance of 13 national and international unions that collectively represent over two million skilled craft professionals in the U.S. and Canada.

On May 10, 2010, NINA and TEPCO Nuclear Energy America LLC, or TNEA, a wholly-owned subsidiary of The Tokyo Electric Power Company of Japan, Inc., signed an Investment and Option Agreement whereby TNEA agreed to acquire up to a 20% interest in NINA Investments Holdings LLC, or Holdings. See Note 15, *Commitments and Contingencies*, to this Form 10-Q for further discussion.

Thermal Acquisition

Northwind Phoenix, LLC — On June 22, 2010, NRG, through its wholly-owned subsidiary NRG Thermal LLC, or NRG Thermal, acquired Northwind Phoenix, LLC, or Northwind Phoenix. Northwind Phoenix owns and operates one of the newest district cooling systems in the United States, providing chilled water to commercial buildings in the Phoenix central business district. In addition to the local business district, Northwind Phoenix also maintains and operates Combined Heat and Power, or CHP, plants that provide chilled water, steam and electricity to portions of Arizona State University campuses in Tempe and Mesa, and in metropolitan Tucson, including that city's convention center.

Renewable Development and Acquisitions

As part of its core strategy, NRG intends to invest significantly in the development and acquisition of renewable energy projects, including wind, solar and biomass. NRG's renewable strategy is intended to capitalize on first mover advantage in a high growth segment of our business, the Company's existing regional presence in regions with attractive renewable resources and the prevalence, in the Company's core markets, of state-mandated renewable portfolio standards. The Company's renewable projects tend to be smaller and more numerous than its conventional utility-sized projects. As a result, a brief description of the Company's development efforts in respect of each renewable technology follows.

Solar

NRG is developing a number of solar projects utilizing photovoltaic, or PV, as well as solar thermal technologies. Specifically, NRG has projects that have entered into off-take arrangements with Southern California Edison, Pacific Gas & Electric, El Paso Electric, and Tucson Electric Power, each of which will utilize either PV, or solar thermal. While each of these projects has a PPA in place, the development of these projects is subject to certain regulatory approvals, conditions and milestones which may affect the Company's decision to pursue further development of one or more of these projects.

Consistent with its business strategy, NRG is currently focused on early stage development efforts in a number of markets as well as conducting due diligence with respect to various equity investment opportunities for solar projects utilizing solar technologies that range from concentrated solar thermal to PV. In June 2010, NRG acquired a 450 MW pipeline of solar development projects from US Solar Ventures, an affiliate of Arclight Capital Partners, LLC. These development projects, which range in size from 20 MW to 99 MW, and have the potential to be operational between 2011 and 2013, do not at present have PPAs but they have site control and interconnection rights which NRG deems to be very valuable. This acquisition increases NRG's solar projects under development to 1,150 MW.

NRG's efforts to date have focused on larger (by renewable standards) "utility" sized solar projects. However, the Company does intend to be involved, to at least some degree, in smaller scale "distributed" solar in one or more of its core domestic markets.

Wind

Terrestrial Wind

On June 14, 2010, NRG acquired South Trent Wind LLC, owner of the South Trent wind farm, or South Trent, a 101 MW wind farm near Sweetwater, Texas. South Trent commenced operations in January 2009 and consists of 44 turbines producing up to 2.3 MW of power each. The project has a 20-year PPA which commenced in January 2009 for all generation from the site.

Offshore Wind

On April 26, 2010, the U.S. Department of Interior through its newly created Bureau of Ocean Energy Management, Regulation and Enforcement issued a request for interest, or RFI, in obtaining one or more commercial leases for the construction of a wind energy project on the Outer Continental Shelf off the coast of Delaware. The RFI process will determine if there is competitive interest in building on an ocean tract starting 7.5 miles due east of Rehoboth Beach, Delaware. NRG Bluewater Holdings LLC, or NRG Bluewater, plans to build the Mid-Atlantic Wind Park in an area inside this zone 13 miles from shore, running to more than 20 miles from shore for the farthest turbine. On June 25, 2010, NRG Bluewater, through its subsidiary Bluewater Wind Delaware LLC filed a response to the RFI.

Biomass

In April 2010, the Company was awarded a 10-year contract from the New York State Energy Research and Development Authority for power generated using renewable biomass fuel at its Dunkirk Generating Station in western New York. The project will produce up to 15 MW of the station's total output by co-firing with clean wood biomass. The award was part of a competitive solicitation to award contracts for projects that deliver renewable energy to the New York wholesale power market and which will help the state reach its RPS goal to increase the proportion of renewable electricity sold in New York from 25 percent to 30 percent by 2015.

In addition to the Dunkirk project, NRG has a biomass project under development at its Montville Generating Station. The project would involve the repowering one of the facility's existing units to produce up to 40 MW of electricity from locally sourced biomass. The project has received approval from the Connecticut Siting Council, and in April 2010 was awarded an air permit from the Connecticut Department of Environmental Protection. The Company is pursuing opportunities to sell the power on the New England power grid which will also help the state toward reaching its goal of 20 percent of electricity in the state generated by a Class-1 fuel source.

Off-Balance Sheet Arrangements

Obligations under Certain Guarantee Contracts

NRG and certain of its subsidiaries enter into guarantee arrangements in the normal course of business to facilitate commercial transactions with third parties. These arrangements include financial and performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. See Note 26, *Guarantees,* to the Company's 2009 Form 10-K for additional discussion.

Retained or Contingent Interests

NRG does not have any material retained or contingent interests in assets transferred to an unconsolidated entity.

Derivative Instrument Obligations

The Company's 3.625% Preferred Stock includes a feature which is considered an embedded derivative per ASC 815. Although it is considered an embedded derivative, it is exempt from derivative accounting as it is excluded from the scope pursuant to ASC 815. As of June 30, 2010, based on the Company's stock price, the embedded derivative was out-of-the-money and had no redemption value.

Obligations Arising Out of a Variable Interest in an Unconsolidated Entity

Variable Interest in Equity Investments — As of June 30, 2010, NRG has several investments with an ownership interest percentage of 50% or less in energy and energy-related entities that are accounted for under the equity method of accounting. Two of these investments, GenConn Energy LLC and Sherbino, are variable interest entities for which NRG is not the primary beneficiary.

NRG's pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $126 million as of June 30, 2010. This indebtedness may restrict the ability of these subsidiaries to issue dividends or distributions to NRG.

Contractual Obligations and Commercial Commitments

NRG has a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to the Company's capital expenditure programs, as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. Also see Note 15, *Commitments and Contingencies*, to this Form 10-Q for a discussion of new commitments and contingencies that also include contractual obligations and commercial commitments that occurred during the six months ended June 30, 2010.

Critical Accounting Policies and Estimates

NRG's discussion and analysis of the financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements and related disclosures in compliance with generally accepted accounting principles, or GAAP, requires the application of appropriate technical accounting rules and guidance as well as the use of estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. The application of these policies necessarily involves judgments regarding future events, including the likelihood of success of particular projects and legal and regulatory challenges. These judgments, in and of themselves, could materially affect the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment may also have a significant effect, not only on the operation of the business, but on the results reported through the application of accounting measures used in preparing the financial statements and related disclosures, even if the nature of the accounting policies have not changed.

On an ongoing basis, NRG evaluates these estimates, utilizing historic experience, consultation with experts and other methods the Company considers reasonable. In any event, actual results may differ substantially from the Company's estimates. Any effects on the Company's business, financial position or results of operations resulting from revisions to these estimates are recorded in the period in which the facts that give rise to the revision become known.

Critical accounting policies and estimates are the accounting policies that are most important to the portrayal of NRG's financial condition and results of operations and require management's most difficult, subjective or complex judgment. NRG's critical accounting policies include derivative accounting, income taxes and valuation allowance for deferred taxes, evaluation of assets for impairment and other than temporary decline in value, goodwill and other intangible assets, contingencies and accounting for unbilled revenues.

As described in *Critical Accounting Policies and Estimates — Goodwill and Other Intangible Assets,* in the Company's Annual Report on Form 10-K for the year ended December 31, 2009, the Company believes that assumptions about future power prices most significantly impact the fair value of its Texas reporting unit. The price of natural gas plays an important role in setting the price of electricity in many of the regions where NRG operates power plants, and forward natural gas prices have continued to decline since year-end 2009. At December 31, 2009, the Company estimated the fair value of NRG Texas' invested capital to exceed its carrying value by approximately 25%. Assuming all other factors held constant, a hypothetical $1 drop in the Company's long-term natural gas price view used in that estimate would not have caused the fair value of NRG Texas to fall below its carrying value, but would have significantly reduced the excess fair value over carrying value. If long-term natural gas prices remain depressed or continue to drop for an extended period of time, the Company's goodwill may become impaired in the future, which would result in a charge against earnings.

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

NRG is exposed to several market risks in the Company's normal business activities. Market risk is the potential loss that may result from market changes associated with the Company's merchant power generation or with an existing or forecasted financial or commodity transaction. The types of market risks the Company is exposed to are commodity price risk, interest rate risk, liquidity risk, credit risk, and currency exchange risk. In order to manage these risks, the Company uses various fixed-price forward purchase and sales contracts, futures and option contracts traded on the New York Mercantile Exchange, and swaps and options traded in the over-the-counter financial markets to:

- Manage and hedge fixed-price purchase and sales commitments;
- Manage and hedge exposure to variable rate debt obligations;
- Reduce exposure to the volatility of cash market prices; and
- Hedge fuel requirements for the Company's generating facilities.

Commodity Price Risk

Commodity price risks result from exposures to changes in spot prices, forward prices, volatilities, and correlations between various commodities, such as natural gas, electricity, coal, oil, and emissions credits. A number of factors influence the level and volatility of prices for energy commodities and related derivative products. These factors include:

- Seasonal, daily and hourly changes in demand;
- Extreme peak demands due to weather conditions;
- Available supply resources;
- Transportation availability and reliability within and between regions; and
- Changes in the nature and extent of federal and state regulations.

NRG's portfolio consists of generation assets and wholesale transactions load serving obligations. NRG manages the commodity price risk of the Company's merchant generation operations and load serving obligations by entering into various derivative or non-derivative instruments to hedge the variability in future cash flows from forecasted sales and purchases of electricity and fuel. These instruments include forwards, futures, swaps, and option contracts traded on various exchanges, such as New York Mercantile Exchange, or NYMEX, and Intercontinental Exchange, or ICE, as well as over-the-counter financial markets. The portion of forecasted transactions hedged may vary based upon management's assessment of market, weather, the projected operations of the Company's generation assets and other factors.

While some of the contracts the Company uses to manage risk represent commodities or instruments for which prices are available from external sources, other commodities and certain contracts are not actively traded and are valued using other pricing sources and modeling techniques to determine expected future market prices, contract quantities, or both. NRG uses the Company's best estimates to determine the fair value of those derivative contracts. However, it is likely that future market prices could vary from those used in recording mark-to-market derivative instrument valuation, and such variations could be material.

NRG measures the risk of the Company's portfolio using several analytical methods, including sensitivity tests, scenario tests, stress tests, position reports, and Value at Risk, or VaR. VaR is a statistical model that attempts to predict risk of loss based on market price and volatility. Currently, the company estimates VaR using a Monte Carlo simulation based methodology.

NRG uses a diversified VaR model to calculate an estimate of the potential loss in the fair value of the Company's energy assets and liabilities, which includes generation assets, load obligations, and bilateral physical and financial transactions. The key assumptions for the Company's diversified model include: (i) a lognormal distribution of prices; (ii) one-day holding period; (iii) a 95% confidence interval; (iv) a rolling 36-month forward looking period; and (v) market implied volatilities and historical price correlations.

As of June 30, 2010, the VaR for NRG's commodity portfolio, including generation assets, load obligations and bilateral physical and financial transactions calculated using the diversified VaR model was $51 million.

The following table summarizes average, maximum and minimum VaR for NRG for the three and six months ended June 30, 2010, and 2009:

(In millions)	2010	2009
VaR as of June 30	$51	$49
Three months ended June 30:		
Average	$58	$35
Maximum	70	54
Minimum	46	28
Six months ended June 30:		
Average	$53	$38
Maximum	70	54
Minimum	37	28

Due to the inherent limitations of statistical measures such as VaR, the evolving nature of the competitive markets for electricity and related derivatives, and the seasonality of changes in market prices, the VaR calculation may not capture the full extent of commodity price exposure. As a result, actual changes in the fair value of mark-to-market energy assets and liabilities could differ from the calculated VaR, and such changes could have a material impact on the Company's financial results.

In order to provide additional information for comparative purposes to NRG's peers, the Company also uses VaR to estimate the potential loss of derivative financial instruments that are subject to mark-to-market accounting. These derivative instruments include transactions that were entered into for both asset management and trading purposes. The VaR for the derivative financial instruments calculated using the diversified VaR model as of June 30, 2010, for the entire term of these instruments entered into for both asset management and trading, was approximately $21 million primarily driven by asset-backed transactions.

Interest Rate Risk

NRG is exposed to fluctuations in interest rates through the Company's issuance of fixed rate and variable rate debt. Exposures to interest rate fluctuations may be mitigated by entering into derivative instruments known as interest rate swaps, caps, collars and put or call options. These contracts reduce exposure to interest rate volatility and result in primarily fixed rate debt obligations when taking into account the combination of the variable rate debt and the interest rate derivative instrument. NRG's risk management policies allow the Company to reduce interest rate exposure from variable rate debt obligations.

In May 2009, NRG entered into a series of forward-starting interest rate swaps. These interest rate swaps become effective on April 1, 2011, and are intended to hedge the risks associated with floating interest rates. For each of the interest rate swaps, the Company will pay its counterparty the equivalent of a fixed interest payment on a predetermined notional value, and NRG receives the monthly equivalent of a floating interest payment based on a 1-month LIBOR calculated on the same notional value. All interest rate swap payments by NRG and its counterparties are made monthly and the LIBOR is determined in advance of each interest period. The total notional amount of these swaps is $900 million. The swaps mature on February 1, 2013.

In June 2010, in connection with the Blythe and South Trent financing transactions (see Note 8, *Long-Term Debt*), the Company entered into a series of current and forward-starting interest rate swaps, intended to hedge the risks associated with floating interest rates. These swaps, which have a combined notional value of $103 million, mature on various dates through 2028.

As of June 30, 2010, the Company had various interest rate swap agreements with notional amounts totaling approximately $3.2 billion. If the swaps had been discontinued on June 30, 2010, the Company would have owed the counterparties approximately $110 million. Based on the investment grade rating of the counterparties, NRG believes its exposure to credit risk due to nonperformance by counterparties to its hedge contracts to be immaterial.

NRG has both long- and short-term debt instruments that subject the Company to the risk of loss associated with movements in market interest rates. As of June 30, 2010, a 1% change in interest rates would result in a $12 million change in interest expense on a rolling twelve month basis.

As of June 30, 2010, the Company's long-term debt fair value was $8 billion and the carrying amount was $8.1 billion. NRG estimates that a 1% decrease in market interest rates would have increased the fair value of the Company's long-term debt by $419 million.

Liquidity Risk

Liquidity risk arises from the general funding needs of NRG's activities and in the management of the Company's assets and liabilities. NRG's liquidity management framework is intended to maximize liquidity access and minimize funding costs. Through active liquidity management, the Company seeks to preserve stable, reliable and cost-effective sources of funding. This enables the Company to replace maturing obligations when due and fund assets at appropriate maturities and rates. To accomplish this task, management uses a variety of liquidity risk measures that take into consideration market conditions, prevailing interest rates, liquidity needs, and the desired maturity profile of liabilities. The Company is currently exposed to additional collateral posting if natural gas prices decline primarily due to the long natural gas equivalent position at various exchanges used to hedge NRG's retail supply load obligations.

Based on a sensitivity analysis for power and gas positions under marginable contracts, a $1 per MMBtu change in natural gas prices across the term of the marginable contracts would cause a change in margin collateral posted of approximately $155 million as of June 30, 2010, and a 0.25 MMBtu/MWh change in heat rates for heat rate positions would result in a change in margin collateral posted of approximately $28 million as of June 30, 2010. This analysis uses simplified assumptions and is calculated based on portfolio composition and margin-related contract provisions as of June 30, 2010.

Under the second lien, NRG is required to post certain letters of credit as credit support for changes in commodity prices. As of June 30, 2010, no letters of credit are outstanding to second lien counterparties. With changes in commodity prices, the letters of credit could grow to $64 million, the cap under the agreements.

Credit Risk

Credit risk relates to the risk of loss resulting from non-performance or non-payment by counterparties pursuant to the terms of their contractual obligations. NRG is exposed to counterparty credit risk through various activities including wholesale sales, fuel purchases and retail supply and retail customer credit risk through its retail load activities.

Counterparty Credit Risk

The Company monitors and manages counterparty credit risk through credit policies that include: (i) an established credit approval process; (ii) a daily monitoring of counterparties' credit limits; (iii) the use of credit mitigation measures such as margin, collateral, credit derivatives or prepayment arrangements; (iv) the use of payment netting agreements; and (v) the use of master netting agreements that allow for the netting of positive and negative exposures of various contracts associated with a single counterparty. Risks surrounding counterparty performance and credit could ultimately impact the amount and timing of expected cash flows. The Company seeks to mitigate counterparty credit risk with a diversified portfolio of counterparties. The Company also has credit protection within various agreements to call on additional collateral support if and when necessary. Cash margin is collected and held at NRG to cover the credit risk of the counterparty until positions settle.

As of June 30, 2010, total counterparty credit exposure to substantially all counterparties was $1.5 billion and NRG held cash collateral against those positions of $310 million resulting in a net exposure of $1.2 billion. Total counterparty credit exposure is discounted at the risk free rate.

The following table highlights the credit quality and the net counterparty credit exposure by industry sector. Net counterparty credit exposure is defined as the aggregate net asset position for NRG with counterparties where netting is permitted under the enabling agreement and includes all cash flow, mark-to-market and NPNS, and non-derivative transactions. The exposure is shown net of collateral held, includes amounts net of receivables or payables.

Category	Net Exposure[(a)] (% of Total)
Financial institutions	59%
Utilities, energy, merchants, marketers and other	31
Coal suppliers	4
ISOs	6
Total as of June 30, 2010	100%

Category	Net Exposure[(a)] (% of Total)
Investment grade	88%
Non-Investment grade	2
Non-rated	10
Total as of June 30, 2010	100%

(a) Counterparty credit exposure excludes California tolling, Northeast load obligations, certain cooperative load contracts, and Texas Westmoreland coal contracts. The aforementioned exposures were excluded for various reasons including regulatory support or liens held against the contracts which serve to reduce the risk of loss. NRG also excludes uranium and coal transportation contracts from counterparty credit exposure because of the illiquidity of the reference markets. Credit exposure also excludes any exposure NRG has to counterparties of non-recourse subsidiaries.

NRG has counterparty credit risk exposure to certain counterparties representing more than 10% of total net exposure and the aggregate of such counterparties was $409 million. Approximately 89% of NRG's positions relating to credit risk roll-off by the end of 2012. Changes in hedge positions and market prices will affect credit exposure and counterparty concentration. Given the credit quality, diversification and term of the exposure in the portfolio, NRG does not anticipate a material impact on the Company's financial results from nonperformance by any of NRG's counterparties.

Retail Customer Credit Risk

NRG is exposed to retail credit risk through the Company's competitive electricity supply business, which serves C&I customers and the Mass market in Texas. Retail credit risk results when a customer fails to pay for services rendered. The losses could be incurred from nonpayment of customer accounts receivable and any in-the-money forward value. NRG manages retail credit risk through the use of established credit policies that include monitoring of the portfolio, and the use of credit mitigation measures such as deposits or prepayment arrangements.

As of June 30, 2010, the Company's retail customer credit exposure to C&I customers was diversified across many customers and various industries, with a significant portion of the exposure with government entities.

NRG is also exposed to retail customer credit risk relating to its Mass customers, which may result in a write-off of bad debt. During 2010, the Company continued to experience improved customer payment behavior, but current economic conditions may affect the Company's customers' ability to pay bills in a timely manner, which could increase customer delinquencies and may lead to an increase in bad debt expense.

Credit Risk Contingent Features

Certain of the Company's hedging agreements contain provisions that require the Company to post additional collateral if the counterparty determines that there has been deterioration in credit quality, generally termed "adequate assurance" under the agreements or require the Company to post additional collateral if there was a one notch downgrade in the Company's credit rating. The collateral required for contracts that have adequate assurance clauses that are in a net liability position as of June 30, 2010, was $63 million. The collateral required for contracts with credit rating contingent features that are in a net liability position as of June 30, 2010, was $11 million. The Company is also a party to certain marginable agreements where NRG has a net liability position but the counterparty has not called for the collateral due, which is approximately $15 million as of June 30, 2010.

Fair Value of Derivative Instruments

NRG may enter into long-term power purchase and sales contracts, fuel purchase contracts and other energy-related financial instruments to mitigate variability in earnings due to fluctuations in spot market prices and to hedge fuel requirements at generation facilities. In addition, in order to mitigate interest rate risk associated with the issuance of the Company's variable rate and fixed rate debt, NRG enters into interest rate swap agreements.

NRG's trading activities are subject to limits within the Company's Risk Management Policy. These contracts are recognized on the balance sheet at fair value and changes in the fair value of these derivative financial instruments are recognized in earnings.

The tables below disclose the activities that include both exchange and non-exchange traded contracts accounted for at fair value in accordance with ASC-820, *Fair Value Measurements and Disclosures*, or ASC 820. Specifically, these tables disaggregate realized and unrealized changes in fair value; disaggregate estimated fair values at June 30, 2010, based on their level within the fair value hierarchy defined in ASC 820; and indicate the maturities of contracts at June 30, 2010.

Derivative Activity Gains/(Losses)	**(In millions)**
Fair value of contracts as of December 31, 2009	$ 459
Contracts realized or otherwise settled during the period	(149)
Changes in fair value	483
Fair value of contracts as of June 30, 2010	$ 793

	Fair Value of Contracts as of June 30, 2010				
(In millions) **Fair value hierarchy gains/(losses)**	**Maturity Less Than 1 Year**	**Maturity 1-3 Years**	**Maturity 4-5 Years**	**Maturity in Excess 4-5 Years**	**Total Fair Value**
Level 1	$ 14	$ (46)	$ (20)	$ —	$ (52)
Level 2	386	499	76	(40)	921
Level 3	(84)	(3)	11	—	(76)
Total	$ 316	$ 450	$ 67	$ (40)	$ 793

A small portion of NRG's contracts are exchange-traded contracts with readily available quoted market prices. The majority of NRG's contracts are non-exchange-traded contracts valued using prices provided by external sources, primarily price quotations available through brokers or over-the-counter and on-line exchanges. For the majority of NRG markets, the Company receives quotes from multiple sources. To the extent that NRG receives multiple quotes, the Company's prices reflect the average of the bid-ask mid-point prices obtained from all sources that NRG believes provide the most liquid market for the commodity. If the Company receives one quote then the mid point of the bid-ask spread for that quote is used. The terms for which such price information is available vary by commodity, region and product. A significant portion of the fair value of the Company's derivative portfolio is based on price quotes from brokers in active markets who regularly facilitate the Company's transactions and the Company believes such price quotes are executable. The Company does not use third party sources that derive price based on proprietary models or market surveys. The remainder of the assets and liabilities represents contracts for which external sources or observable market quotes are not available. These contracts are valued based on various valuation techniques including but not limited to internal models based on a fundamental analysis of the market and extrapolation of observable market data with similar characteristics. Contracts valued with prices provided by models and other valuation techniques make up 10% of the total fair value of all derivative contracts. The fair value of each contract is discounted using a risk free interest rate. In addition, the Company applies a credit reserve to reflect credit risk which is calculated based on published default probabilities. To the extent that NRG's net exposure after cash collateral paid/received under a specific master agreement is an asset, the Company calculates credit reserve applying the counterparty's default swap rate. If the net exposure after cash collateral paid/received under a specific master agreement is a liability, the Company calculates credit reserve applying NRG's default swap rate. The credit reserve is added to the discounted fair value to reflect the exit price that a market participant would be willing to receive to assume NRG's liabilities or that a market participant would be willing to pay for NRG's assets. As of June 30, 2010, the credit reserve resulted in a $11 million decrease in fair value which is composed of a $6 million loss in OCI and a $5 million loss in derivative revenue and cost of operations.

The fair values in each category reflect the level of forward prices and volatility factors as of June 30, 2010, and may change as a result of changes in these factors. Management uses its best estimates to determine the fair value of commodity and derivative contracts NRG holds and sells. These estimates consider various factors including closing exchange and over-the-counter price quotations, time value, volatility factors and credit exposure. It is possible; however, that future market prices could vary from those used in recording assets and liabilities from energy marketing and trading activities and such variations could be material.

The Company has elected to disclose derivative assets and liabilities on a trade-by-trade basis and does not offset amounts at the counterparty master agreement level. Also, collateral received or paid on the Company's derivative assets or liabilities are recorded on a separate line item on the balance sheet. Consequently, the magnitude of the changes in individual current and non-current derivative assets or liabilities is higher than the underlying credit and market risk of the Company's portfolio. As discussed in Item 6A — *Quantitative and Qualitative Disclosures about Market Risk, Commodity Price Risk* in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, NRG measures the sensitivity of the Company's portfolio to potential changes in market prices using VaR, a statistical model which attempts to predict risk of loss based on market price and volatility. NRG's Risk Management Policy places a limit on one-day holding period VaR, which limits the Company's net open position. As the Company's trade-by-trade derivative accounting results in a gross-up of the Company's derivative assets and liabilities, the net derivative assets and liability position is a better indicator of NRG's hedging activity. As of June 30, 2010, NRG's net derivative asset was $793 million, an increase to total fair value of $334 million as compared to December 31, 2009. This increase was primarily driven by the decreases in gas and power prices and the roll-off of trades that settled during the period.

Based on a sensitivity analysis, the impact of a $1 per MMBtu increase or decrease in natural gas prices across the term of the derivative contracts would cause a change of approximately $299 million in the net value of derivatives as of June 30, 2010.

Currency Exchange Risk

NRG may be subject to foreign currency exchange risk as a result of the Company entering into purchase commitments with foreign vendors for the purchase of major equipment associated with *Repowering*NRG initiatives. To reduce the risks to such foreign currency exposure, the Company may enter into transactions to hedge its foreign currency exposure using currency options and forward contracts. As of June 30, 2010, there were no foreign currency options or forward contracts outstanding for purchase commitments. As a result of the Company's limited foreign currency exposure to date, the effect of foreign currency fluctuations has not been material to the Company's results of operations, financial position and cash flows as of and for the six months ended June 30, 2010.

ITEM 4 — CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of NRG's management, including its principal executive officer, principal financial officer and principal accounting officer, NRG conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based on this evaluation, the Company's principal executive officer, principal financial officer and principal accounting officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report on Form 10-Q.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting (as such term is defined in Rule 13a-15(f) under the Exchange Act) that occurred in the second quarter of 2010 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Inherent Limitations over Internal Controls

NRG's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. However, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations, including the possibility of human error and circumvention by collusion or overriding of controls. Accordingly, even an effective internal control system may not prevent or detect material misstatements on a timely basis. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

PART II — OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

For a discussion of material legal proceedings in which NRG was involved through June 30, 2010, see Note 15, *Commitments and Contingencies*, to the condensed consolidated financial statements of this Form 10-Q.

ITEM 1A — RISK FACTORS

Information regarding risk factors appears in Part I, Item 1A, *Risk Factors Related to NRG Energy, Inc.* in NRG Energy, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

For the period ended June 30, 2010	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Dollar value of shares that may be purchased under the 2010 Capital Allocation Plan
First quarter 2010	—	$ —	—	$ 180,000,000
April 1 — April 30	—	—	—	180,000,000
May 1 — May 31	800,500	21.17	800,500	162,244,791
June 1 — June 30	1,413,500	22.80	1,413,500	130,002,304
Second quarter 2010 Total	2,214,000	22.57	2,214,000	130,002,304
Year-to-date	2,214,000	$ 22.57	2,214,000	$ 130,002,304

On February 23, 2010, the Company announced a plan to repurchase $180 million of common stock under the Company's 2010 Capital Allocation Plan. The Company repurchased $50 million of common stock during the period ended June 30, 2010. NRG intends to complete its $180 million of share repurchases by the end of 2010, subject to market prices, financial restrictions under the Company's debt facilities and as permitted by securities laws.

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — (REMOVED AND RESERVED)

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

Exhibits

4.1	Twenty-Eighth Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.2	Twenty-Ninth Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.3	Thirtieth Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.4	Thirty-First Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.5	Thirty-Second Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
4.6	Thirty-Third Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
4.7	Thirty-Fourth Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
4.8	Thirty-Fifth Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
10.1	Chief Financial Officer Compensation Table for 2010. (3)
10.2	2009 Executive Change-in-Control and General Severance Plan. (3)
10.3*	Investment and Option Agreement by and among Nuclear Innovation North America LLC, Nuclear Innovation North America Investments Holdings LLC and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010, filed herewith.
10.4*	Parent Company Agreement by and among NRG Energy, Inc., Nuclear Innovation North America LLC, TEPCO and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010, filed herewith.
10.5	Third Amended and Restated Credit Agreement, dated as of June 30, 2010. (4)
10.6(a)	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010. (4)
10.6(b)	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010. (4)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.3	Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32	Certification of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, filed herewith.

(1) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on April 21, 2010.

(2) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on June 29, 2010.

(3) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on April 1, 2010.

(4) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on July 1, 2010.

* Portions of this exhibit have been redacted and are subject to a confidential treatment request filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

NRG ENERGY, INC.
(Registrant)

/s/ DAVID W. CRANE
David W. Crane
Chief Executive Officer
(Principal Executive Officer)

/s/ CHRISTIAN S. SCHADE
Christian S. Schade
Chief Financial Officer
(Principal Financial Officer)

/s/ JAMES J. INGOLDSBY
James J. Ingoldsby
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 2, 2010

EXHIBIT INDEX

Exhibits

4.1	Twenty-Eighth Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.2	Twenty-Ninth Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.3	Thirtieth Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.4	Thirty-First Supplemental Indenture, dated as of April 16, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (1)
4.5	Thirty-Second Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
4.6	Thirty-Third Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
4.7	Thirty-Fourth Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
4.8	Thirty-Fifth Supplemental Indenture, dated as of June 23, 2010, among NRG Energy, Inc., the existing guarantors named therein, the guaranteeing subsidiaries named therein and Law Debenture Trust Company of New York. (2)
10.1	Chief Financial Officer Compensation Table for 2010. (3)
10.2	2009 Executive Change-in-Control and General Severance Plan. (3)
10.3*	Investment and Option Agreement by and among Nuclear Innovation North America LLC, Nuclear Innovation North America Investments Holdings LLC and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010, filed herewith.
10.4*	Parent Company Agreement by and among NRG Energy, Inc., Nuclear Innovation North America LLC, TEPCO and TEPCO Nuclear Energy America LLC, dated as of May 10, 2010, filed herewith.
10.5	Third Amended and Restated Credit Agreement, dated as of June 30, 2010. (4)
10.6(a)	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010. (4)
10.6(b)	Letter of Credit and Reimbursement Agreement, dated as of June 30, 2010. (4)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
31.3	Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
32	Certification of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, filed herewith.

(1) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on April 21, 2010.

(2) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on June 29, 2010.

(3) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on April 1, 2010.

(4) Incorporated herein by reference to NRG Energy, Inc.'s current report on Form 8-K filed on July 1, 2010.

* Portions of this exhibit have been redacted and are subject to a confidential treatment request filed with the Securities and Exchange Commission pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.

Exhibit 10.3

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

INVESTMENT AND OPTION AGREEMENT

BY AND AMONG

NINA INVESTMENTS HOLDINGS LLC,

NUCLEAR INNOVATION NORTH AMERICA LLC,

AND

TEPCO NUCLEAR ENERGY AMERICA LLC

Dated as of May 10, 2010

Table of Contents

Exhibits

Schedules

INVESTMENT AND OPTION AGREEMENT

This Investment and Option Agreement (this "Agreement"), dated as of May 10, 2010 (the "Agreement Date"), by and among NINA Investments Holdings LLC, a Delaware limited liability company ("NINA Holdings"), Nuclear Innovation North America LLC, a Delaware limited liability company (" NINA") (solely for purposes of Section 2.5, Section 3.1, Section 3.3, Sections 7.1 through 7.5, Section 7.8, Article I, Article IV, Article IX, Article X, and Article XI), and TEPCO Nuclear Energy America LLC, a Delaware limited liability company (" Investor"). Investor, NINA, and NINA Holdings are referred to individually herein as a "Party" and collectively as the "Parties."

WITNESSETH

WHEREAS, NINA Holdings is a direct, wholly owned subsidiary of NINA;

WHEREAS, NINA Holdings directly owns one hundred percent (100%) of the limited liability company interests of Nuclear Innovation North America Investments LLC, a Delaware limited liability company (" NINA Investments");

WHEREAS, NINA Investments directly owns one hundred percent (100%) of the limited liability company interests of NINA Texas 3 LLC, a Delaware limited liability company ("NINA Texas 3") and of NINA Texas 4 LLC, a Delaware limited liability company (" NINA Texas 4");

WHEREAS, NINA Texas 3 has, or has the right to obtain, an undivided ninety two and three-eighths percent (92.375%) interest as a tenant-in-common in the South Texas 3 project (as further defined below, the "South Texas Unit 3"), and NINA Texas 4 has, or has the right to obtain, an undivided ninety two and three-eighths percent (92.375%) interest as a tenant-in-common in the South Texas 4 project (as further defined below, the " South Texas Unit 4");

WHEREAS, Investor desires to make an investment in NINA Holdings in return for ten percent (10.0%) of the limited liability company interests of NINA Holdings, all on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, Investor desires to purchase, and NINA Holdings desires to grant to Investor, an option to make an additional investment in NINA Holdings, in return for additional limited liability company interests of NINA Holdings, all on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, NINA will receive direct and indirect benefits from Investor entering into and performing its obligations under this Agreement and, accordingly, NINA is willing to enter into this Agreement, solely for the purposes of Section 2.5, Section 3.1, Section 3.3, Sections 7.1 through 7.5, Section 7.8, Article I, Article IV, Article IX, Article X, and Article XI.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 **Certain Matters of Construction**. A reference to an Article, Section, Exhibit or Schedule means an Article of, a Section in, or Exhibit or Schedule to, this Agreement unless otherwise expressly stated. Unless the context requires otherwise, the words "this Agreement," "hereof," "hereunder," "herein," "hereby" or words of similar import refer to this Agreement as a whole and not to a particular Article, Section, subsection, clause or other subdivision hereof. The titles and headings herein are for convenience of reference only and shall not in any manner affect the meaning or construction of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." Whenever the context requires, the words used herein include the masculine, feminine and neuter gender, and the singular and the plural. The word "Dollar" and the symbol "$" mean United States Dollars. A reference to any legislation or to any provision of any legislation shall include any amendment to, any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto. References to "this Agreement" or any other agreement or document shall be construed as a reference to such agreement or document, including any exhibits, appendices and schedules thereto, as amended, amended and restated, modified or supplemented and in effect from time to time and shall include a reference to any document which amends, modifies or supplements it, or is entered into, made or given pursuant to or in accordance with its terms. References to a Person shall be construed as a reference to such Person and its successors and permitted assigns.

1.2 **Certain Definitions**. As used herein, the following terms shall have the following meanings:

"1997 Participation Agreement" means that certain Amended and Restated South Texas Project Participation Agreement, effective as of November 17, 1997, among CPS, NRG South Texas LP (as successor in interest to Houston Lighting & Power Company), City of Austin and Central Power and Light Company.

"ABWR" is defined in the definition of COL Application.

"Action" means any suit, claim, proceeding, arbitration, audit or investigation by or before any Governmental Entity or arbitral tribunal.

"Additional Investor Interests" is defined in Section 8.1.

"Affiliate" means, with respect to any Person, any Person which, directly or indirectly, Controls, is Controlled by, or is under common Control with, such Person. For avoidance of doubt, NRG shall be deemed to be an Affiliate of NINA, and STPNOC is not an Affiliate of NINA.

"Agreement" is defined in the Preamble.

"Agreement Date" is defined in the Preamble.

"Arbitration Notice" is defined in Section 11.4(b).

"Arbitrator" is defined in Section 11.4(c)(i).

"Assets" of any Person means all assets, properties, rights and interests of such Person of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, and wherever situated), including the goodwill related thereto, operated, owned or leased by such Person or that such Person has a contractual right to use.

"Business" means the business of developing, permitting, engineering, procuring, constructing, owning, financing, and operating the Project including, in the case of NINA Holdings, the direct or indirect ownership of NINA Investments and the Project Companies.

"Business Day" means a day other than a Saturday, a Sunday or a U.S. federal holiday.

"Business Plan" means the business plan, with annual operating budgets and capital expenditure budgets (including sources and uses of funds) for the NINA Subsidiaries and the Project, which is set forth as Exhibit C to the Operating Agreement.

"Catch-Up Contributions" is defined in Section 8.4(a).

"Charter Documents" means the organizational documents that govern a corporation, limited liability company, association, partnership or any other entity or organization, pursuant to the Laws of its jurisdiction of formation, including as applicable, certificates or articles of incorporation or organization, certificates or articles of formation, bylaws, limited liability company operating agreements, partnership agreements, and similar instruments.

"Claim" is defined in Section 10.5(a).

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

"COL Application" means that certain application for a combined license ("COL") filed by STPNOC under Part 52 of the NRC's regulations (10 CFR Part 52) on September 20, 2007, as amended and supplemented, for combined construction permit and operating licenses for two Advanced Boiling Water Reactors (ABWR) designated as South Texas Unit 3 and South Texas Unit 4 in such application.

"Collateral Source" is defined in Section 10.4(d).

"Commercial Operation Date" means the date on which the later of the Units to achieve "Substantial Completion" under and as defined in the EPC Contract achieves Substantial Completion in accordance with the terms thereof.

"Confidentiality Agreement" means that certain Confidentiality Agreement, dated as of February 9, 2009, between NINA and TEPCO.

"Contract" means any legally binding agreement, instrument, lease, license (other than a Governmental Approval), evidence of Indebtedness, mortgage, indenture, security agreement, lease, or other contract, arrangement, understanding, or commitment, whether written or oral.

"Control" means the possession, directly or indirectly, through one or more intermediaries, of either of the following with respect to another Person: (a) the right to more than fifty percent (50%) of the distributions from such Person (including liquidating distributions) or more than fifty percent (50%) of the economic or beneficial interest in such Person, and (b) the power or authority, through ownership of voting securities, by contract or otherwise, to exercise a controlling influence over the management of the entity, and "Controls" and "Controlled" have the correlative meanings.

"CPS" means The City of San Antonio, acting through the City Public Service Board of San Antonio.

"CPS Settlement" means the settlement and dismissal with prejudice of the litigation between CPS, as plaintiff and counterclaim defendant, and NINA and each Project Company, as defendants and counterclaim plaintiffs, in Cause Number 2009-CI-19492 in the 37 th Judicial District Court of Bexar County, Texas.

"CPS Settlement Documents" means the Project Agreement, the Owners Agreement, and the other documents listed on Schedule 5.21.

"De Minimis Amount" is defined in Section 10.4(a).

"Development and Construction Costs" means third-party costs incurred by the Project Companies for the development, permitting, engineering, procurement, construction, or third-party debt financing of the Project pursuant to the Business Plan. For avoidance of doubt, the payments to be made by NRG to CPS by and for the benefit of the Project Companies pursuant to Section 3.1 of the Project Agreement, or any reimbursement of that amount made by the Project Companies to NRG, shall be deemed to be Development and Construction Costs, but the contribution to be made by NRG to REAP, Inc. pursuant to Section 3.2 of the Project Agreement shall be solely for the account of NRG and shall not be deemed to be a Development and Construction Cost.

"Dispute" is defined in Section 11.4(a).

"DOE" means the United States Department of Energy.

"DOE Loan Guarantee Application" means the application of NINA to the DOE for a loan guarantee from the DOE pursuant to Energy Policy Act of 2005, 42 U.S.C. §§ 16511-16516 with respect to the construction and permanent debt financing by the United States Federal Financing Bank for both Units of the Project, including the Part I application submitted by NINA on July 31, 2008, the Part II application submitted by NINA on October 14, 2008, and all supporting materials or information submitted in writing to DOE in connection therewith.

"Draft EIS" means the Draft Environmental Impact Statement issued by or for the NRC on March 19, 2010, in connection with the COL Application.

"Draft PPA" is defined in Section 5.18.

"EPC Contract" means the EPC Contract listed on Schedule 5.15(a).

"Equitable Qualifications" is defined in Section 4.2(a).

"ERCOT" means the Electric Reliability Council of Texas.

"Exercise Notice" is defined in Section 8.3(a).

"Exercise Price" is defined in Section 8.4(a).

"Federal Power Act" means 16 U.S.C. § 791a *et seq*.

"GAAP" means generally accepted accounting principles in the United States of America consistently applied, as in effect from time to time.

"Governmental Approval" means all permits, consents, licenses, qualifications, exemptions, franchises, concessions (other than Tax abatements), certificates, grants of authority, approvals, variances, and authorizations issued or granted by, and all notices to, any Governmental Entity.

"Governmental Entity" means any United States or foreign governmental or public body or authority, including any national, state, provincial, regional, municipal or local authority, body, agency, ministry, court, judicial or administrative body, taxing authority or other governmental organization.

"Holdings Closing Breach" is defined in Section 10.4(a).

"Indebtedness" of any Person means (a) indebtedness created, issued or incurred by such Person for borrowed money (whether by loan or the issuance and sale of debt securities or the sale of property of such Person to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such property of such Person), (b) obligations of such Person to pay the deferred purchase or acquisition price for any property of such Person, (c) any indebtedness of others secured by a Lien on any property of such Person, whether or not the respective indebtedness so secured has been assumed by it, (d) obligations of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for account of such Person, (e) obligations of such Person in respect of surety bonds or similar instruments, (f) the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) any property of such Person to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and (g) indebtedness of others as described in clauses (a) through (f) above in any manner guaranteed by such Person or for which it is or may become contingently liable; provided, that Indebtedness shall not include accounts payable to trade creditors, or accrued expenses arising in the ordinary course of business consistent with past practice, in each case, that are not yet due and payable, or are being disputed in good faith, and the endorsement of negotiable instruments for collection in the ordinary course of business.

"Indemnitee" is defined in Section 10.5(a).

"Indemnitor" is defined in Section 10.5(a).

"Indemnity Cap" is defined in Section 10.4(a).

"Indemnity Threshold" is defined in Section 10.4(a).

"Initial Closing" is defined in Section 2.4.

"Initial Closing Date" is defined in Section 2.4.

"Initial Closing Payment" is defined in Section 2.2.

"Initial Investment" is defined in Section 2.1(a)(ii).

"Initial Investment Amount" is defined in Section 2.1(a)(ii).

"Initial Investor Interests" is defined in Section 2.1(a)(i).

"Initial Transactions" means the transactions contemplated to occur at the Initial Closing in accordance with Article II.

"Intellectual Property" means the patents, patent applications, registered trademarks, trademark applications, registrations, copyrights, computer programs, databases, industrial designs, service marks, schematics, technology, know-how, trade secrets, algorithms, computer software programs or applications and tangible or intangible proprietary information or material.

"Investor" is defined in the Preamble.

"Investor Aggregate Investment Amount" means an amount equal to the sum of (a) the Initial Investment Amount, plus (b) the Option Premium, and plus (c) the Option Closing Payment (but solely to the extent actually paid by Investor to NINA Holdings at the Option Closing).

"Investor Interests" means the Initial Investor Interests and the Additional Investor Interests.

"JBIC" is defined in Section 7.5(c).

"Key Assets" is defined in Section 5.3(e).

"Key Tangible Assets" is defined in Section 5.3(e).

"Knowledge" means, in the case of NINA Holdings, the actual knowledge of the Persons listed on Schedule 1.2(c) (after due inquiry of their respective direct reports) and, in the case of Investor, the actual knowledge of the Persons listed on Schedule 1.2(d) (after due inquiry of their respective direct reports).

"Laws" means all applicable foreign, federal, state and local statutes, laws, ordinances, regulations, rules, resolutions, orders, tariffs, determinations, writs, injunctions, awards (including awards of any arbitrator), Governmental Approvals, and Orders.

"Letter of Intent" means that certain Confidential Memorandum of Understanding, dated as of February 9, 2009, between TEPCO and NINA, as confirmed and clarified by that certain Agreement, dated as of February 5, 2009, between TEPCO and NRG.

"Liabilities" means any and all debts, liabilities and obligations, whether accrued, fixed, or otherwise, and whether known or unknown, absolute or contingent, matured or unmatured, or determined or determinable.

"Lien" means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

"Losses" means all demands, losses, claims, Actions or causes of action, assessments, damages, amounts paid in settlement, Liabilities, Taxes, costs and expenses, including interest, penalties and reasonable attorneys' fees and disbursements.

"Major Contract" is defined in Section 5.15(a).

"Major Permit" is defined in Section 5.4(c).

"Material Adverse Effect" means any change or effect having a material adverse change or effect on (a) the business, operations, assets, properties, or financial condition of the Business of NINA and the NINA Subsidiaries, taken as a whole, of STPNOC (solely as it may relate to the Project), or of the Project, in each case excluding (i) any such change or effect resulting from the announcement, pendency or consummation of the Transactions, (ii) any changes in general United States economic conditions or any changes in capital markets that in each case do not disproportionately affect the NINA Subsidiaries or the Business as compared to the effect on other companies engaged in any business similar to the Business, (iii) changes in Laws or interpretations thereof or changes in accounting requirements or principles that in each case do not disproportionately affect the NINA Subsidiaries or the Business as compared to the effect on other companies engaged in any business similar to the Business, (iv) changes affecting the nuclear power industry in the United States or the electric power markets in the ERCOT region that in each case do not disproportionately affect the NINA Subsidiaries or the Business as compared to the effect on other companies engaged in any business similar to the Business, (v) conduct by NINA Holdings or any of the NINA Subsidiaries prohibited under Section 7.6 for which Investor gave its prior written consent, (vi) any action required to be taken under any Law or Order or any existing Contract made available to Investor prior to the Agreement Date by which NINA Holdings or any of the NINA Subsidiaries (or any of their respective properties) is bound as of the Agreement Date, or (vii) any failure by NINA Holdings or any of the NINA Subsidiaries in and of itself to meet any internal projections or forecasts, or (b) the ability of either NINA Party to consummate the Transactions on a timely basis and otherwise to perform its obligations hereunder.

"NEXI" is defined in Section 7.5(c).

"NINA" is defined in the Preamble.

"NINA Companies" means NINA and the NINA Subsidiaries.

"NINA Entities" means the NINA Companies and their respective Affiliates.

"NINA Financial Statements" is defined in Section 5.9.

"NINA Group" is defined in Section 10.3.

"NINA Holdings" is defined in the Preamble.

"NINA Investments" is defined in the Recitals.

"NINA Party" means NINA or NINA Holdings.

"NINA Subsidiaries" means NINA Holdings, NINA Investments, and the Project Companies.

"NINA Texas 3" is defined in the Recitals.

"NINA Texas 4" is defined in the Recitals.

"NRC" means the United States Nuclear Regulatory Commission.

"NRG" means NRG Energy, Inc., a Delaware corporation.

"NRG Parent Guaranty" means the NRG Limited Guaranty, to be executed and delivered on or prior to the Initial Closing Date, by NRG in favor of Investor, in the form attached hereto as Exhibit A.

"Operating Agreement" means the Limited Liability Company Agreement of NINA Holdings, substantially in the form of Exhibit C.

"Option" is defined in Section 8.1.

"Option Closing" is defined in Section 8.6.

"Option Closing Date" is defined in Section 8.6.

"Option Closing Payment" is defined in Section 8.5(a).

"Option Expiration Date" is defined in Section 8.2.

"Option Premium" is defined in Section 2.1(a)(iii).

"Option Transactions" means the transactions contemplated to occur at the Option Closing in accordance with Article VIII.

"Order" means any writ, judgment, decree, injunction, restraint or similar order of any Governmental Entity or arbitrator (in each such case whether preliminary or final).

"Outside Initial Closing Date" means **.

"Owners Agreement" means that certain STP 3 & 4 Owners Agreement, dated March 1, 2010, by and among CPS, NINA, NINA Texas 3, and NINA Texas 4.

"Party" is defined in the Preamble.

"Permitted Liens" means (a) any statutory Liens for Taxes not yet due and payable or that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP, (b) any mechanics', carriers', workmen's, repairmen's or other like Liens, including statutory Liens, arising in the ordinary course of business by operation of Law with respect to Liabilities that are not yet due and payable, (c) any (i) servitudes, permits, licenses, surface leases, ground leases to utilities, municipal agreements, railway siding agreements and other similar rights, easements for streets, alleys, highways, telephone lines, gas pipelines, power lines and railways, and other similar easements and rights-of-way of public record on, over or in respect of the real property on which the Project is situated, (ii) conditions, covenants or other similar restrictions on the real property on which the Project is situated, or (iii) encroachments and other matters that would be shown in an accurate survey or physical inspection of such real property, or (d) other minor imperfection in title that would not, individually or in the aggregate taking into account any other imperfections in title permitted in accordance with this clause (d) materially affect the value or intended use of or otherwise materially impair the property or asset in question, and (e) any Lien described as a Permitted Lien with respect to the applicable Person in Schedule 1.2(a).

"Person" means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust and any other entity or organization, including any Governmental Entity.

"Power Purchase Agreement" is defined in Section 5.18.

"Project" means the two additional electric generating units, South Texas Unit 3 and South Texas Unit 4, which are currently contemplated to be constructed by TANE employing ABWR technology, at the Sites, pursuant to the COL Application.

"Project Agreement" means the Project Agreement, Settlement Agreement and Mutual Release, dated March 1, 2010, by and among CPS, NINA, NINA Texas 3 and NINA Texas 4.

"Project Company" means NINA Texas 3 or NINA Texas 4, as applicable.

"PUCT" means the Texas Public Utility Commission.

** This portion has been redacted pursuant to a confidential treatment request.

"Related Agreements" means the NRG Parent Guaranty, the TEPCO Initial Guaranty, the TEPCO Option Guaranty, the Operating Agreement, and the certificates to be executed and delivered pursuant to Section 2.5(a) and Section 2.5(b).

"Representatives" means, with respect to a Party, the respective directors, officers, employees, agents, investment bankers, attorneys, accountants and advisors of such Party and its Affiliates.

"Rules" is defined in Section 11.4(a).

"Securities Act" means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SEO" is defined in Section 11.4(b).

"Signing Balance Sheet" is defined in Section 5.9.

"Site" means with respect to each Unit or the Project, as the case may be, the real property on which such Unit or the Project is to be located, as described in the COL Application.

"South Texas Unit 3" means the electric generating unit, described as the third unit to be constructed at the South Texas Project (as defined in the COL Application) in the COL Application.

"South Texas Unit 4" means the electric generating unit, described as the fourth unit to be constructed at the South Texas Project (as defined in the COL Application) in the COL Application.

"STPNOC" means STP Nuclear Operating Company.

"Subsidiary" means a corporation, limited liability company, partnership, joint venture or other entity of which any Person owns, directly or indirectly, any of the outstanding securities or other interests the holders of which are generally entitled to vote for the election of the board of directors or other governing body or otherwise exercise Control of such entity.

"TANE" means Toshiba America Nuclear Energy Corporation, the "Contractor" under the EPC Contract.

"Tax Authority" means any Governmental Entity having jurisdiction over the assessment, determination, collection, administration, or imposition of any Tax.

"Tax Return" means any report, form, return, statement, information return, declaration, certificate, bill, document, claim for refund, or other information (including any amendments) supplied to or required to be supplied to a Governmental Entity with respect to Taxes, including any amendments thereof or schedule or attachment thereto and any documents with respect to or accompanying requests for the extension of time in which to file any such report, return, document, declaration or other information.

"Taxes" means any and all taxes, levies and other assessments, including any and all income, sales, use, gross receipts, goods and services, value added, ad valorem, alternative minimum, franchise, estimated, capital, capital gains, margin, net worth, transfer, profits, business and occupation, social security, ad valorem, stamp, withholding, payroll, employer health, excise, real property and personal property taxes and any other taxes, fees, duties, customs, tariffs, imposts, obligations, assessments or similar charges in the nature of a tax including unemployment insurance payments and workers compensation premiums, together with any installments with respect thereto, and any interest, fines, additions, and penalties, imposed by any Governmental Entity (including U.S. federal, state, municipal and non-U.S. Governmental Entities), whether disputed or not.

"Tenancy in Common Agreements" means the Contracts listed on Schedule 1.2(b).

"TEPCO" means The Tokyo Electric Power Company, Incorporated.

"TEPCO Group" is defined in Section 10.2.

"TEPCO Initial Guaranty" means the TEPCO Limited Guaranty, dated as of the Agreement Date, by TEPCO in favor of NINA Holdings, attached hereto as Exhibit B-1.

"TEPCO Option Guaranty" means the TEPCO Limited Guaranty, by TEPCO in favor of NINA Holdings, to be executed and delivered by TEPCO to NINA Holdings in connection with the delivery of the Exercise Notice by Investor, in the form attached hereto as Exhibit B-2.

"Third-Party Claims" is defined in Section 10.5(b).

"Toshiba" means Toshiba Corporation.

"Toshiba Credit Agreement" means that certain Credit Agreement, dated as of February 24, 2009, by NINA, NINA Investments, NINA Texas 3, NINA Texas 4, the lenders party thereto and TANE as collateral agent and administrative agent.

"Toshiba Security Agreement" means that certain Security and Pledge Agreement, dated as of February 24, 2009, by and among NINA, NINA Investments, NINA Texas 3, NINA Texas 4 and TANE.

"Transactions" means the transactions contemplated by this Agreement, including the Initial Transactions and the Option Transactions.

"Treasury Regulations" means the regulations promulgated under the Code.

"Tribunal" is defined in Section 11.4(c)(i).

"Unit" means South Texas Unit 3 or South Texas Unit 4.

ARTICLE II

INITIAL TRANSACTIONS

2.1 **Initial Investment**.

(a) **Initial Closing Transactions**. Upon the terms and subject to the conditions set forth in this Agreement, at the Initial Closing, the Parties agree that the following transactions shall occur:

(i) NINA Holdings shall issue to Investor ten percent (10.0%) of the limited liability company interests of NINA Holdings, free and clear of all Liens (other than Liens created by Investor, Liens under the Operating Agreement, and Liens arising under the Toshiba Security Agreement, as applicable) (the "Initial Investor Interests");

(ii) In consideration of the Initial Investor Interests, Investor shall contribute to NINA Holdings, pursuant to this Agreement (the " Initial Investment"), an amount equal to One Hundred Twenty-Five Million Dollars ($125,000,000) (the " Initial Investment Amount"); and

(iii) In consideration of the Option, Investor shall pay to NINA Holdings the sum equal to Thirty Million Dollars ($30,000,000) (the " Option Premium").

(b) **TEPCO Initial Guaranty**. The Parties acknowledge that Investor has delivered to NINA Holdings, in conjunction with its execution of this Agreement, the duly executed TEPCO Initial Guaranty in favor of NINA Holdings.

2.2 **Payment of Initial Closing Payment**. At the Initial Closing, upon the terms and subject to the conditions set forth in this Agreement, Investor shall pay to NINA Holdings the sum of the Initial Investment Amount plus the Option Premium (such payment, the " Initial Closing Payment") by wire transfer of immediately available funds to an account designated in writing by NINA Holdings.

2.3 **Use of Proceeds**. The proceeds of the Initial Closing Payment shall be held by NINA Holdings and, upon request of NINA Investments, contributed to NINA Investments by NINA Holdings as a contribution to capital or an intercompany loan, and shall be used by NINA Investments and the Project Companies only to pay Development and Construction Costs as set forth in the Business Plan and, for avoidance of doubt, shall not be distributed or paid to any member of NINA Holdings or distributed or paid to any Affiliate of such member (other than a NINA Subsidiary) except, in each case, as expressly set forth in the Business Plan.

2.4 **Initial Closing**. Subject to the terms and conditions of this Agreement, the closing of the Initial Transactions (the " Initial Closing") will take place at 10:00 a.m. local time at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036 on the date ** after the satisfaction or waiver of each of the conditions precedent to the Initial Investment set forth in Article III (other than those conditions to be satisfied at the Initial Closing) or such other time or place as the Parties may agree. The date on which the Initial Closing occurs is hereinafter referred to as the " Initial Closing Date." All

** This portion has been redacted pursuant to a confidential treatment request.

proceedings to be taken and all documents to be executed and delivered by the Parties at the Initial Closing shall be deemed to have been taken and executed simultaneously, and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

2.5 **Closing Deliveries**.

(a) **Deliveries by NINA Parties**. At the Initial Closing, NINA or NINA Holdings, as applicable, shall deliver, or cause to be delivered, to Investor the following:

(i) an original counterpart of the Operating Agreement, duly executed and delivered by NINA;

(ii) a unit certificate representing the Initial Investor Interests, duly executed by an authorized officer of NINA Holdings, in the form of Exhibit D to the Operating Agreement;

(iii) the certificates of formation of each of NINA and NINA Holdings, respectively, as amended, modified or supplemented to the Initial Closing Date, certified to be true, correct and complete by the Delaware Secretary of State, together with a certificate of good standing (long form with tax status) for each such NINA Party issued by the Delaware Secretary of State, and a certificate of qualification to do business as a foreign limited liability company for each such NINA Party, issued by the Texas Secretary of State, each as of a date not more than ten (10) Business Days prior to the Initial Closing Date;

(iv) any other Charter Documents of each of NINA or NINA Holdings, respectively, as amended, modified or supplemented to the Initial Closing Date, certified to be true, correct and complete by the Secretary or Managing Member of such NINA Party as of a date not more than five (5) days prior to the Initial Closing Date;

(v) certificates, dated as of the Initial Closing Date and executed in the name and on behalf of NINA and NINA Holdings, respectively, by its authorized officer, substantially in the form attached hereto as Exhibit D;

(vi) certificates, dated as of the Initial Closing Date and executed by the Secretary or the appropriate Person of each of NINA and NINA Holdings, respectively, substantially in the form attached hereto as Exhibit E; and

(vii) an original counterpart of the NRG Parent Guaranty, duly executed and delivered by NRG in favor of Investor.

(b) **Deliveries by Investor**. At the Initial Closing, Investor shall deliver, or cause to be delivered, to NINA Holdings the following:

(i) an original counterpart of the Operating Agreement, duly executed and delivered by Investor;

(ii) the certificate of formation of Investor, as amended, modified or supplemented to the Initial Closing Date, certified to be true, correct and complete by the Delaware Secretary of State, together with a certificate of good standing (long form with tax status) issued by the Delaware Secretary of State, each as of a date not more than ten (10) Business Days prior to the Initial Closing Date;

(iii) a certificate, dated as of the Initial Closing Date and executed in the name and on behalf of Investor by its authorized officer, substantially in the form attached hereto as Exhibit D; and

(iv) a certificate, dated as of the Initial Closing Date and executed by the Secretary or the appropriate Person of Investor, substantially in the form of Exhibit E.

ARTICLE III

CONDITIONS PRECEDENT

3.1 **Conditions Precedent to the Obligations of Each Party** . The obligations of the Parties to effect the Initial Transactions shall be subject to the fulfillment at or prior to the Initial Closing of the following conditions, any of which may be waived (in full or in part) only in writing by each Party:

(a) **No Injunction**. No Order issued by a court of competent jurisdiction that prohibits or restricts the consummation of any of the Transactions shall be in effect (each Party agreeing to use all commercially reasonable efforts to have any injunction or other order immediately lifted), and no action or proceeding shall have been commenced or threatened in writing seeking any injunction or restraining or other order that seeks to prohibit, restrain, invalidate or set aside consummation of the Transactions or any of the other transactions contemplated hereby.

(b) **Illegality**. There shall not have been any action taken, and no statute, rule or regulation shall have been enacted by any state or federal government agency that would prohibit or restrict the consummation of the Transactions or the other transactions contemplated hereby.

3.2 **Conditions Precedent to Obligation of Investor to Effect the Initial Transactions** . The obligation of Investor to effect the Initial Transactions shall be subject to the fulfillment at or prior to the Initial Closing of the following additional conditions, any of which may only be waived (in full or in part) only in writing by Investor:

(a) **Representations and Warranties**. Each of the representations and warranties made by NINA Holdings in Article V that are qualified as to materiality (or words of similar effect) and by NINA in Section 4.1 or Section 4.2 or by NINA Holdings in Section 5.1, Section 5.2, Section 5.3 (a), Section 5.3(b), or Section 5.3(c) shall be true and correct in all

respects, and each other representation or warranty made by NINA Holdings in Article V shall be true and correct in all material respects, in each case on and as of the Initial Closing Date, as though made on and as of the Initial Closing Date or, in the case of representations and warranties expressly made as of a specified date earlier than the Initial Closing Date, on and as of such earlier date.

(b) **Performance**. Each NINA Party and NRG shall have performed and complied in all material respects with the respective agreements, covenants and obligations required by this Agreement or any other Related Agreement to which it is a party to be so performed or complied with by it at or before the Initial Closing.

(c) **Material Adverse Effect**. Since the Agreement Date, there shall not have occurred a Material Adverse Effect.

(d) **DOE Loan Guarantee**. Investor shall have received a true, correct and complete copy of a fully executed conditional loan guarantee commitment from the DOE in favor of NINA Investments with respect to the construction and permanent debt financing by the United States Federal Financing Bank for both Units of the Project, and such commitment (i) shall have been formally accepted by NINA Investments in writing to DOE (and a true, correct and complete copy thereof and of such acceptance shall have been provided to Investor), and (ii) shall be in full force and effect.

3.3 **Conditions Precedent to Obligations of NINA and NINA Holdings to Effect the Initial Transactions** . The obligation of NINA and NINA Holdings to effect the Initial Transactions shall be subject to the fulfillment at or prior to the Initial Closing of the following additional conditions, any of which may be waived (in full or in part) only in writing by NINA Holdings:

(a) **Representations and Warranties**. Each of the representations and warranties made by Investor in Article VI that are qualified as to materiality (or words of similar effect) and in Section 6.1 and Section 6.2 shall be true and correct in all respects, and each other representation or warranty made by Investor in Article VI shall be true and correct in all material respects, in each case on and as of the Initial Closing Date, as though made on and as of the Initial Closing Date or, in the case of representations and warranties expressly made as of a specified date earlier than the Initial Closing Date, on and as of such earlier date.

(b) **Performance**. TEPCO and Investor shall have performed and complied in all material respects with the respective agreements, covenants and obligations required by this Agreement or any other Related Agreement to which it is a party to be so performed or complied with by it at or before the Initial Closing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF NINA

NINA hereby makes the following representations and warranties to Investor:

4.1 **Corporate Existence**.

(a) NINA is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. NINA has the requisite limited liability company or partnership power (as the case may be) to own, operate and lease its properties and to carry on its business as now being conducted.

(b) NINA is duly qualified or licensed to do business and is in good standing in the State of Delaware and the State of Texas and, and, except for such jurisdictions where the failure to be so qualified or licensed and in good standing would not be reasonably expected to have, individually or in the aggregate, a material adverse effect, all other jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary.

(c) True, complete and correct copies, as of the Agreement Date, of the Charter Documents of NINA have been delivered or made available to Investor prior to the Agreement Date.

4.2 **Authority for Agreement; Non-Contravention** .

(a) **Authority.** NINA has the requisite power and authority to enter into this Agreement and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by all necessary company action and no other corporate or member proceedings or actions (or their equivalents) are necessary on the part of NINA to authorize and consummate this Agreement and the Transactions. This Agreement has been duly executed and delivered by NINA, and constitutes the legal, valid and binding obligations of NINA, enforceable against NINA in accordance with its terms, subject to the qualifications that enforcement of the rights and remedies created hereby are subject to (i) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors, and (ii) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) (the " Equitable Qualifications").

(b) **No Conflict**. Neither the execution and delivery by NINA of this Agreement nor the performance by NINA of its obligations hereunder, nor the consummation by NINA of the Transactions, will (i) violate any provision of the Charter Documents of NINA, (ii) conflict with, or result in a breach of any term, covenant, condition or provision of, or constitute a default (with or without notice or lapse of time or both) under, or result in a penalty or in the creation or imposition of any Lien (other than a Permitted Lien) upon any material Assets of NINA pursuant to the terms of, or give rise to any right of termination, purchase, cancellation or acceleration under, any material Contract to which NINA is a party or by which its material Assets are bound, (iii) conflict with or result in a material violation or breach of any term or provision of any Law applicable to NINA or its material Assets, or (iv) require the consent or approval of, filing with, or notice to any Person which, if not obtained, would prevent or impair in any material respect its performance of its obligations under this Agreement.

(c) **Approvals for Transaction**. Except as set forth on Schedule 4.2(c), no Governmental Approval and no consent, approval, authorization, or permit of, or filing with or

notification to, any Person is required in connection with the execution and delivery by NINA of this Agreement or for or in connection with the consummation of the Transactions and performance by NINA of the terms and conditions contemplated by this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF NINA HOLDINGS

NINA Holdings hereby makes the following representations and warranties to Investor:

5.1 **Corporate Existence**.

(a) Each NINA Subsidiary is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Each NINA Subsidiary has the requisite limited liability company or partnership power (as the case may be) to own, operate and lease its properties and to carry on its business as now being conducted.

(b) Each NINA Subsidiary is duly qualified or licensed to do business and is in good standing in the State of Delaware and the State of Texas and, and, except for such jurisdictions where the failure to be so qualified or licensed and in good standing would not be reasonably expected to have, individually or in the aggregate, a material adverse effect, all other jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary. All jurisdictions in which each NINA Subsidiary is qualified to do business as a foreign business entity and all names under which each NINA Subsidiary is authorized to conduct its business in such jurisdictions as of the Agreement Date are set forth on Schedule 5.1(b).

(c) NINA Holdings is a newly formed, special-purpose limited liability company created for the purpose of holding, directly or indirectly, membership interests in NINA Investments and the Project Companies, and has engaged in no operations or activities other than those in connection therewith or contemplated hereby.

(d) True, complete and correct copies, as of the Agreement Date, of the Charter Documents of each NINA Subsidiary have been delivered or made available to Investor prior to the Agreement Date.

5.2 **Authority for Agreement; Non-Contravention** .

(a) **Authority**. NINA Holdings has the requisite power and authority to enter into this Agreement and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by all necessary company action and no other corporate or member proceedings or actions (or their equivalents) are necessary on the part of NINA Holdings to authorize and consummate this Agreement and the Transactions. This Agreement has been duly executed and delivered by NINA Holdings, and constitutes the legal, valid and binding obligations of NINA Holdings, enforceable against NINA Holdings in accordance with its respective terms, subject to the qualifications that enforcement of the rights and remedies created hereby are subject to the Equitable Qualifications.

(b) **No Conflict**. Neither the execution and delivery by NINA Holdings of this Agreement nor the performance by NINA Holdings of its obligations hereunder, nor the consummation by NINA Holdings of the Transactions, will (i) violate any provision of the Charter Documents of any NINA Subsidiary, (ii) conflict with, or result in a breach of any term, covenant, condition or provision of, or constitute a default (with or without notice or lapse of time or both) under, or result in a penalty or in the creation or imposition of any Lien (other than a Permitted Lien) upon any material Assets of any NINA Subsidiary pursuant to the terms of, or give rise to any right of termination, purchase, cancellation or acceleration under, any material Contract to which any NINA Subsidiary is a party or by which any NINA Subsidiary or its respective material Assets are bound, (iii) conflict with or result in a material violation or breach of any term or provision of any Law applicable to any NINA Subsidiary or its respective material Assets, or (iv) require the consent or approval of, filing with, or notice to any Person which, if not obtained, would prevent or impair in any material respect any NINA Subsidiary from performing its obligations under this Agreement.

(c) **Approvals for Transaction**. Except as set forth on Schedule 5.2(c), no Governmental Approval and no consent, approval, authorization, or permit of, or filing with or notification to, any Person is required in connection with the execution and delivery of this Agreement by NINA Holdings or for or in connection with the consummation of the Transactions and performance of the terms and conditions contemplated by this Agreement by any NINA Subsidiary.

5.3 **Ownership Interests**.

(a) **Ownership Interests of the NINA Subsidiaries** . NINA holds of record and owns beneficially one hundred percent (100%) of the limited liability company interests of NINA Holdings, NINA Holdings holds of record and owns beneficially one hundred percent (100%) of the limited liability company interests of NINA Investments, and NINA Investments holds of record and owns beneficially one hundred percent (100%) of the limited liability company interests of NINA Texas 3 and NINA Texas 4.

(b) **Issuance of Investor Interests**. At the Initial Closing, NINA Holdings will issue to Investor legal and beneficial title to the Initial Investor Interests, free and clear of any Liens (other than any Liens created by Investor, Liens under the Operating Agreement, and Liens arising under the Toshiba Security Agreement, as applicable). At the Option Closing, if the Option is exercised by Investor, NINA Holdings will issue to Investor legal and beneficial title to the Additional Investor Interests, free and clear of any Liens (other than any Liens created by Investor, Liens under the Operating Agreement, and Liens arising under the Toshiba Security Agreement, as applicable). All such outstanding limited liability company interests shall be duly authorized and validly issued, shall not have been issued in violation of any Person's preemptive rights and shall be fully paid and non-assessable.

(c) **Options and Convertible Securities of the NINA Subsidiaries** . Except for the Option:

(i) there are no outstanding subscriptions, options, warrants, conversion rights or other rights, securities or commitments obligating NRG, NINA, or

any of their Affiliates to create, issue, sell or otherwise dispose of, purchase, repurchase, redeem or acquire limited liability company interests, partnership interests, or other equity interests in any NINA Subsidiary, or any securities or obligations convertible into, or exercisable or exchangeable for, any such equity interests; and

(ii) there are no voting trusts or other agreements or understandings to which NRG, NINA, or any of their Affiliates or any other Person is a party with respect to the voting of the limited liability company or partnership interests of any of the NINA Subsidiaries.

(d) **Ownership of Assets**. Pursuant to the Tenancy in Common Agreements and the CPS Settlement Documents, (i) NINA Texas 3 holds of record and owns beneficially, or has the right to obtain, an undivided ninety two and three-eighths percent (92.375%) interest as a tenant in common in South Texas Unit 3, and NINA Texas 4 holds of record and owns beneficially, or has the right to obtain, an undivided ninety two and three-eighths percent (92.375%) interest as a tenant in common in South Texas Unit 4.

(e) **Key Assets**. Set forth on Schedule 5.3(e) is a complete and accurate list as of the Agreement Date of Assets that are tangible personal property owned by each NINA Subsidiary, organized by Project with a depreciated book value in excess of One Million Dollars ($1,000,000) (the " Key Tangible Assets," and together with the Major Contracts and the Major Permits, the " Key Assets"). Except as set forth on Schedule 5.3(e):

(i) each NINA Subsidiary holds of record and owns beneficially, and has good and marketable title to, all of the Key Assets, in each case free and clear of any Lien, except for Permitted Liens;

(ii) prior to the Agreement Date, NINA transferred, or caused NINA Holdings and its other Affiliates to transfer, to the applicable Project Company all of the material Assets owned by the NINA Companies relating to the Project (including any Key Assets) and (B) to the Knowledge of NINA Holdings, NRG transferred or caused its Affiliates (other than the NINA Companies) to transfer, to the applicable Project Company all of the material Assets owned by NRG or its Affiliates (other than the NINA Companies) primarily relating to the Project (including any Key Assets); and

(iii) to the Knowledge of NINA Holdings, (A) no material Assets necessary for the Project or contemplated to be used by the Project are owned or controlled by NINA or any NINA Affiliate (other than NRG and its Affiliates (other than the Project Companies)), and (B) no material Assets primarily relating to the Project are owned or controlled by NRG or any of its Affiliates (other than the Project Companies).

(f) **Subsidiaries**. None of the NINA Subsidiaries have any Subsidiaries or investments in any Person, other than the other NINA Subsidiaries as set forth in Section 5.3. As of the Agreement Date, each NINA Subsidiary is wholly owned by NINA, directly or indirectly, as set forth in Section 5.3. Except as set forth on Schedule 5.3(f), neither NINA nor any of its Affiliates owns any interest in any other Person engaged in the Business other than the NINA

Subsidiaries. None of the NINA Subsidiaries has engaged in any business other than the Business.

5.4 **Governmental Approvals**.

(a) **Existing Governmental Approvals**. Each NINA Company and, to the Knowledge of NINA Holdings, STPNOC (as it relates to the Project), has obtained and validly holds all material Governmental Approvals necessary for its participation in the Business as currently conducted, and is in compliance in all material respects with such Governmental Approvals. NINA Holdings has made available to Investor, prior to the Agreement Date (and will have made available to Investor, prior to the Initial Closing Date), true and complete copies of such Governmental Approvals, as currently in effect as of such respective dates. Schedule 5.4(a) identifies all such material Governmental Approvals as of the Agreement Date.

(b) **Applications for Governmental Approvals**. Schedule 5.4(b) contains a list as of the Agreement Date of all other material Governmental Approvals applied for by any NINA Company with respect to the Business or, to the Knowledge of NINA Holdings, STPNOC, with respect to the Project. NINA Holdings has provided or made available to Investor, prior to the Agreement Date (and will have made available to Investor, prior to the Initial Closing Date), true and complete copies of all applications and all other material documents submitted prior to such respective dates to any Governmental Entity in connection with all such Governmental Approvals that have been applied for.

(c) **Major Permit**. To the Knowledge of NINA Holdings, Schedule 5.4(c) contains, for each Unit or the Project (as the case may be), a list of all other material Governmental Approvals that (i) are necessary under Laws as in effect on the Agreement Date for the development or construction of such Unit or the Project (as the case may be), and (ii) if delayed or not obtained, reasonably would be expected to delay or impair the ability to achieve the Commercial Operation Date when contemplated by the Business Plan, or otherwise reasonably would be expected to have a material adverse effect (a " Major Permit").

(d) **No Actions**. There is no Action pending or, to the Knowledge of NINA Holdings, threatened by or before any Governmental Entity which has resulted or would reasonably be expected to result in the revocation, cancellation, suspension, or any materially adverse modification of any Governmental Approval identified in Schedule 5.4(a) or, to the Knowledge of NINA Holdings, in the denial of any Governmental Approval identified in Schedule 5.4(b), and no NINA Entity or, to the Knowledge of NINA Holdings, STPNOC, has received any written communication from a Governmental Entity indicating that any application for any such Governmental Approval is not likely to be granted, nor does any NINA Entity or, to the Knowledge of NINA Holdings, STPNOC, have any reason to believe as of the Agreement Date that any such application should not be expected to be granted.

5.5 **Litigation and Audits**.

(a) **No Investigations**. Except as would not, individually or in the aggregate, be reasonably expected to have a material adverse effect, there is no investigation by any Governmental Entity with respect to (i) NRG or any of its Affiliates (other than the NINA Companies) relating to NINA (with respect to the Business), the NINA Subsidiaries, the Project,

or the Transactions, (ii) NINA relating to the Business, the Project, or the Transactions, (iii) any of the NINA Subsidiaries, or their respective material Assets, the Project, or the Transactions, or (iv) to the Knowledge of NINA Holdings, STPNOC (with respect to the Project), that is pending or, to the Knowledge of NINA Holdings, threatened, nor has any Governmental Entity indicated in writing to any of the NINA Entities or, to the Knowledge of NINA Holdings, STPNOC with respect to the Project, an intention to conduct the same.

(b) **No Actions**. Except as would not, individually or in the aggregate, be reasonably expected to have a material adverse effect, there is no Action pending or, to the Knowledge of NINA Holdings, threatened against or involving (i) NRG or any of its Affiliates (other than the NINA Companies) relating to NINA (with respect to the Business), the NINA Subsidiaries, the Project, or the Transactions, (ii) NINA relating to the Business, the Project, or the Transactions, (iii) any of the NINA Subsidiaries, or their respective material Assets, the Project, or the Transactions, or (iv) to the Knowledge of NINA Holdings, STPNOC (with respect to the Project), at law or in equity, before any arbitrator or Governmental Entity.

(c) **No Orders**. Except as set forth in Schedule 5.5(c), to the Knowledge of NINA Holdings, no Governmental Entity has any plans, proposals, studies or investigations that would reasonably expected to materially adversely affect the continued development of either Unit or the Project. Except as would not, individually or in the aggregate, be reasonably expected to have a material adverse effect, there are no Orders outstanding against (i) NRG or any of its Affiliates (other than the NINA Companies) relating to NINA (with respect to the Business), the NINA Subsidiaries, the Project, or the Transactions, (ii) NINA relating to the Business, the Project, or the Transactions, (iii) any of the NINA Subsidiaries, or their respective material Assets, the Project, or the Transactions, or (iv) to the Knowledge of NINA Holdings, STPNOC (with respect to the Project).

5.6 **Broker's or Finder's Fees**(a) . No NINA Entity has either retained, or otherwise has any Liability to, any broker, finder, financial advisor or intermediary in connection with the Transactions that would obligate any NINA Company or Investor to incur any Liability as a result of retaining such broker, finder, financial advisor or intermediary.

5.7 **Compliance with Laws**. Each of the NINA Companies and, to the Knowledge of NINA Holdings, STPNOC (with respect to the Project), is and has been in compliance in all material respects with all applicable Laws. No NINA Entity or, to the Knowledge of NINA Holdings, STPNOC has received any written notice or allegations of any material violations of Laws relating to the Transactions, NINA (with respect to the Business, the Project, or the Transactions), or any of the NINA Subsidiaries or any of their material Assets, the Project, or the Units.

5.8 **Books and Records**. The respective minute books of each NINA Company, as previously made available to Investor prior to the Agreement Date (and that will have been made available to Investor, prior to the Initial Closing Date), are true, complete and correct in all material respects and contain accurate records of all meetings of, and limited liability company action taken by (including action taken by written consent) the respective equity holders and managers of each NINA Company as may exist or be in effect as of such respective dates.

5.9 **Financial Statements**. NINA Holdings has made available to Investor, prior to the Agreement Date, accurate and complete copies of the audited consolidated balance sheets, statements of income, changes in stockholders' equity and cash flows for the NINA Companies as of and for the fiscal years ended December 31, 2008 and December 31, 2009, and the unaudited consolidated balance sheet (the " Signing Balance Sheet") and an unaudited consolidated statement of income for the NINA Companies as of and for the fiscal quarter ended March 31, 2010. Collectively, the foregoing financial statements (including for the avoidance of doubt the Signing Balance Sheet) are referred to herein as the " NINA Financial Statements." The NINA Financial Statements (including any related notes thereto, if any) have been prepared from, are in accordance with and accurately reflect the books and records of NINA and the other NINA Companies. The NINA Financial Statements (including any related notes thereto, if any) have been prepared on a consistent basis through the periods covered thereby and fairly present in all material respects the financial position of the NINA Companies as of their date, and the other statements included in the NINA Financial Statements (including any related notes, if any) fairly present in all material respects the results of operations, cash flows and members' equity of the NINA Companies for the periods therein set forth, as applicable.

5.10 **Absence of Certain Changes and Liabilities**. Except as set forth on Schedule 5.10:

(a) **Changes**. Since the date of the Signing Balance Sheet, to the Agreement Date, (i) there has not occurred any Material Adverse Effect, (ii) except as expressly required or contemplated by this Agreement, the NINA Companies have conducted the operations of the Business in the ordinary course of business consistent with past practices in all material respects, and (iii) none of the NINA Companies has taken or agreed to take any action that would be prohibited by clauses (b), (d), (e), (i), (k), (l), (o), (q), or (r) of Section 7.6 if taken after the Agreement Date.

(b) **Absence of Undisclosed Liabilities of NINA Companies** . The NINA Companies do not have any Liabilities that are required to be set forth on an audited consolidated balance sheet or the notes thereto prepared in accordance with GAAP, except (i) Liabilities reflected on the NINA Financial Statements or the notes thereto, (ii) Liabilities incurred in the ordinary course of business since the date of the Signing Balance Sheet, (iii) liabilities that would not result in a material Liability to the NINA Companies, (iv) Liabilities incurred under this Agreement, and (v) Liabilities arising from performance obligations under any Major Contract or other Contract set forth on the Schedules attached hereto.

(c) **Indebtedness**. None of the NINA Subsidiaries have any Indebtedness, other than Indebtedness owed to another NINA Subsidiary.

5.11 **Tax Matters**. Except as set forth on Schedule 5.11:

(a) All Tax Returns of any of the NINA Subsidiaries have been filed with the appropriate Tax Authorities, and such Tax Returns are true, correct, and complete in all respects, except to the extent it would not reasonably be expected to result in a material adverse effect. All Taxes shown as due on such Tax Returns have been paid to the appropriate Tax Authorities.

(b) There are currently no effective waivers of any statute of limitations in respect of material Taxes of any of the NINA Subsidiaries.

(c) NINA is not a "foreign person" as defined in Code Section 1445.

(d) At all times since the date of their formation, each of NINA Investments and the Project Companies have qualified as, and been treated as, disregarded as an entity separate from its owner for United States federal income Tax purposes. At all times since the date of its formation until the Initial Closing, NINA Holdings has qualified as, and has been treated as, disregarded as an entity separate from its owner for United States federal income Tax purposes.

(e) There are no material audits, claims, assessments, levies, administrative, or judicial proceedings pending by any Tax Authority against, or with respect to the Assets or activities of, any of the NINA Subsidiaries.

(f) There are no material Liens, other than Permitted Liens, for Taxes on any Assets of any of NINA Subsidiaries.

(g) None of the NINA Subsidiaries has participated in, or is currently participating in, a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2).

The representations and warranties in this Section 5.11 are the sole and exclusive representations and warranties of NINA Holdings concerning tax matters.

5.12 **Employment-Related Matters**(a) . No NINA Subsidiary has or ever had any employees.

5.13 **Real Property**.

(a) Pursuant to the Tenancy in Common Agreements and the CPS Settlement Documents, each Project Company owns or has the right to obtain, a ninety two and three-eighths percent (92.375%) undivided direct interest as a tenant-in-common in each Site, including the Unit 3 and Unit 4 proportionate share of the Common Station Facilities (under and as defined in the 1997 Participation Agreement), as a result of the development of South Texas Unit 3 and South Texas Unit 4.

(b) The Tenancy in Common Agreements and the CPS Settlement Documents provide all of material real property interests (other than water rights) necessary for the Project Companies to develop, construct, finance, own, and operate the Project in accordance with the Business Plan and to conduct the Business as contemplated to be conducted by the Business Plan.

(c) Except as set forth on Schedule 5.13, such real property interests are held or will be held by the Project Companies as tenants-in-common free and clear of any Liens other than Permitted Liens.

5.14 **Intellectual Property**.

(a) **Use of Intellectual Property**. Except as set forth on Schedule 5.14, each of the NINA Subsidiaries and, to the Knowledge of NINA Holdings, STPNOC, owns free and

clear of all Liens other than Permitted Liens, is licensed to or otherwise possesses sufficient legally enforceable rights to use, the Intellectual Property that is needed to conduct the Business of the NINA Subsidiaries as currently conducted;

(b) **NINA Intellectual Property**. To the Knowledge of NINA Holdings, set forth on Schedule 5.14(b) is a list of all of the material Intellectual Property owned by or licensed to NINA or its direct or indirect Subsidiaries (other than the NINA Subsidiaries) that has not been assigned to the NINA Subsidiaries;

(c) **Intellectual Property of NINA Subsidiaries**. The material Intellectual Property owned by or licensed to any NINA Subsidiary is set forth on Schedule 5.14;

(d) **No Infringement**. Except as set forth on Schedule 5.14, to the Knowledge of NINA Holdings, the Business of each of the NINA Subsidiaries does not infringe upon or misappropriate in any material respect Intellectual Property of any Person; and

(e) **Compliance**. Except as set forth on Schedule 5.14, to the Knowledge of NINA Holdings, the use by each NINA Subsidiary of its respective Intellectual Property is in accordance in all material respects with any and all applicable grants, licenses, agreements, instruments or other arrangements pursuant to which such NINA Subsidiary acquired the right to use such Intellectual Property.

The representations and warranties in this Section 5.14 are the sole and exclusive representations and warranties of NINA Holdings concerning Intellectual Property matters.

5.15 **Agreements, Contracts and Commitments**.

(a) **Major Contracts**. Set forth on Schedule 5.15(a) is a complete and accurate listing as of the Agreement Date of all (i) Contracts that if suspended or terminated, would reasonably be expected to materially delay or materially impair the ability to achieve the Commercial Operation Date as contemplated by the Business Plan, and (ii) Contracts evidencing Indebtedness, mortgages, indentures, security agreements and other Contracts, involving existing payment obligations of any Person party thereto in excess of One Million Dollars ($1,000,000) in any year, to which any NINA Company (in the case of NINA, solely to the extent such Contract primarily relates to either Unit or the Project) or, to the Knowledge of NINA Holdings, STPNOC, as agent for any of the NINA Companies, is a party (collectively, the "Major Contracts"). True, complete and correct copies of the Major Contracts have been made available to Investor, prior to the Agreement Date (and will have been made available to Investor, prior to the Initial Closing Date), as such may exist or be in effect as of such respective dates.

(b) **Validity**. Each Major Contract was duly authorized by each NINA Company party to it (either directly or through STPNOC acting as its agent) and, to the Knowledge of NINA Holdings, by each other party thereto and is valid and in full force and effect and enforceable in accordance with its terms against such NINA Company and, to the Knowledge of NINA Holdings, by each other party thereto, except to the extent that its enforceability may be subject to the Equitable Qualifications. Except as set forth on Schedule 5.15(b), neither any NINA Company nor, to the Knowledge of NINA Holdings, STPNOC or any other party thereto, has breached any provision of, or defaulted (with or without notice or lapse

of time or both) under the terms of, and to the Knowledge of NINA Holdings no event has occurred that with notice or lapse of time would permit termination, exercise of any purchase or similar right by the counterparty to, or any modification or acceleration of, any Major Contract, including any failure to achieve milestones or conditions precedent required to be met under any agreement to supply power, turbine supply agreement, or warranty, maintenance or service agreement, if any.

(c) **No Other Agreements**. Except as set forth on Schedule 5.15(a) and Schedule 5.15(c), as of the Agreement Date, no NINA Subsidiary (either directly or through STPNOC acting as its agent) is a party to nor bound by any currently effective:

(i) Contract under which any NINA Subsidiary has created, incurred, assumed or guaranteed any material outstanding Indebtedness, or under which it has imposed a material Lien (other than Permitted Liens) on any of its material Assets, tangible or intangible, which Lien secures outstanding Indebtedness;

(ii) Contract of guaranty, surety or indemnification, direct or indirect, by any NINA Subsidiary relating to the obligations of another Person;

(iii) Contract containing a covenant limiting or purporting to limit the freedom of any NINA Subsidiary to compete with any Person in any geographic area or to engage in any line of business;

(iv) joint venture or profit-sharing Contract;

(v) shareholder, partnership or limited liability company operating agreement;

(vi) license or royalty Contract;

(vii) swaps, exchanges, commodity options, or hedging Contracts;

(viii) Contract entitling a third party to the most favorable price or other terms for any product or service any NINA Subsidiary offer to any other third party; or

(ix) any Contract not described above that was not made in the ordinary course of business consistent with past practice and that is material to the financial condition, business, operations, assets, results of operations or prospects of any NINA Subsidiary.

5.16 **Affiliate Contracts**. Except as set forth on Schedule 5.15(a) or Schedule 5.16:

(a) **Affiliate Contracts**. No NINA Subsidiary nor, to the Knowledge of NINA Holdings, STPNOC (as it relates to the Project), is a party to nor bound by any currently

effective Contract to which any NINA Entity (other than a NINA Subsidiary) or employees, managers, directors, officers, consultants or agents of a NINA Entity (other than a NINA Subsidiary) are also parties.

(b) **Liabilities**. No NINA Subsidiary nor, with respect to the Project, STPNOC (as it relates to the Project), has any Liability to Toshiba, NRG, NINA, or any Affiliate or Representative of Toshiba (other than TANE under the EPC Contract), NRG, or NINA (other than a NINA Subsidiary).

5.17 **Potential Conflicts of Interest**.

(a) **Commercial Relationships**. Except as set forth on Schedule 5.17, none of the NINA Entities owns, directly or indirectly, any interest in (excepting not more than five percent (5%) stock holdings for investment purposes in securities of publicly held and traded companies) or is an executive, officer, director, manager, employee, consultant or agent of any Person that is a significant lessor, lessee, subcontractor, customer or supplier of any NINA Company or TANE, except for a NINA Subsidiary.

(b) **Payments to Officials**. No NINA Company nor, to the Knowledge of NINA Holdings, any other NINA Entity or STPNOC, has engaged in, or used any funds, directly or indirectly, for any illegal payments or activities under the laws of the United States of America or the State of Texas or of any other jurisdiction in connection with the Project, and no payment made by any NINA Company nor, to the Knowledge of NINA Holdings, any other NINA Entity or STPNOC, to any Person in connection with the Project has been used for any unlawful purpose, including any form of commercial bribe, kickback or influence payment. Without limiting the generality of the foregoing, neither any NINA Company nor, to the Knowledge of NINA Holdings, any other NINA Entity or STPNOC, has, directly or indirectly, given, paid, offered, promised, or authorized the giving of payment of, any money or any thing of value to any officer or employee of any Governmental Entity, to any Person acting in an official capacity for or on behalf of any Governmental Entity, to any political party official, or to any candidate for political office, for the purpose of influencing any act or decision in connection with the Project.

5.18 **Power Purchase Arrangements**. Schedule 5.18 contains a true and complete list as of the Agreement Date of all power purchase agreements or similar Contracts for the disposition of the electrical capacity, electrical energy, or other products generated by or associated with the generating capacity or output of each Unit (collectively, "Power Purchase Agreement"), and all draft power purchase agreements, term sheets, letters of intent, memoranda of understanding, or similar documents setting forth agreed or proposed power purchase, power sales, or similar arrangements that would, if fully negotiated and entered into, constitute Power Purchase Agreements ("Draft PPAs"). True, correct, and complete copies of each such Power Purchase Agreement and the latest version of each Draft PPA has been made available to Investor, prior to the Agreement Date (and will have been made available to Investor, prior to the Initial Closing Date), as such may exist or be in effect as of such respective dates.

5.19 **DOE Loan Guarantee Application** . NINA Holdings has made available to Investor, prior to the Agreement Date (and will have made available to Investor, prior to the Initial Closing Date), a true, correct, and complete copy of the DOE Loan Guarantee Application

and all material submissions and correspondence between any NINA Entity and the DOE in connection therewith, as such may exist or be in effect as of such respective dates. Such application is pending before the DOE, and no NINA Entity has received any written communication from DOE or the United States Government indicating that such application is not likely to be granted, nor does any NINA Entity have any reason to believe as of the Agreement Date that such application should not be expected to be granted.

5.20 **Regulatory Status**.

(a) **Energy Regulatory Status**. None of the NINA Companies (i) has filed a rate, or been granted authority under, Section 205 of the Federal Power Act, to make wholesale sales or to transmit electric energy at wholesale, including having applied for or been granted market based rate authority under Section 205 of the Federal Power Act, or (ii) is subject to regulation by the PUCT under the Texas Utilities Code. No Assets owned or controlled by the NINA Companies has (x) generated electric energy or been used to generate electric energy or (y) other than for distribution of purchased construction power, transmitted or been used to transmit electric energy.

(b) **COL Application**. NINA Holdings has made available to Investor, prior to the Agreement Date (and will have made available to Investor, prior to the Initial Closing Date), a true, correct, and complete copy of the COL Application and all material submissions and correspondence between any NINA Entity (or STPNOC) and the NRC in connection therewith, including the Draft EIS, as such may exist or be in effect as of such respective dates. Such application is pending before the NRC, and neither any NINA Entity nor STPNOC has received any written communication from the NRC or the United States Government indicating that such application is not likely to be granted, nor does any NINA Entity or STPNOC have any reason to believe as of the Agreement Date that such application should not be expected to be granted.

5.21 **CPS Settlement**. NINA Holdings has made available to Investor, prior to the Agreement Date, a true, correct, and complete copy of the CPS Settlement Documents. The CPS Settlement Documents listed on Schedule 5.21 constitute all of the legally effective Contracts or other instruments executed or delivered by the parties to the CPS Settlement or their respective Affiliates, or any of their respective Representatives in connection with the CPS Settlement.

5.22 **Exclusivity of Representations**. The representations and warranties made by NINA Holdings in this Article V or in the certificates to be delivered at the Initial Closing pursuant to Section 2.5(a) are the exclusive representations and warranties made by NINA Holdings with respect to NINA Holdings and the NINA Subsidiaries. NINA Holdings hereby disclaims any other express or implied representations or warranties with respect to itself or any of its Subsidiaries. Except as expressly set forth herein, the condition of the tangible assets of NINA Holdings or any of the NINA Subsidiaries shall be "as is" and "where is" and NINA Holdings makes no warranty of merchantability, suitability, fitness for a particular purpose or quality with respect to any of the tangible assets of NINA Holdings or as to the condition or workmanship thereof or the absence of any defects therein, whether latent or patent.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF INVESTOR

Investor hereby makes the following representations and warranties to NINA:

6.1 **Corporate Status of Investor**. Investor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, with the requisite company power to own, operate and lease its properties and to carry on its business as now being conducted.

6.2 **Authority for Agreement; Non-Contravention**.

(a) **Authority**. Investor has the requisite power and authority to enter into this Agreement and to consummate the Transactions. The execution and delivery of this Agreement and the consummation of the Transactions have been duly and validly authorized by all necessary company action and no other corporate or member proceedings or actions (or their equivalents) are necessary on the part of Investor to authorize and consummate this Agreement and the Transactions. This Agreement has been duly executed and delivered by Investor, and constitutes the legal, valid and binding obligations of Investor, enforceable against Investor in accordance with their respective terms, subject to the qualifications that enforcement of the rights and remedies created hereby are subject to Equitable Qualifications.

(b) **No Conflict**. Neither the execution and delivery by Investor of this Agreement nor the performance by Investor of its obligations hereunder, nor the consummation by Investor of the Transactions will (i) violate any provision of the Charter Documents of Investor, (ii) conflict with, or result in a breach of any term, covenant, condition or provision of, or constitute a default (with or without notice or lapse of time or both) under, or result a penalty or in the creation or imposition of any Lien (other than a Permitted Lien) upon any material Assets of Investor pursuant to, or give rise to any right of termination, cancellation or acceleration under, the terms of any material Contract to which Investor is a party or by which Investor or any of its material Assets are bound, which would reasonably be expected to adversely affect Investor's ability to carry out its obligations under this Agreement, (iii) conflict with or result in a material violation or breach of any term or provision of any Laws applicable to Investor or any of its respective material Assets, or (iv) require the consent or approval of, filing with, or notice to any Person which, if not obtained, would prevent Investor from performing its obligations under this Agreement.

(c) **Approvals for Transaction**. Except as set forth on Schedule 6.2(c), no Governmental Approval and no consent, approval, authorization or permit of, or filing with or notice to, any Person is required in connection with the execution and delivery of this Agreement by Investor or for or in connection with the consummation of the Transactions and the performance of the terms and conditions contemplated by this Agreement by Investor.

6.3 **Litigation and Audits**. In each case as it relates to the Transactions, and except as it would not reasonably be expected to result in a material adverse effect on Investor's ability to perform its obligations hereunder, (i) there is no investigation by any Governmental Entity with respect to Investor that is pending or, to the Knowledge of Investor, threatened, nor

has any Governmental Entity indicated to Investor an intention to conduct the same; (ii) there is no Action pending or, to the Knowledge of Investor, threatened against or involving Investor or any of its material Assets, at law or in equity, before any arbitrator or Governmental Entity; and (iii) there are no Orders outstanding against Investor.

6.4 **Broker's or Finder's Fees**. Investor has neither retained, nor otherwise has any Liability to, any broker, finder, financial advisor or intermediary in connection with the Transactions that would obligate any NINA Company to incur any Liability as a result of retaining such broker, finder, financial advisor or intermediary.

6.5 **Investment Intent**.

(a) **Investment Purposes**. Investor is buying the Investor Interests for its own account, for investment purposes only and not with a view toward, or for sale in connection with, any distribution thereof, nor with any present intention of distributing or selling the Investor Interests, in violation of the federal securities Laws or any applicable foreign or state securities Law.

(b) **Accredited Investor**. Investor qualifies as an "accredited investor", as such term is defined in Rule 501(a) promulgated pursuant to the Securities Act.

(c) **Experience**. Investor understands that the acquisition of the Investor Interests to be issued to it pursuant to the terms of this Agreement involves substantial risk. Investor and its officers have experience as an investor in securities and equity interests of companies such as the ones being issued pursuant to this Agreement, and Investor can bear the economic risk of its investment (which may be for an indefinite period) and has such knowledge and experience in financial or business matters that Investor is capable of evaluating the merits and risks of its investment in the Investor Interests to be acquired by it pursuant to the Transactions.

(d) **Registration of Securities**. Investor understands that the Investor Interests to be acquired by it pursuant to this Agreement have not been registered under the Securities Act. Investor acknowledges that such securities may not be transferred, sold, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act and any other provision of applicable state securities Laws or pursuant to an applicable exemption therefrom. Investor acknowledges that there is no public market for the Investor Interests and that there can be no assurance that a public market will develop.

6.6 **Exclusivity of Representations**(a) . The representations and warranties made by Investor in this Article VI or in the certificates to be delivered at the Initial Closing pursuant to Section 2.5(b) are the exclusive representations and warranties made by Investor. Investor hereby disclaims any other express or implied representations or warranties.

ARTICLE VII

COVENANTS

7.1 **Expenses**. Whether or not the Transactions are consummated, and except as otherwise provided in any other provision herein or in the Related Agreements, all costs and

expenses (including attorneys' and consultants' fees, costs and expenses) incurred in connection herewith, with the Transactions or with the Related Agreements shall be paid by the Party incurring such expenses.

7.2 **Interim Period Access of Investor**. Until the Initial Closing Date, the NINA Parties shall provide Investor and its Representatives reasonable access, upon reasonable prior notice and during normal business hours, to the offices and Assets of the NINA Companies, and to the Representatives of the NINA Companies and shall consult with Investor in connection with Contracts of the type described in Section 5.15 that may be entered into prior to the Initial Closing (it being understood that the failure to consult shall not constitute a breach of this Section 7.2), but in each case only to the extent that such access or consultation does not unreasonably interfere with the business or operations of the NINA Companies and that such access is reasonably related to Investor's rights and obligations hereunder; provided, that the NINA Parties shall have the right to impose reasonable restrictions and requirements for safety and confidentiality purposes. Investor shall be entitled, at its sole cost and expense, to conduct physical inspections of the Assets of the NINA Subsidiaries. Investor shall provide the NINA Parties with not less than three (3) Business Days' prior written notice of the date and time on which any entry upon the property of the NINA Companies shall occur.

7.3 **Event Notices**. Until the Initial Closing, each Party will promptly notify the other Parties of the occurrence or nonoccurrence of any event, the occurrence or nonoccurrence of which would be likely to cause any condition to the obligations of the other Parties to effect the transactions contemplated by this Agreement not to be satisfied. No delivery of any notice pursuant to this Section 7.3 will cure any breach of any representation or warranty, covenant, condition or agreement of such Party contained in this Agreement or otherwise limit or affect any of the rights or remedies available hereunder to the Parties receiving such notice.

7.4 **Public Announcements**. No Party to this Agreement shall issue any press release or make any public announcement relating to the terms or existence of this Agreement prior to the Initial Closing Date without the prior approval of the other Parties (which approval shall not be unreasonably withheld); provided, that any Party to this Agreement may make any public disclosure that, in the opinion of counsel, is required by applicable Law or any listing agreement concerning its publicly-traded securities (in which case the disclosing Party, to the extent legally permissible and reasonably practicable, shall advise the other Parties prior to making the disclosure).

7.5 **Commercially Reasonable Efforts; Further Assurances; Regulatory Approvals** .

(a) Subject to this Section 7.5, each of the Parties agrees to use commercially reasonable efforts to consummate and make effective, as soon as reasonably practicable, the Initial Transactions. Each Party shall use commercially reasonable efforts to cause each of the conditions precedent in Section 3.1, NINA Holdings shall use commercially reasonable efforts to cause each of the conditions precedent in Section 3.2, and Investor shall use commercially reasonable efforts to cause each of the conditions precedent in Section 3.3, to occur as soon as practicable after the Agreement Date, and prior to the Outside Initial Closing Date, in each case taking into account the degree of control of such Party over such conditions precedent. In so doing, Investor and NINA Holdings shall exert their commercially reasonable efforts to obtain

the consents, authorizations and approvals of all private parties and all Governmental Approvals necessary to effectuate the Transactions or required to be obtained by this Agreement or the Related Agreements, including all necessary filings with any Governmental Entity, if any, Investor and NINA Holdings shall cooperate in good faith to obtain the Governmental Approvals and other consents, approvals, authorizations, permits, filings and notifications set forth on Schedules 4.2(c), 5.2(c), and 6.2(c), if any, or as may be required to effectuate the Option Closing, if any; provided, that in no event shall such cooperation require any Party to expend any funds, agree to alter, supplement or amend any of the terms of this Agreement or the Related Agreements, or agree to any additional conditions or obligations.

(b) All appearances, presentations, briefs, applications, filings, notices, petitions and proposals made or submitted by or on behalf of any Party before any Governmental Entity, if any, in connection with the approval of this Agreement, the Related Agreements or the Transactions shall be subject to the joint approval or disapproval in advance and the joint control of the Parties, acting with the advice of their respective counsel, and the NINA Parties, on the one hand, and Investor, on the other hand, will consult and fully cooperate with each other, and consider in good faith the views of each other, in connection with any such appearance, presentation, brief, or proposal; provided, that nothing will prevent a Party from responding to a subpoena or other legal process as required by law or submitting factual information in response to a request therefor. To the extent permitted by applicable Law, each Party will promptly provide the other with copies of all material written communications from Governmental Entities relating to the Transactions.

(c) Investor shall use its commercially reasonably efforts to support and assist NINA Holdings and NINA Investments in NINA Investments' efforts to obtain a conditional financing commitment from the Japan Bank for International Cooperation (" JBIC") and buyer's credit insurance from Nippon Export & Investment Insurance ("NEXI"), including by making a request to JBIC and NEXI to commence as soon as practicable its due diligence process with respect to NINA Holdings; provided, that in no event shall such commercially reasonable efforts require Investor or any Affiliate of Investor to expend any funds, agree to alter, supplement or amend any of the terms of this Agreement or the Related Agreements, or agree to any additional conditions or obligations. The Parties acknowledge and agree that JBIC and NEXI are separate entities that are not controlled by Investor, and there can be no guaranty that such efforts by Investor will result in such a conditional commitment or a financing by JBIC, or such credit insurance from NEXI, on terms or conditions or at a time satisfactory to the Parties or NINA Investments or otherwise, and Investor shall have no liability hereunder if such commitment, financing, or credit insurance is not timely provided by JBIC or NEXI on satisfactory terms and conditions or otherwise is not provided.

(d) At any time and from time to time, to the extent reasonably requested by a Party, each Party agrees, subject to the terms and conditions of this Agreement, to take such commercially reasonable actions and to execute and deliver such documents as may be necessary to effectuate the purposes of this Agreement and the Related Agreements at the earliest practicable time, including such actions and the execution and delivery of such documents after the Initial Closing as may be necessary or appropriate to transfer more effectively, assign,convey, grant, deliver and confirm to Investor or to perfect or record Investor's title to or interest in the Initial Investor Interests and the Additional Investor Interests.

7.6 **Conduct of Business Until Initial Closing Date**. Until the Initial Closing Date, NINA Holdings shall, and shall cause each NINA Subsidiary to, unless otherwise expressly permitted by this Agreement or consented to in writing by Investor (which consent will not be unreasonably withheld) or as set forth on Schedule 7.6, carry on the business of each NINA Subsidiary only in the ordinary course consistent with past practice, use its commercially reasonable efforts to preserve intact each NINA Subsidiary's business organization and material Assets (including maintaining rights and franchises, retaining the services of managers, executives, consultants, officers, directors, and agents, and keeping in full force and effect liability insurance and bonds comparable in amount and scope of coverage to that currently maintained). Without limiting the generality of the foregoing and in addition to the other obligations set forth in this Agreement, except as expressly permitted by this Agreement or consented to in writing by Investor (which consent will not be unreasonably withheld) or as set forth in Schedule 7.6, NINA Holdings shall not, and shall take all necessary actions to ensure that, until the Initial Closing Date, no NINA Subsidiary shall:

(a) incur any Indebtedness in excess of ** (but not including (i) requirements for parent support of project companies that are customary in limited recourse project financings or (ii) any borrowings under the Toshiba Credit Agreement) or enter into any swap or other derivative transaction, in each case, other than in the ordinary course of business or as set forth in the Business Plan;

(b) make or declare dividends or distributions to the members of NINA Holdings other than distributions as may be permitted under the Operating Agreement and the Toshiba Credit Agreement, except as provided in the Business Plan;

(c) create a new security interest over all or substantially all of the assets of any NINA Subsidiary, except as provided in the Business Plan;

(d) approve a lease, acquisition or disposition of assets, or investment (including the acquisition of any material equity interest in another entity) in excess of one percent (1%) of the annual budget for the applicable year, except as provided in the Business Plan;

(e) approve a merger, acquisition, corporate split or any other similar transaction of any NINA Subsidiary with or into another Person or any sale of all or substantially all of the assets of any NINA Subsidiary or the conversion of any NINA Subsidiary from a limited liability company to any other business entity;

(f) approve any changes to the tax status of any NINA Subsidiary as a disregarded entity for U.S. federal income tax purposes;

** This portion has been redacted pursuant to a confidential treatment request.

(g) commence any material litigation involving any NINA Subsidiary or settle any litigation involving any NINA Subsidiary for cash in excess of **;

(h) form any new Subsidiary;

(i) directly or indirectly, including through its Subsidiaries, carry on any business other than the business as may be permitted under the Operating Agreement, or acquire or agree to acquire, by merging or consolidating with, by purchasing an equity interest in or a material portion of the assets of, or by any other manner, any business or any Person;

(j) approve any Business Plan or Multi-Year Budget (as defined in the Operating Agreement) or any increase in costs identified in the Business Plan or such Multi-Year Budget that amount to variations in the Business Plan or such Multi-Year Budget in excess of **;

(k) make a charitable donation to any Person in excess of one hundred thousand dollars ($100,000) except as set forth in the Business Plan;

(l) make any material modification to the financial or tax accounting methods, practices, policies and procedures adopted by any NINA Subsidiary, including any change to its annual accounting or period, except as may be required by a change in GAAP or applicable Law;

(m) incur any Indebtedness from any member of such NINA Subsidiary or any Affiliate of such member (other than intercompany Indebtedness among the NINA Subsidiaries);

(n) conduct an initial public offering of the equity interests any NINA Subsidiary or any successor entity to such Person (including by conversion);

(o) issue, sell, grant, repurchase or redeem any membership units or any securities or rights convertible into, exchangeable or exercisable for any membership units (except in accordance with capital calls);

(p) enter into any Contract with an Affiliate, including for any acquisition by any NINA Subsidiary of another entity or any equity interest in another entity that is an Affiliate of any member of NINA Holdings, that is not either (i) expressly permitted by this Agreement or (ii) on terms and conditions no less favorable to such NINA Subsidiary than those that would be applicable in comparable transactions between independent parties acting at arm's length, or amend any such Contract in a manner that is not consistent with arm's length terms; provided, that this Section 7.6(p) shall not apply to any Contract with an Affiliate of NINA or Investor that becomes a subcontractor to TANE under the EPC Contract so long as (x) such Affiliate becomes a subcontractor pursuant to a transparent and competitive bidding process under the EPC Contract, and (y) there is full disclosure of any Affiliate relationship among the parties;

** This portion has been redacted pursuant to a confidential treatment request.

(q) liquidate or dissolve, except following the sale of all or substantially all of such Person's assets, or wind up, liquidate, dissolve or cancel any material project or material line of business;

(r) institute or cause to be instituted any proceeding for a voluntary bankruptcy or approve any such proceeding by any third party;

(s) other than in connection with routine waivers or change orders, engage, amend, modify in any material respect, or terminate any Major Contract other than the EPC Contract and other than in the ordinary course of business consistent with past practice or as provided in the Business Plan;

(t) propose or adopt any amendments to any of its Charter Documents (other than as expressly contemplated by this Agreement or the Operating Agreement); or

(u) authorize, commit, or agree to do any of the foregoing.

7.7 **Pledge of Interests**. If, at the time of the Initial Closing or the Option Closing, the Toshiba Credit Agreement has not been terminated, Investor shall, promptly upon its receipt of the Initial Investor Interests or the Additional Investor Interest, as applicable, pledge such interests, and any other membership interest in NINA Holdings acquired by TEPCO or any of its Affiliates, to TANE in accordance with the Toshiba Credit Agreement and the other Loan Documents (as defined in the Toshiba Credit Agreement). In connection with such pledges, Investor shall execute and deliver to TANE the documents described in the Toshiba Credit Agreement and the other Loan Documents (as defined in the Toshiba Credit Agreement) and such other documents as may be customary in such transactions and as reasonably may be requested by TANE.

NINA Intellectual Property. The Parties acknowledges that the Intellectual Property described on Schedule 5.14(b) is not Intellectual Property related to the Project.

ARTICLE VIII

THE OPTION

8.1 **The Option**. In consideration for the payment of the Option Premium, effective as of the Initial Closing, NINA Holdings hereby irrevocably grants and conveys to Investor, as of the Initial Closing Date, the exclusive option to acquire, at Investor's sole discretion, a ten percent (10%) limited liability company interest in NINA Holdings, free and clear of all Liens (other than Liens created by Investor, Liens under the Operating Agreement, and Liens arising under the Toshiba Credit Agreement, as applicable) (the "Additional Investor Interest") in accordance with the other provisions of this Article VIII (collectively, the "Option").

8.2 **Exercise Period**. The Option shall be exercisable by Investor during the period beginning on the Initial Closing Date, if it occurs, and continuing through and including the first anniversary of the Agreement Date (the " Option Expiration Date").

8.3 **Exercise Notice**.

(a) The Option may be exercised by Investor by delivery of a notice (the " Exercise Notice") from Investor to NINA Holdings on or prior to the Option Expiration Date and the contemporaneous delivery by TEPCO to NINA Holdings of a duly executed TEPCO Option Guaranty. Upon delivery of the Exercise Notice and such TEPCO Option Guaranty, each Party shall use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to effect the Option Closing as soon as practicable after the date of the Exercise Notice.

(b) Once delivered, the Exercise Notice shall be irrevocable; provided, that Investor may revoke its Exercise Notice at any time prior to the Option Closing if any Governmental Approval required under Law for the Option Transactions is not obtained, despite the cooperation of the Parties as contemplated by Section 7.5, prior to the Option Closing Date (as such date may be extended pursuant to Section 8.6).

8.4 **Additional Investment**. Upon the terms and subject to the conditions set forth in this Agreement, at the Option Closing, the Parties agree that the following transactions shall occur:

(a) Investor shall contribute to NINA Holdings, the sum equal to (i) One Hundred Twenty-Five Million Dollars ($125,000,000) (the " Exercise Price"), plus (ii) an amount (the "Catch-Up Contributions") equal to ten percent (10%) of the aggregate amount of all of the cash contributions made to NINA Holdings by its members with respect to Capital Calls (as defined in the Operating Agreement) issued by NINA Holdings after the Initial Closing pursuant to Section 6.2 of the Operating Agreement.

(b) In consideration of the payment of the Exercise Price, NINA Holdings shall issue to Investor the Additional Investor Interest of NINA Holdings, free and clear of all Liens (other than Liens created by Investor, Liens under the Operating Agreement, and Liens arising under the Toshiba Credit Agreement, as applicable), pursuant to this Agreement.

8.5 **Option Transactions**.

(a) **Option Closing Payment**. At the Option Closing, upon the terms and subject to the conditions set forth in this Agreement, Investor shall pay to NINA Holdings, by wire transfer of immediately available funds to an account designated in writing by NINA Holdings, an amount (the " Option Closing Payment") equal to the sum of (i) the Exercise Price, plus (ii) the Catch-Up Contributions.

(b) **Membership Certificate and Schedule**. At the Option Closing, NINA Holdings shall deliver to Investor:

(i) a unit certificate representing the Additional Investor Interest, duly executed by an authorized officer or the Managing Member of NINA Holdings, in the form of Exhibit D to the Operating Agreement; and

(ii) an updated Exhibit A to the Operating Agreement reflecting the Additional Investor Interest.

(c) **Use of Proceeds**. The proceeds of the Option Closing Payment shall be held by NINA Holdings and, upon request of NINA Investments, contributed to NINA Investments by NINA Holdings as a contribution to capital or an intercompany loan, and shall be used by NINA Investments and the Project Companies only to pay Development and Construction Costs as set forth in the Business Plan and, for avoidance of doubt, shall not be distributed or paid to NINA or distributed or paid to any NINA Affiliate except, in each case, as expressly set forth in the Business Plan.

8.6 **Option Closing**. Subject to the terms and conditions of this Agreement, the closing of the Option Transactions (the " Option Closing") will take place at 10:00 a.m. local time at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, NY 10036 on the date that is thirty (30) days after the delivery of the Exercise Notice, or such other time or place as the Parties may agree; provided, that any Party may extend such date by notice to the other Parties to the extent additional time is required to obtain Governmental Approvals, or third-party consents, required for the Option Transactions, such extension not to exceed **. The date on which the Option Closing occurs is hereinafter referred to as the " Option Closing Date." All proceedings to be taken and all documents to be executed and delivered by the Parties at the Option Closing shall be deemed to have been taken and executed simultaneously, and no proceedings shall be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered.

ARTICLE IX

TERMINATION

9.1 **Termination Prior to the Initial Closing**. This Agreement may be terminated at any time before the Initial Closing:

(a) by mutual written consent of the Parties;

(b) by Investor upon written notice to the NINA Parties, if Investor is not in material breach of any of its obligations under this Agreement, and if either NINA Party has materially breached any of its representations or warranties contained in this Agreement or failed to perform in any material respect any of its covenants or other obligations contained in this Agreement, which breach or failure to perform would render unsatisfied any condition contained in Section 3.2 and (i) is incapable of being cured, or (ii) if capable of being cured, is not cured prior to the earlier of (A) the Business Day prior to the Outside Initial Closing Date or (B) 5:00 p.m., Eastern prevailing time, on the date that is thirty (30) days after written notice thereof from Investor;

(c) by the NINA Parties upon prior written notice to Investor, if no NINA Party is in material breach of any of its obligations under this Agreement, and if Investor has materially breached any of its representations or warranties contained in this Agreement or failed

** This portion has been redacted pursuant to a confidential treatment request.

to perform in any material respect any of its covenants or other obligations contained in this Agreement, which breach or failure to perform would render unsatisfied any condition contained in Section 3.3 and (i) is incapable of being cured, or (ii) if capable of being cured, is not cured prior to the earlier of (A) the Business Day prior to the Outside Initial Closing Date, or (B) 5:00 p.m., Eastern prevailing time, on the date that is thirty (30) days after written notice thereof from NINA Holdings;

(d) by either the NINA Parties, upon written notice to the Investor, or by Investor upon written notice to the NINA Parties, if the Initial Closing shall not have occurred on or before the Outside Initial Closing Date; provided, that the right to terminate this Agreement under this Section 9.1(d) shall not be available to a Party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Initial Transactions to have been consummated on or before such date; or

(e) by NINA Parties, upon written notice to Investor, or by Investor upon written notice to the NINA Parties, if a court of competent jurisdiction or other Governmental Entity shall have issued an Order, or shall have taken any other action, for which the period for appeal or rehearing shall have run without any appeal or request for rehearing having been made and which has the effect of restraining, enjoining or otherwise prohibiting any of the Transactions.

9.2 **Termination After Initial Closing**. This Agreement may be terminated after the Initial Closing only by mutual written consent of the Parties.

9.3 **Effect of Termination**. In the event of termination of this Agreement in accordance with Section 9.1 or Section 9.2, this Agreement shall forthwith become of no further force or effect and there shall be no liability or obligation hereunder on the part of any Party or any of their respective Affiliates or Representatives; provided, that nothing in this Article IX shall relieve any Person from liability for (a) any breach of this Agreement or any Related Agreement prior to the effective date of such termination, (b) any breach of any obligation hereof or thereof which survives such termination, or (c) fraud. The provisions of Section 7.1, Section 7.4, and Article I, Article X, and Article XI, shall remain in full force and effect and survive any termination of this Agreement.

ARTICLE X

INDEMNIFICATION

10.1 **Survival**.

(a) All of the representations and warranties of the Parties shall survive the Initial Closing and the Option Closing, if any, shall continue in force and effect until and including the date that is ** after the Initial Closing Date, at which time they shall expire, except with respect to (a) the representations and warranties contained in Section 5.11, which shall survive until ** after the applicable statute of limitations expires (taking into account any

** This portion has been redacted pursuant to a confidential treatment request.

extensions or waivers thereof), and (b) the representations and warranties contained in Section 4.1(a), Section 4.1(c), Section 4.2, Section 5.1(a), Section 5.1(d), Section 5.2, Section 5.3(a), Section 5.3(b), Section 5.3(c), Section 5.3(d), Section 5.6, Section 6.1, Section 6.2, and Section 6.4, all of which shall survive until **. Upon the expiration of the survival period applicable to a representation or warranty, such representation or warranty shall terminate and have no further force and effect; provided, that any representation or warranty that is the subject of a Claim asserted in writing prior to the expiration of the applicable period set forth above shall survive solely with respect to such Claim until the final resolution thereof.

(b) Each of the covenants and agreements of the Parties contained in this Agreement shall survive in accordance with its terms; provided, that if the Initial Closing occurs, NINA Holdings' liability for breach, prior to the Initial Closing Date, of its obligations under Section 7.6 with respect to the period between the Agreement Date and the Initial Closing Date, if any, shall expire on the date that is ** after the Initial Closing Date, provided, that any covenant or agreement that is the subject of a Claim asserted in writing prior to the expiration of the applicable period set forth above shall survive solely with respect to such Claim until the final resolution thereof.

10.2 **Indemnification Obligations — NINA.**

Subject to the terms and conditions of this Article X, from and after the Initial Closing, NINA shall indemnify and hold harmless Investor and its Subsidiaries, officers and directors, agents and Affiliates (individually and collectively, the "TEPCO Group") against all Losses resulting from, imposed upon or incurred by any member of the TEPCO Group directly or indirectly arising out of any of the following:

(a) any failure of any of the representations or warranties of NINA contained in Article IV or NINA Holdings contained in Article V to be true and correct at and as of the Agreement Date and the Initial Closing Date, or of any of the representations or warranties of either NINA Party contained in any certificate delivered to Investor at the Initial Closing pursuant to Section 2.5(a), except for such representations and warranties that are made at and as of an earlier date, in which case at and as of such earlier date;

(b) any breach of any of the covenants, obligations or agreements of NINA Holdings contained in Section 7.6; or

(c) any breach of any of the covenants, obligations or agreements of either NINA Party contained in this Agreement (other than Section 7.6).

NINA hereby fully and forever waives and relinquishes any right it may have (i) to be subrogated to the rights of Investor against NINA Holdings in respect of any amounts paid or obligation performed by NINA pursuant to this Article X, and (ii) against NINA Holdings for reimbursement, indemnity, contribution, or any similar legal or equitable right with respect to

** This portion has been redacted pursuant to a confidential treatment request.

any such amount or obligation. The indemnification obligations of NINA under this Article X are primary obligations of NINA, and not those of a guarantor or surety, and are absolute and independent of those of NINA Holdings, and Investor may maintain a separate action or actions against NINA to enforce its indemnification obligation under this Article X. NINA expressly waives (i) diligence, presentment, and protest, (ii) notice of acceptance of this indemnity by Investor, (iii) demand for payment of any of such obligations, and (iv) any claim or defense that Investor shall have impaired any right of NINA against NINA Holdings, any other guarantor of any such obligations, or any other Person, by way of reimbursement, subrogation or otherwise. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Indemnitor hereunder: (a) any dissolution of either of the NINA Parties, or the combination or consolidation of either of the NINA Parties into or with another entity or any transfer or disposition of any assets of either of the NINA Parties, (b) any bankruptcy, insolvency, reorganization, dissolution, liquidation or other similar proceeding relating to either of the NINA Parties; (c) either of the NINA Parties ceasing to be a person or entity controlled by, controlling or under common control with NRG, (d) the absence of any notice to, or knowledge by, NINA of the existence or occurrence of any of the matters set forth in the foregoing clauses, or (e) any other circumstance whatsoever that might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor.

10.3 **Indemnification Obligations — Investor** .

Subject to the terms and conditions of this Article X, from and after the Initial Closing Investor shall indemnify and hold harmless NINA, NINA Holdings and their respective Subsidiaries, officers and directors, agents and Affiliates (individually and collectively, the " NINA Group"; provided, in no event shall any member of the TEPCO Group be deemed a member of the NINA Group) against all Losses resulting from, imposed upon or incurred by any member of the NINA Group directly or indirectly arising out of any of the following:

(a) any failure of any of Investor's representations or warranties contained in Article VI of this Agreement to be true and correct at and as of the Agreement Date and the Initial Closing Date, or of any of the representations or warranties of Investor contained in any certificate delivered to NINA Holdings at the Initial Closing pursuant to Section 2.5(b), except for such representations and warranties that are made at and as of an earlier date, in which case at and as of such earlier date; or

(b) any breach of any of Investor's covenants, obligations or agreements contained in this Agreement.

10.4 **Limitations on Indemnification Obligations; Liability Cap** .

(a) **By NINA**. Except as set forth below, NINA shall not be required to indemnify any member of the TEPCO Group with respect to any claim for indemnification resulting from or arising out of matters described in Section 10.2(a) or Section 10.2(b) except to the extent that (i) any such claim is in an amount in excess of ** (the "De Minimis Amount"),

** This portion has been redacted pursuant to a confidential treatment request.

and (ii) the aggregate amount of all claims by members of the TEPCO Group in excess of the De Minimis Amount exceeds ** (the "Indemnity Threshold"), and then the TEPCO Group will be entitled to recover all Losses except for Losses from claims that may not be asserted under Section 10.4(a)(i); provided, that NINA's aggregate liability under Section 10.2(a) and Section 10.2(b) shall not exceed (x) if the Option Closing does not occur, other than as a result of a breach of NINA Holdings' obligation to consummate the Option Closing under Section 8.6 (a "Holdings Closing Breach"), **, or (y) if the Option Closing occurs, or if the Option Closing does not occur as a result of a Holdings Closing Breach, ** (the "Indemnity Cap"); provided, further, that NINA's liability under Section 10.2(a) for breaches of representations and warranties contained in Section 4.1(a), Section 4.1(c), Section 4.2, Section 5.1(a), Section 5.1(d), Section 5.2, Section 5.3(a), Section 5.3(b), Section 5.3(c), Section 5.3(d), Section 5.6 or Section 5.11 shall not be subject to any of the foregoing limitations and shall not count toward any such limitations. For the avoidance of doubt, any claims by the TEPCO Group for Losses arising from the matters specified in Section 10.2(c) shall not be subject to any of the limitations set forth in the preceding sentence. Notwithstanding anything herein to the contrary, NINA's aggregate liability under this Agreement shall not exceed the Investor Aggregate Investment Amount.

(b) **By Investor**. Except as set forth below, Investor shall not be required to indemnify any member of the NINA Group with respect to any claim for indemnification resulting from or arising out of matters described in Section 10.3(a) except to the extent that (i) any such claim is in an amount in excess of the De Minimis Amount, and (ii) the aggregate amount of all claims by members of the NINA Group in excess of the De Minimis Amount exceeds the Indemnity Threshold, and then the NINA Group will be entitled to recover all Losses except for Losses from claims that may not be asserted under Section 10.4(b)(i); provided, that Investor's maximum aggregate liability under Section 10.3(a) shall not exceed the Indemnity Cap; provided, further, that Investor's liability under Section 10.3(a) for breaches of representations and warranties contained in Section 6.1, Section 6.2 or Section 6.4 shall not be subject to or count toward the De Minimis Amount or the Indemnity Threshold. For the avoidance of doubt, any claims by the NINA Group for Losses arising from the matters specified in Section 10.3(b) shall not be subject to any of the limitations set forth in the preceding sentence. Notwithstanding anything herein to the contrary, Investor's aggregate liability under this Agreement shall not exceed the Investor Aggregate Investment Amount.

(c) **No Consequential or Punitive Damages**. Notwithstanding any other provision of this Agreement, neither NINA nor Investor shall by way of indemnification for Losses or otherwise be liable to any of the TEPCO Group or the NINA Group, respectively, for any consequential, exemplary, special, incidental or punitive damages claimed by any of such TEPCO Group or NINA Group (as applicable) under the terms of or due to any breach of this Agreement, including, but not limited to, loss of revenue, income, or profits, cost of capital, or loss of business reputation or opportunity, except that this limitation shall not apply to any Third-Party Claims for consequential, exemplary, special, incidental or punitive damages.

** This portion has been redacted pursuant to a confidential treatment request.

(d) **Losses Net of Insurance**. The amount of any Loss for which indemnification is provided under Section 10.2 or Section 10.3 shall be net of (i) any amounts recovered by the Indemnitee pursuant to any indemnification by or indemnification agreement with any other Person, and (ii) any insurance proceeds or other cash receipts or sources of reimbursement received by the Indemnitee as an offset against such Loss (each source of recovery referred to in clauses (i) and (ii), a "Collateral Source"). If the amount to be netted hereunder in connection with a Collateral Source from any payment required under Section 10.2 or Section 10.3 is received after payment by the Indemnitee of any amount otherwise required to be paid to an Indemnitee pursuant to this Article X, the Indemnitee shall repay to the Indemnitor, promptly after such receipt, any amount that the Indemnitee would not have had to pay pursuant to this Article X had such receipt occurred at the time of such payment.

10.5 **Indemnification Process for Claims**.

(a) **Notice to Collect**. To collect the amount of any claim for which a member of the TEPCO Group or the NINA Group seeks indemnification under this Article X, including indemnification for claims that are brought by third parties against any such Person (a " Claim"), the indemnified Person (the "Indemnitee") shall give the indemnifying Party (the "Indemnitor") notice of such Claim. Such notice shall contain a summary of the basis for the Claim and a reasonable estimate of the amount of Losses suffered or likely to be suffered by the Indemnitee as a consequence thereof. If the Indemnitor does not dispute the basis or amount of any Claim within thirty (30) days of receiving notice thereof, the Indemnitee shall have the right to recover the applicable indemnity amount through a wire transfer of funds to such account as may be designated by such Indemnitee. If any Indemnitor disagrees in good faith with the basis of the Indemnitee's Claim or the amount of Losses suffered by the Indemnitee in connection therewith, then within twenty (20) days of receiving notice thereof, such Indemnitor, as applicable, shall give notice to the Indemnitee of such disagreement.

(b) **Third-Party Claims**. With respect to each third-party Claim for which a member of the NINA Group or the TEPCO Group seeks indemnification under this Article X (collectively, "Third-Party Claims"), the Indemnitee shall give written notice to the Indemnitor of the Third-Party Claim within thirty (30) days of the first receipt by the Indemnitee of notice of such Third-Party Claim; provided, that failure to give such notice promptly to the Indemnitor shall not relieve or limit the obligations of the Indemnitor except to the extent that the Indemnitor shall have been materially prejudiced by such failure to give such notice, in which case the Indemnitor shall be relieved of its obligations under this Article X to the extent of such material prejudice. The Indemnitor shall have the right to assume the defense of any such Third-Party Claim at its own cost and expense; provided, that counsel for the Indemnitor conducting the defense of such Third-Party Claim shall be subject to the approval of Indemnitee (whose approval shall not be unreasonably withheld). If the Indemnitor chooses to defend or prosecute a Third-Party Claim, the Indemnitee shall cooperate in the defense or prosecution thereof, which cooperation shall include, to the extent reasonably requested by the Indemnitor and at the cost of the Indemnitor, (i) the retention, and the provision to the Indemnitor, of records and information reasonably relevant to such Third-Party Claim, and (ii) making directors, officers, managers, executives, employees, consultants and agents of the Indemnitee and its Affiliates available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder. The Indemnitee may participate in, but not control, such defense at its own

expense; provided, that the Indemnitor shall pay such expense if the Indemnitee shall have reasonably concluded that there is a substantial probability of a conflict between the positions of the Indemnitor and the Indemnitee in conducting the defense of any such Third-Party Claim or that there may be legal defenses available to the Indemnitee that are different from or additional to those available to the Indemnitor. No Indemnitee shall settle any Third-Party Claim without the consent of the Indemnitor, which consent shall not be unreasonably withheld or delayed. If the Indemnitor wishes to enter into a settlement with respect to a Third-Party Claim, the Indemnitee shall cooperate in such settlement; provided, that such settlement (x) does not provide for injunctive relief or similar equitable remedies against the Indemnitee, and (y) includes, as an unconditional term thereof, the giving by the third party to the Indemnitee of a release from all liability in respect of such Third-Party Claim. If the Indemnitor elects not to control or conduct the defense or prosecution of a Third-Party Claim, the Indemnitor nevertheless shall have the right to participate in the defense or prosecution of any Third-Party Claim and, at its own expense, to employ counsel of its own choosing for such purpose.

10.6 **Specific Performance**. In addition to any other remedies which the Parties may have at law or in equity, the Parties hereby acknowledge that the transactions contemplated under this Agreement are unique, and that the harm to Investor on the one hand, or the NINA Parties, on the other hand, resulting from breaches by the NINA Parties or Investor, respectively, of their obligations cannot be adequately compensated by damages. Accordingly, the Parties agree that Investor and the NINA Parties shall have the right to have all obligations, undertakings, agreements, covenants and other provisions of this Agreement specifically performed by the NINA Parties, on the one hand, or by Investor, on the other hand, as the case may be, and that Investor or the NINA Parties, as the case may be, shall have the right to obtain an order or decree of such specific performance in any of the courts of the United States of America or any state or other political subdivision thereof; provided, that neither the NINA Parties, on the one hand, nor Investor, on the other hand, shall be required to post any guaranty, letter of credit, bond or other security to obtain an order or decree of such specific performance.

10.7 **Exclusive Remedy**. Notwithstanding any other provision of this Agreement to the contrary or any remedies that might otherwise be available under Law (other than claims based on fraud) the remedies set forth in this Article X shall constitute the sole and exclusive remedies of the Parties after the Initial Closing for any claims arising under this Agreement or the certificates to be delivered at the Initial Closing (i) for breach of the representations and warranties set forth herein or therein, or (ii) for breach prior to the Initial Closing of the covenants set forth in Section 7.6.

10.8 **No Recourse**. No Person other than the Parties shall be liable for the payment of any amount due hereunder or for the performance of any other obligation (including the breach of any representation or warranty or any indemnification obligation) hereunder, and the sole recourse of (i) the NINA Parties for satisfaction of such obligations of Investor shall be against Investor and its assets and not against any other Person, and (ii) of Investor for the satisfaction of such obligations of the NINA Parties shall be against the NINA Party undertaking such obligation and its assets and not against any other Person; provided, that nothing in this Section 10.8 shall limit or otherwise prejudice in any way the right of any Party to proceed against any Person with respect to the enforcement of such Person's obligations (or the enforcement of such Party's rights) under any other agreement to which it is a party, including any Related Agreement.

10.9 **Adjustments to Initial Investment Amount**. The Parties hereby agree that any and all indemnity payments made pursuant to this Article X shall, to the maximum extent permitted by applicable Law, be treated for all Tax purposes as an adjustment to the Initial Investment Amount.

ARTICLE XI

MISCELLANEOUS

11.1 **Amendments and Supplements**. This Agreement may be amended or supplemented only by an instrument in writing signed by each Party.

11.2 **Waiver**. The terms and conditions of this Agreement may be waived only by a written instrument signed by the Party waiving compliance. The failure of any Party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of or non-compliance with this Agreement shall be held to be a waiver of any other or subsequent breach or non-compliance. Except as otherwise expressly provided in this Agreement, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or in equity.

11.3 **Governing Law**. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York, without regard to its principles of conflicts of laws other than Section 5-1401 of the New York General Obligations Law.

11.4 Resolution of Disputes.

(a) **Disputes**. Any and all claims, counterclaims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, or to the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship among the Parties created by this Agreement (whether extra-contractual in nature, sounding in contract, tort or otherwise, or provided for by federal or state statute, common law or otherwise) (hereafter a "Dispute") shall be finally resolved by binding arbitration under the Non-Administered Arbitration Rules of the International Institute for Conflict Prevention and Resolution (the "Rules") then in effect except as modified herein.

(b) **Negotiation to Resolve Disputes**. If a Dispute arises out of or relates to this Agreement, either the NINA Parties, on the one hand, or Investor, on the other hand, shall give notice to the other Parties that it intends to initiate the dispute resolution procedures set forth herein. Promptly upon receipt of such notice, each Party shall refer such Dispute to a senior executive officer (" SEO") of such Party. The SEOs will meet in person or by teleconference as soon as mutually practicable in order to try and resolve the Dispute. If the SEOs of the NINA Parties, on the one hand, and Investor, on the other hand, are unable to resolve the Dispute on or before the thirtieth (30th) day after such notice, either the NINA Parties, on the one hand, or Investor, on the other hand, may commence arbitration under this Section 11.4 by notifying the other Parties (an "Arbitration Notice").

(c) **Selection of Arbitrators**.

(i) Any arbitration conducted under this Section 11.4 shall be heard by three (3) arbitrators (each an "Arbitrator" and collectively the "Tribunal") selected in accordance with this Section 11.4. Each Party and any proposed Arbitrator shall, as soon as practicable, disclose to the other Parties any business, personal or other relationship or affiliation that may exist between a Party and the proposed Arbitrators. The Parties may then object to any of the proposed Arbitrators on the basis of such relationship or affiliation. The validity of any such objection shall be determined according to the Rules.

(ii) Except as provided for in this Section 11.4, the Tribunal shall be appointed according to the Rules. In the Arbitration Notice, the Party or Parties (whether Investor or the NINA Parties, as applicable) requesting arbitration shall nominate one Arbitrator. The Parties or Party (whether the NINA Parties or Investor, as applicable) named as respondent by the claimant shall nominate one Arbitrator. Within thirty (30) days of the appointment of the second Arbitrator, the two (2) Party-appointed Arbitrators shall appoint a third Arbitrator who shall chair the arbitration. Within seven (7) Days of receiving this list, each Party shall provide to CPR a ranking of the potential Arbitrators on such list showing such Party's order of preference among such proposed Arbitrators, with the NINA Parties submitting one common ranked list. The CPR shall then appoint all three (3) Arbitrators as it shall determine in its discretion but taking into account to the extent practical the preferences of the Parties.

(d) **Conduct of Arbitration**. The Tribunal shall expeditiously (and, if practicable, consistent with the Tribunal's primary responsibility to justly adjudicate the Dispute before it, within ** days after the appointment of the third Arbitrator) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in Washington, D.C. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et. seq. Except as expressly provided to the contrary in this Agreement, the Tribunal shall have the power to gather such materials, information, testimony and evidence as it deems relevant to the dispute before it (and each Party will provide such materials, information, testimony and evidence requested by the Tribunal, subject to such protective orders as the Tribunal determines necessary for the protection of any information so requested that is proprietary, subject to a third-party confidentiality restriction or to an attorney-client or other privilege) and to grant injunctive relief and enforce specific performance. The Tribunal shall not have the power to award punitive or any other form of indirect or non-compensatory damages, even if such are available under the governing law and even if a court would otherwise be empowered to avoid this limitation on damages to make such an award. If it deems necessary, the Tribunal may propose to the Parties that one or more other experts be retained to assist it in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Parties, which shall not be unreasonably withheld. The decision of the Tribunal (which shall be rendered in writing) shall be final, non-appealable and binding upon the Parties and may be enforced in any court of competent jurisdiction. Each Party hereby consents to the non-exclusive personal jurisdiction and venue of the Washington, D.C. courts for any proceedings in aid of arbitration under this Section 11.4, including any request for interim or injunctive relief. Notwithstanding the foregoing

** This portion has been redacted pursuant to a confidential treatment request.

consent, the Parties may nevertheless seek interim or injunctive relief from any court of competent jurisdiction.

(e) **Arbitration Costs and Expenses**. The responsibility for paying the costs and expenses of the arbitration, including compensation to the Tribunal and any experts retained by the Tribunal, shall be borne by the NINA Parties, on the one hand, or Investor, on the other hand, whichever is the least successful in such process, which shall be determined by the Tribunal by comparing the position asserted by the NINA Parties, on the one hand, or Investor, on the other hand, on all disputed matters taken together to the final decision of the Tribunal on all disputed matters taken together; provided, that each Party shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Tribunal determines that compelling reasons exist for allocating all or a portion of such costs and expenses to the NINA Parties, on the one hand, or Investor, on the other hand.

11.5 **Notice**. Except as expressly set forth to the contrary in this Agreement, all notices, requests, consents, or other communications provided for or permitted to be given under this Agreement must be in writing and must be delivered to the recipient in person, by courier, mail, electronic mail (with receipt confirmed personally by the recipient (and not by automatic confirmation of receipt)) or facsimile (if followed by courier or mail). A notice, request, consent, or communication given under this Agreement is effective on receipt by the Party to receive it; provided, that a notice, request, consent, or communication given by electronic mail shall be deemed effective upon being sent in the local jurisdiction from which such electronic mail is being sent, subject to confirmation of receipt by the recipient as set forth in the preceding sentence. All notices, requests, consents, or other communications to be sent to a Party must be sent to or made at the addresses, electronic mail address or fax number given set forth below, or such other address, electronic mail address or fax number as that Party may specify by notice to each of the other Parties.

(a) If to Investor:

**

(b) If to NINA or NINA Holdings:

**

with a copy to:

**

with a copy (which shall not constitute notice) to:

**

** This portion has been redacted pursuant to a confidential treatment request.

11.6 **Entire Agreement**. This Agreement (including the Schedules and Exhibits attached hereto), the Confidentiality Agreement, and the Related Agreements constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof, including the Letter of Intent but excluding the Confidentiality Agreement, which shall survive until the Initial Closing.

11.7 **Binding Effect; Assignability**. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement is not intended to confer upon any Person other than the Parties (and such Parties' respective successors and permitted assigns) any rights or remedies hereunder, except as otherwise expressly provided herein. No Party shall assign any of its rights or delegate any of its obligations under this Agreement to any Person (other than, in the case of Investor, to its Wholly Owned Affiliate (as defined in the Operating Agreement) who is at least as creditworthy as the Investor (as reasonably determined by the NINA Parties)) without the prior written consent of the other Parties. Any purported assignment of rights or delegation of obligations in contravention of this Section 11.7 shall be void *ab initio*.

11.8 **Validity**. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, each of which shall remain in full force and effect.

11.9 **Counterparts**. This Agreement may be executed and delivered in one or more counterparts, all of which together shall constitute one and the same agreement. This Agreement may be delivered by facsimile transmission.

11.10 **Time is of the Essence**. The Parties acknowledge that time is of the essence with respect to this Agreement. If any date specified in this Agreement or the Related Agreements for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date which is not a Business Day), then the date for giving such notice or taking such action (and the expiration date of such period during which notice is required to be given or action taken) shall be the next day which is a Business Day.

11.11 **No Relationship.** Nothing in this Agreement or the Related Agreements creates or is intended to create an association, trust, partnership, joint venture, joint-employer, or any other entity or similar legal relationship among the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to the NINA Parties or Investor. None of the NINA Parties, on the one hand, nor Investor, on the other hand, is or shall act as or be the agent or Representative of Investor or either of the NINA Parties, respectively.

11.12 **Construction of Agreement.** This Agreement and the Related Agreements shall be construed without regard to the identity of the Person who drafted the various provisions of the same. Each and every provision of this Agreement and the Related Agreements shall be construed as though the Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable either to this Agreement or the Related Agreements.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Investment and Option Agreement to be executed and delivered as of the date first above written.

NINA INVESTMENTS HOLDINGS LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: Chief Executive Officer and President

NUCLEAR INNOVATION NORTH AMERICA LLC
(solely for purposes of Section 2.5, Section 3.1, Section 3.3, Sections 7.1 through 7.5, Section 7.8, Article I, Article IV, Article IX, Article X, and Article XI)

By: /s/ Steve Winn
Name: Steve Winn
Title: President and Chief Executive Officer

TEPCO NUCLEAR ENERGY AMERICA LLC

By: /s/ Toshiro Kudama
Name: Toshiro Kudama
Title: President

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

Exhibit A
to Investment and Option Agreement

[FORM OF]

NRG LIMITED GUARANTY

THIS LIMITED GUARANTY ("Guaranty") dated as of _____, 2010 is executed and delivered by NRG Energy, Inc., a Delaware corporation ("NRG" or "Guarantor"), in favor of TEPCO Nuclear Energy America LLC, a Delaware limited liability company (" Beneficiary").

WHEREAS, NRG indirectly owns a majority of the limited liability company interests of Nuclear Innovation North America LLC, a Delaware limited liability company ("NINA");

WHEREAS, NINA directly owns one hundred percent (100%) of the limited liability company interests of NINA Investments Holdings LLC, a Delaware limited liability company ("NINA Holdings", and together with NINA, the "NINA Parties");

WHEREAS, Beneficiary, NINA, and NINA Holdings have entered into an Investment and Option Agreement, dated as of May 10, 2010 (the " Investment Agreement"), relating to an investment by Beneficiary in NINA Holdings and a related option to make an additional investment in NINA Holdings; and

WHEREAS, Guarantor acknowledges that it will receive direct and indirect benefits from Beneficiary entering into and performing its obligations under the Investment Agreement and, accordingly, Guarantor is willing to guarantee certain obligations of NINA to Beneficiary under the Investment Agreement, subject to the terms, conditions and limitations contained herein.

NOW, THEREFORE, to induce Beneficiary to enter into and perform its obligations under the Investment Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

Section 1. Guaranty. Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Beneficiary, as primary obligor and not merely as surety, the due and punctual payment and performance of the obligations of NINA under Section 10.2(a) and 10.5 of the Investment Agreement, but only with respect to those representations and warranties of NINA contained in Article IV of the Investment Agreement and NINA Holdings contained in Sections 5.1, 5.2, 5.3, 5.5, 5.6, 5.9, 5.10, 5.11, 5.13(a), 5.13(c), 5.14(a), 5.14(d), 5.14(e), 5.16, 5.17(a) and 5.21 of the Investment Agreement (which representations and warranties, for purposes of this Limited Guaranty, shall be deemed to exclude any representation and warranty regarding STPNOC (as defined in the Investment Agreement), except with respect to the representations and warranties in Sections 5.5 and 5.16) (such obligations, the " Guaranteed Obligations"); provided, that Guarantor's liability under this Guaranty shall not exceed the sum

**; provided, further, that the obligations of Guarantor under this Guaranty are conditioned on the occurrence of the Initial Closing under and as defined in the Investment Agreement, and in the event the Investment Agreement is terminated in accordance with its terms, this Guaranty shall automatically terminate and be of no further force and effect. This Guaranty is a guaranty of payment and performance and not merely of collection.

Section 2. Guaranty Absolute and Independent. Guarantor's obligations under this Guaranty are absolute and are independent of those of the NINA Parties and Beneficiary may maintain a separate action or actions against Guarantor to enforce this Guaranty. Accordingly, Beneficiary shall not be obligated or required before enforcing this Guaranty against Guarantor to: (i) commence any suit or other proceeding against either of the NINA Parties or any other person, or any other security for the Guaranteed Obligations, in any court or other tribunal, or (ii) make any claim in any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting either of the NINA Parties (whether voluntary or involuntary); and the failure of Beneficiary to so act or so file shall not affect or impair Guarantor's obligations hereunder.

Section 3. Continuing Guaranty. This Guaranty is a continuing guarantee and shall apply to all Guaranteed Obligations whenever arising, and shall remain in full force and effect until such time as all the Guaranteed Obligations have been discharged finally and in full.

Section 4. Waivers. Guarantor expressly waives (i) diligence, presentment, and protest, (ii) notice of acceptance of this Guaranty by Beneficiary, and all other notices whatsoever, (iii) demand for payment or performance of any of the Guaranteed Obligations, and (iv) any claim or defense that Beneficiary shall have impaired any right of Guarantor against either of the NINA Parties, any other guarantor of any of the Guaranteed Obligations, or any other person or entity, by way of reimbursement, subrogation or otherwise. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder: (a) any dissolution of either of the NINA Parties, or the combination or consolidation of either of the NINA Parties into or with another entity or any transfer or disposition of any assets of either of the NINA Parties, (b) any bankruptcy, insolvency, reorganization, dissolution, liquidation or other similar proceeding relating to either of the NINA Parties; (c) either of the NINA Parties ceasing to be a person or entity controlled by, controlling or under common control with Guarantor, (d) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters set forth in the foregoing clauses, or (e) any other circumstance whatsoever that might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor.

Section 5. Effect of Amendments. Guarantor agrees that Beneficiary and the NINA Parties may modify, amend and supplement the Investment Agreement and that Beneficiary may delay or extend the date on which any payment must be made pursuant to the

** This portion has been redacted pursuant to a confidential treatment request.

Investment Agreement or delay or extend the date on which any act must be performed by Beneficiary thereunder, all without notice to or further assent by Guarantor.

Section 6. Reinstatement. This Guaranty shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by Beneficiary upon the insolvency, bankruptcy or reorganization of either of the NINA Parties or otherwise, all as though such payment had not been made.

Section 7. Subrogation; Subordination. Guarantor hereby fully and forever waives and relinquishes any right it may have (i) to be subrogated to the rights of Beneficiary against either of the NINA Parties in respect of any amounts paid or obligation performed by Guarantor pursuant to this Guaranty, and (ii) against either of the NINA Parties for reimbursement, indemnity, contribution, or any similar legal or equitable right with respect to any such amount or obligation.

Section 8. Representations and Warranties. Guarantor hereby represents and warrants to Beneficiary as follows:

(a) Organization, Power and Authority. It is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to carry on its business. It is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary.

(b) Authorization. It has the corporate power and authority to execute, deliver and perform this Guaranty in accordance with its terms. The execution, delivery, and performance of Guaranty have been duly and validly authorized by all necessary corporate action and no other corporate or shareholder proceedings or actions (or their equivalents) are necessary on its part to authorize and consummate this Guaranty. This Guaranty has been duly executed and delivered by it, and constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations.

(c) Compliance with Laws, etc. The execution, delivery and performance of this Guaranty in accordance with its terms does not and will not, by the passage of time, the giving of notice, or both: (i) require any governmental approval or violate any applicable law relating to Guarantor; (ii) conflict with, result in a breach of or constitute a default under the organizational documents or material contract of Guarantor; or (iii) result in or require the creation or imposition of any lien upon or with respect to any of its material property.

Section 9. Expenses. Guarantor shall pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by Beneficiary in enforcing this Guaranty, to the extent Beneficiary is the prevailing party.

Section 10. Governing Law; Dispute Resolution.

(a) This Guaranty shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York, without regard to its principles of conflicts of laws other than Section 5-1401 of the New York General Obligations Law.

(b) Section 11.4 of the Investment Agreement shall apply *mutatis mutandis* to this Guaranty in the event of any dispute arising out of or relating to this Guaranty or the interpretation hereof or any arrangements relating hereto or contemplated herein or the validity, breach or termination hereof.

Section 11. Assignment and Benefit of Guaranty. Neither the Guarantor nor Beneficiary may assign its rights, interests or obligations hereunder to any other person (except by operation of law) without the prior written consent of Beneficiary (in the case of an assignment by the Guarantor) or the Guarantor (in the case of an assignment by Beneficiary). This Guaranty shall be binding upon and inure to the benefit of Guarantor and Beneficiary and their respective successors and permitted assigns. This Guaranty is not intended to confer upon any Person other than Beneficiary (and its respective successors and permitted assigns) any rights or remedies hereunder.

Section 12. Amendments and Waivers. This Guaranty may be amended or supplemented only by an instrument in writing signed by Beneficiary and Guarantor. Compliance by the Guarantor with any term or provision of this Guaranty may be waived only by an instrument in writing signed by Beneficiary. Any waiver by Beneficiary of a breach of any provision of this Guaranty shall not be construed as a waiver of any subsequent breach or the breach of any other provision.

Section 13. Validity. The invalidity or unenforceability of any provision of this Guaranty shall not affect the validity or enforceability of any other provision of this Guaranty, each of which shall remain in full force and effect.

Section 14. Counterparts. This Guaranty may be executed and delivered in one or more counterparts, all of which together shall constitute one and the same agreement. This Guaranty may be delivered by facsimile transmission.

Section 15. Interpretation and Rules of Construction. This Guaranty shall not be construed against Beneficiary or Guarantor, and no consideration shall be given or presumption made, on the basis of who drafted this Guaranty or any particular provision hereof or who supplied the form of Guaranty. In construing this Guaranty:

(a) examples shall not be construed to limit, expressly or by implication, the matter they illustrate;

(b) the word “includes” and its derivatives means “includes, but is not limited to” and corresponding derivative expressions;

(c) a defined term has its defined meaning throughout this Guaranty regardless of whether it appears before or after the place where it is defined; and

(d) the headings and titles herein are for convenience only and shall have no significance in the interpretation hereof.

Section 16. Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Investment Agreement, and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

[Signatures to follow on next page.]

IN WITNESS WHEREOF, Guarantor has duly executed and delivered this Guaranty as of the date and year first written above.

NRG ENERGY, INC.

By: _____
Name: David Crane
Title: President and Chief Executive Officer

Notice details:

**

** This portion has been redacted pursuant to a confidential treatment request.

[Signature Page to NRG Limited Guaranty]

This Guaranty is acknowledged and accepted
as of this _____ day of _____, 20___:

TEPCO NUCLEAR ENERGY AMERICA LLC

By: _____
Name: Toshiro Kudama
Title: President

[Signature Page to NRG Limited Guaranty]

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

TEPCO LIMITED GUARANTY
(INITIAL)

THIS LIMITED GUARANTY ("Guaranty") dated as of May 10, 2010 is executed and delivered by The Tokyo Electric Power Company, Incorporated, a Japanese corporation ("TEPCO" or "Guarantor"), in favor of NINA Investments Holdings LLC, a Delaware limited liability company (" Beneficiary").

WHEREAS, TEPCO directly or indirectly owns all of the limited liability company interests in TEPCO Nuclear Energy America LLC, a Delaware limited liability company ("Investor");

WHEREAS, Investor, Beneficiary, and Nuclear Innovation North America LLC (" NINA") have entered into an Investment and Option Agreement, dated as of the date hereof (the "Investment Agreement"), relating to an investment by Investor in Beneficiary and a related option to make an additional investment in Beneficiary; and

WHEREAS, Guarantor acknowledges that it will receive direct and indirect benefits from Beneficiary entering into and performing its obligations under the Investment Agreement and, accordingly, Guarantor is willing to guarantee certain obligations of Investor to Beneficiary under the Investment Agreement, subject to the terms, conditions and limitations contained herein.

NOW, THEREFORE, to induce Beneficiary to enter into and perform its obligations under the Investment Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

Section 1. Guaranty. Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Beneficiary, as primary obligor and not merely as surety, the due and punctual payment and performance of the obligations of Investor under the Investment Agreement to be performed at or prior to the Initial Closing (as defined in the Investment Agreement) (the "Guaranteed Obligations"); provided, that Guarantor's liability under this Guaranty shall not exceed the sum of **; provided, further, that in the event the Investment Agreement is terminated in accordance with its terms, other than pursuant to Section 9.1(c) thereof, this Guaranty shall terminate automatically and be of no further force and effect. This Guaranty is a guaranty of payment and performance and not merely of collection.

Section 2. Guaranty Absolute and Independent. Guarantor's obligations under this Guaranty are absolute and are independent of those of Investor and Beneficiary may maintain a

** This portion has been redacted pursuant to a confidential treatment request.

separate action or actions against Guarantor to enforce this Guaranty. Accordingly, Beneficiary shall not be obligated or required before enforcing this Guaranty against Guarantor to: (i) commence any suit or other proceeding against Investor or any other person, or any other security for the Guaranteed Obligations, in any court or other tribunal, or (ii) make any claim in any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting Investor (whether voluntary or involuntary); and the failure of Beneficiary to so act or so file shall not affect or impair Guarantor's obligations hereunder.

Section 3. Continuing Guaranty. This Guaranty is a continuing guarantee and shall apply to all Guaranteed Obligations whenever arising, and shall remain in full force and effect until such time as all the Guaranteed Obligations have been discharged finally and in full.

Section 4. Waivers. Guarantor expressly waives (i) diligence, presentment, and protest, (ii) notice of acceptance of this Guaranty by Beneficiary, and all other notices whatsoever, (iii) demand for payment or performance of any of the Guaranteed Obligations, and (iv) any claim or defense that Beneficiary shall have impaired any right of Guarantor against Investor, any other guarantor of any of the Guaranteed Obligations, or any other person or entity, by way of reimbursement, subrogation or otherwise. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder: (a) any dissolution of Investor, or the combination or consolidation of Investor into or with another entity or any transfer or disposition of any assets of Investor, (b) any bankruptcy, insolvency, reorganization, dissolution, liquidation or other similar proceeding relating to Investor; (c) Investor ceasing to be a person or entity controlled by, controlling or under common control with Guarantor, (d) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters set forth in the foregoing clauses, or (e) any other circumstance whatsoever that might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor.

Section 5. Effect of Amendments. Guarantor agrees that Beneficiary, NINA, and Investor may modify, amend and supplement the Investment Agreement and that Beneficiary may delay or extend the date on which any payment must be made pursuant to the Investment Agreement or delay or extend the date on which any act must be performed by Beneficiary thereunder, all without notice to or further assent by Guarantor.

Section 6. Reinstatement. This Guaranty shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by Beneficiary upon the insolvency, bankruptcy or reorganization of Investor or otherwise, all as though such payment had not been made.

Section 7. Subrogation; Subordination. Guarantor hereby fully and forever waives and relinquishes any right it may have (i) to be subrogated to the rights of Beneficiary against Investor in respect of any amounts paid or obligation performed by Guarantor pursuant to this Guaranty, and (ii) against Investor for reimbursement, indemnity, contribution, or any similar legal or equitable right with respect to any such amount or obligation.

Section 8. Representations and Warranties. Guarantor hereby represents and warrants to Beneficiary as follows:

(a) Organization, Power and Authority. It is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to carry on its business. It is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary.

(b) Authorization. It has the corporate power and authority to execute, deliver and perform this Guaranty in accordance with its terms. The execution, delivery, and performance of Guaranty have been duly and validly authorized by all necessary corporate action and no other corporate or shareholder proceedings or actions (or their equivalents) are necessary on its part to authorize and consummate this Guaranty. This Guaranty has been duly executed and delivered by it, and constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations.

(c) Compliance with Laws, etc. The execution, delivery and performance of this Guaranty in accordance with its terms does not and will not, by the passage of time, the giving of notice, or both: (i) require any governmental approval or violate any applicable law relating to Guarantor; (ii) conflict with, result in a breach of or constitute a default under the organizational documents or material contract of Guarantor; or (iii) result in or require the creation or imposition of any lien upon or with respect to any of its material property.

Section 9. Expenses. Guarantor shall pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by Beneficiary in enforcing this Guaranty, to the extent Beneficiary is the prevailing party.

Section 10. Governing Law; Dispute Resolution.

(a) This Guaranty shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York, without regard to its principles of conflicts of laws other than Section 5-1401 of the New York General Obligations Law.

(b) Section 11.4 of the Investment Agreement shall apply *mutatis mutandis* to this Guaranty in the event of any dispute arising out of or relating to this Guaranty or the interpretation hereof or any arrangements relating hereto or contemplated herein or the validity, breach or termination hereof.

Section 11. Assignment and Benefit of Guaranty. Neither the Guarantor nor Beneficiary may assign its rights, interests or obligations hereunder to any other person (except by operation of law) without the prior written consent of Beneficiary (in the case of an assignment by the Guarantor) or the Guarantor (in the case of an assignment by Beneficiary). This Guaranty shall be binding upon and inure to the benefit of Guarantor and Beneficiary and their respective successors and permitted assigns. This Guaranty is not intended to confer upon

any Person other than Beneficiary (and its respective successors and permitted assigns) any rights or remedies hereunder.

Section 12. Amendments and Waivers. This Guaranty may be amended or supplemented only by an instrument in writing signed by Beneficiary and Guarantor. Compliance by the Guarantor with any term or provision of this Guaranty may be waived only by an instrument in writing signed by Beneficiary. Any waiver by Beneficiary of a breach of any provision of this Guaranty shall not be construed as a waiver of any subsequent breach or the breach of any other provision.

Section 13. Validity. The invalidity or unenforceability of any provision of this Guaranty shall not affect the validity or enforceability of any other provision of this Guaranty, each of which shall remain in full force and effect.

Section 14. Counterparts. This Guaranty may be executed and delivered in one or more counterparts, all of which together shall constitute one and the same agreement. This Guaranty may be delivered by facsimile transmission.

Section 15. Interpretation and Rules of Construction. This Guaranty shall not be construed against Beneficiary or Guarantor, and no consideration shall be given or presumption made, on the basis of who drafted this Guaranty or any particular provision hereof or who supplied the form of Guaranty. In construing this Guaranty:

(a) examples shall not be construed to limit, expressly or by implication, the matter they illustrate;

(b) the word “includes” and its derivatives means “includes, but is not limited to” and corresponding derivative expressions;

(c) a defined term has its defined meaning throughout this Guaranty regardless of whether it appears before or after the place where it is defined; and

(d) the headings and titles herein are for convenience only and shall have no significance in the interpretation hereof.

Section 16. Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Investment Agreement, and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

[Signatures to follow on next page.]

IN WITNESS WHEREOF, Guarantor has duly executed and delivered this Guaranty as of the date and year first written above.

TOKYO ELECTRIC POWER COMPANY, INCORPORATED

By: /s/ Masataka Shimizu
Name: Masataka Shimizu
Title: President

Notice details:

**

Signature page to TEPCO Limited Guaranty (Initial)

** This portion has been redacted pursuant to a confidential treatment request.

This Guaranty is acknowledged and accepted as of this 10th day of May, 2010:

NINA INVESTMENTS HOLDINGS LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: Chief Executive Officer and President

Signature page to TEPCO Limited Guaranty (Initial)

Exhibit B-2
to Investment and Option Agreement

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

[FORM OF]
TEPCO LIMITED GUARANTY
(OPTION)

THIS LIMITED GUARANTY ("Guaranty") dated as of _____, 20___ is executed and delivered by The Tokyo Electric Power Company, Incorporated, a Japanese corporation ("TEPCO" or "Guarantor"), in favor of NINA Investments Holdings LLC, a Delaware limited liability company ("Beneficiary").

WHEREAS, TEPCO directly or indirectly owns all of the limited liability company interests in TEPCO Nuclear Energy America LLC, a Delaware limited liability company ("Investor");

WHEREAS, Investor, Beneficiary, and Nuclear Innovation North America LLC ("NINA") have entered into an Investment and Option Agreement, dated as of May 10, 2010 (the "Investment Agreement"), relating to an investment by Investor in Beneficiary and a related option to make an additional investment in Beneficiary; and

WHEREAS, Guarantor acknowledges that it will receive direct and indirect benefits from Beneficiary entering into and performing its obligations under the Investment Agreement and, accordingly, Guarantor is willing to guarantee certain obligations of Investor to Beneficiary under the Investment Agreement, subject to the terms, conditions and limitations contained herein.

NOW, THEREFORE, to induce Beneficiary to enter into and perform its obligations under the Investment Agreement, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereto hereby agree as follows:

Section 1. Guaranty. Guarantor hereby absolutely, irrevocably and unconditionally guarantees to Beneficiary, as primary obligor and not merely as surety, the due and punctual payment and performance of the obligations of Investor under Article VIII of the Investment Agreement to be performed at the Option Closing (as defined in the Investment Agreement) (the "Guaranteed Obligations"); provided, that Guarantor's liability under this Guaranty shall not exceed the sum of **; provided, further, that in the event the Exercise Notice (as defined in the Investment Agreement) is revoked by Investor pursuant to Section 8.3(b) of the Investment Agreement, or the Investment Agreement is terminated in accordance with Section 9.2 thereof, this Guaranty shall terminate automatically and be of no further force and effect. This Guaranty is a guaranty of payment and performance and not merely of collection.

** This portion has been redacted pursuant to a confidential treatment request.

Section 2. Guaranty Absolute and Independent. Guarantor's obligations under this Guaranty are absolute and are independent of those of Investor and Beneficiary may maintain a separate action or actions against Guarantor to enforce this Guaranty. Accordingly, Beneficiary shall not be obligated or required before enforcing this Guaranty against Guarantor to: (i) commence any suit or other proceeding against Investor or any other person, or any other security for the Guaranteed Obligations, in any court or other tribunal, or (ii) make any claim in any bankruptcy, insolvency, reorganization, liquidation, dissolution, or similar proceedings affecting Investor (whether voluntary or involuntary); and the failure of Beneficiary to so act or so file shall not affect or impair Guarantor's obligations hereunder.

Section 3. Continuing Guaranty. This Guaranty is a continuing guarantee and shall apply to all Guaranteed Obligations whenever arising, and shall remain in full force and effect until such time as all the Guaranteed Obligations have been discharged finally and in full.

Section 4. Waivers. Guarantor expressly waives (i) diligence, presentment, and protest, (ii) notice of acceptance of this Guaranty by Beneficiary, and all other notices whatsoever, (iii) demand for payment or performance of any of the Guaranteed Obligations, and (iv) any claim or defense that Beneficiary shall have impaired any right of Guarantor against Investor, any other guarantor of any of the Guaranteed Obligations, or any other person or entity, by way of reimbursement, subrogation or otherwise. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of Guarantor hereunder: (a) any dissolution of Investor, or the combination or consolidation of Investor into or with another entity or any transfer or disposition of any assets of Investor, (b) any bankruptcy, insolvency, reorganization, dissolution, liquidation or other similar proceeding relating to Investor; (c) Investor ceasing to be a person or entity controlled by, controlling or under common control with Guarantor, (d) the absence of any notice to, or knowledge by, Guarantor of the existence or occurrence of any of the matters set forth in the foregoing clauses, or (e) any other circumstance whatsoever that might otherwise constitute a legal or equitable defense available to, or discharge of, a surety or a guarantor.

Section 5. Effect of Amendments. Guarantor agrees that Beneficiary, NINA, and Investor may modify, amend and supplement the Investment Agreement and that Beneficiary may delay or extend the date on which any payment must be made pursuant to the Investment Agreement or delay or extend the date on which any act must be performed by Beneficiary thereunder, all without notice to or further assent by Guarantor.

Section 6. Reinstatement. This Guaranty shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by Beneficiary upon the insolvency, bankruptcy or reorganization of Investor or otherwise, all as though such payment had not been made.

Section 7. Subrogation; Subordination. Guarantor hereby fully and forever waives and relinquishes any right it may have (i) to be subrogated to the rights of Beneficiary against Investor in respect of any amounts paid or obligation performed by Guarantor pursuant to this Guaranty, and (ii) against Investor for reimbursement, indemnity, contribution, or any similar legal or equitable right with respect to any such amount or obligation.

Section 8. Representations and Warranties. Guarantor hereby represents and warrants to Beneficiary as follows:

(a) Organization, Power and Authority. It is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to carry on its business. It is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary.

(b) Authorization. It has the corporate power and authority to execute, deliver and perform this Guaranty in accordance with its terms. The execution, delivery, and performance of Guaranty have been duly and validly authorized by all necessary corporate action and no other corporate or shareholder proceedings or actions (or their equivalents) are necessary on its part to authorize and consummate this Guaranty. This Guaranty has been duly executed and delivered by it, and constitutes its legal, valid and binding obligation enforceable against it in accordance with its terms except as the same may be limited by bankruptcy, insolvency, and other similar laws affecting the rights of creditors generally and the availability of equitable remedies for the enforcement of certain obligations.

(c) Compliance with Laws, etc. The execution, delivery and performance of this Guaranty in accordance with its terms does not and will not, by the passage of time, the giving of notice, or both: (i) require any governmental approval or violate any applicable law relating to Guarantor; (ii) conflict with, result in a breach of or constitute a default under the organizational documents or material contract of Guarantor; or (iii) result in or require the creation or imposition of any lien upon or with respect to any of its material property.

Section 9. Expenses. Guarantor shall pay all costs, expenses and fees, including all reasonable attorneys' fees, which may be incurred by Beneficiary in enforcing this Guaranty, to the extent Beneficiary is the prevailing party.

Section 10. Governing Law; Dispute Resolution.

(a) This Guaranty shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York, without regard to its principles of conflicts of laws other than Section 5-1401 of the New York General Obligations Law.

(b) Section 11.4 of the Investment Agreement shall apply *mutatis mutandis* to this Guaranty in the event of any dispute arising out of or relating to this Guaranty or the interpretation hereof or any arrangements relating hereto or contemplated herein or the validity, breach or termination hereof.

Section 11. Assignment and Benefit of Guaranty. Neither the Guarantor nor Beneficiary may assign its rights, interests or obligations hereunder to any other person (except by operation of law) without the prior written consent of Beneficiary (in the case of an assignment by the Guarantor) or the Guarantor (in the case of an assignment by Beneficiary). This Guaranty shall be binding upon and inure to the benefit of Guarantor and Beneficiary and

their respective successors and permitted assigns. This Guaranty is not intended to confer upon any Person other than Beneficiary (and its respective successors and permitted assigns) any rights or remedies hereunder.

Section 12. Amendments and Waivers. This Guaranty may be amended or supplemented only by an instrument in writing signed by Beneficiary and Guarantor. Compliance by the Guarantor with any term or provision of this Guaranty may be waived only by an instrument in writing signed by Beneficiary. Any waiver by Beneficiary of a breach of any provision of this Guaranty shall not be construed as a waiver of any subsequent breach or the breach of any other provision.

Section 13. Validity. The invalidity or unenforceability of any provision of this Guaranty shall not affect the validity or enforceability of any other provision of this Guaranty, each of which shall remain in full force and effect.

Section 14. Counterparts. This Guaranty may be executed and delivered in one or more counterparts, all of which together shall constitute one and the same agreement. This Guaranty may be delivered by facsimile transmission.

Section 15. Interpretation and Rules of Construction. This Guaranty shall not be construed against Beneficiary or Guarantor, and no consideration shall be given or presumption made, on the basis of who drafted this Guaranty or any particular provision hereof or who supplied the form of Guaranty. In construing this Guaranty:

(a) examples shall not be construed to limit, expressly or by implication, the matter they illustrate;

(b) the word “includes” and its derivatives means “includes, but is not limited to” and corresponding derivative expressions;

(c) a defined term has its defined meaning throughout this Guaranty regardless of whether it appears before or after the place where it is defined; and

(d) the headings and titles herein are for convenience only and shall have no significance in the interpretation hereof.

Section 16. Notices. All notices and other communications provided for hereunder shall be given in accordance with the notice requirements of the Investment Agreement, and if to Guarantor, at the address specified below the space for its execution of this Guaranty.

[Signatures to follow on next page.]

IN WITNESS WHEREOF, Guarantor has duly executed and delivered this Guaranty as of the date and year first written above.

TOKYO ELECTRIC POWER COMPANY, INCORPORATED

By: _____
Name: Masataka Shimizu
Title: President

Notice details:

**

[signature page to TEPCO Limited Guaranty (Option)]

** This portion has been redacted pursuant to a confidential treatment request.

This Guaranty is acknowledged and accepted as of this _____ day of _____, 20___:

NINA INVESTMENTS HOLDINGS LLC

By: _____
Name: Steve Winn
Title: Chief Executive Officer and President

[signature page to TEPCO Limited Guaranty (Option)]

Exhibit C to the
Investment and Option Agreement

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

Amended and Restated Operating Agreement

of

NINA Investments Holdings LLC

a Delaware Limited Liability Company

dated as of

[•], 2010

TABLE OF CONTENTS

Amended and Restated Operating Agreement
of
NINA Investments Holdings LLC

A Delaware Limited Liability Company

This **Amended and Restated Operating Agreement** of NINA INVESTMENTS HOLDINGS LLC (the "***Company***"), dated effective as of **[•]**, 2010 (the "***Effective Date***"), is entered into by and among the Members (as defined below).

Recitals

Whereas, the Company was organized as a Delaware limited liability company by the filing of a Certificate of Formation (the "***Certificate***") on April 9, 2010 (the "***Formation Date***"), with the Secretary of State of Delaware pursuant to the Act;

Whereas, the initial member of the Company, Nuclear Innovation North America LLC (f/k/a NRG Nuclear Development Company LLC) ("***NINA***"), has entered into the Operating Agreement of the Company, dated April 9, 2010 (the "***Original Agreement***");

Whereas, pursuant to the NINA Contribution Agreement, dated April 19, 2010, by and between NINA and the Company (the "***NINA Contribution Agreement***"), NINA has contributed or caused to be contributed to the Company the NINA Initial Contribution;

Whereas, as of the Effective Date, pursuant to the Investment and Option Agreement, dated May 10, 2010, by and among the Company, NINA and TEPCO Nuclear Energy America LLC, a Delaware limited liability company (the "***TEPCO Member***") (the "***TEPCO Investment Agreement***"), the TEPCO Member has contributed the TEPCO Contribution and paid the Option Premium to the Company, as more particularly set forth in the TEPCO Investment Agreement, and will have the right to make additional Capital Contributions subject to the terms set forth therein and herein; and

Whereas, NINA now desires to amend and restate the Original Agreement to reflect the admission of the TEPCO Member as a Member and to provide for the joint ownership and operation of the Company.

Now, therefore, the Members hereby agree as follows:

ARTICLE I
DEFINITIONS AND CONSTRUCTION

1.1 ***Definitions***. Capitalized terms used in this Agreement shall have the meanings given to them in Exhibit B. Other terms defined herein have the meanings so given them.

1.2 ***Construction***. A reference to an Article, Section, Exhibit or Schedule means an Article of, a Section in, or Exhibit or Schedule to, this Agreement unless otherwise expressly stated. Unless the context requires otherwise, the words "this Agreement," "hereof," "hereunder," "herein," "hereby" or words of similar import refer to this Agreement as a whole and not to a particular Article, Section, subsection, clause or other subdivision hereof. The titles and headings herein are for convenience of reference only and shall not in any manner affect the meaning or construction of this Agreement. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." Whenever the context requires, the words used herein include the masculine, feminine and neuter gender, and the singular and the plural. The word "dollar" and the symbol "$" mean United States dollars. A reference to any legislation or to any provision of any legislation shall include any amendment to, any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto. References to "this Agreement" or any other agreement or document shall be construed as a reference to such agreement or document, including any exhibits, appendices and schedules thereto, as amended, amended and restated, modified or supplemented and in effect from time to time and shall include a reference to any document which amends, modifies or supplements it, or is entered into, made or given pursuant to or in accordance with its terms. References to a Person shall be construed as a reference to such Person and its successors and permitted assigns.

ARTICLE II
ORGANIZATION

2.1 ***Formation***. The Company was organized as a Delaware limited liability company by the filing of the Certificate with the Delaware Secretary of State as of the Formation Date. The Members hereby continue the Company pursuant to the terms and conditions of this Agreement.

2.2 ***Name***. Pursuant to the Certificate, the name of the Company is "***NINA Investments Holdings LLC***", and all Company business must be conducted in that name or such other names that comply with Law as the Board may select. In the event that the Board changes the name of the Company, it shall notify each of the Members.

2.3 ***Registered Office and Agent; Offices***. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent named in the Certificate or such other office (which need not be a place of business of the Company) as the Board may designate in the manner provided by Law. The registered agent of the Company in the State of Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Board may designate in the manner provided by Law. The principal office of the Company in the United States shall be at such place as the Board may designate, which need not be in the State of Delaware, and the Company shall maintain records there or at such other place as the Board shall designate. The Company may have such other offices as the Board may designate.

2.4 ***Purposes***. The purposes of the Company are, directly or indirectly, through one or more subsidiaries, to engage in the business of the development, ownership, and operation of STP 3 and 4 and to engage in any other business or activity that now or in the future

may be necessary, incidental, proper, advisable, or convenient to accomplish the foregoing purposes and that is not forbidden by applicable Law.

2.5 ***Foreign Qualification***. At the request of the Board, each Member shall execute, acknowledge, swear to, and deliver all certificates and other instruments not inconsistent with this Agreement that are necessary or appropriate to permit the Company to conduct business in other jurisdictions as a foreign limited liability company or to qualify the Company as a foreign limited liability company in such jurisdiction and to continue and, when appropriate, terminate such qualification.

2.6 ***Term***. The period of existence of the Company (the "***Term***") commenced on the Formation Date and shall continue perpetually, unless and until its business and affairs are wound up in accordance with the terms of this Agreement or the Act and a certificate of cancellation is filed with the Secretary of State of Delaware in accordance with Section 11.4.

2.7 ***Company Property; Membership Units***. No real or other property of any kind, tangible or intangible, of the Company or any of its Subsidiaries shall be deemed to be owned by any Member individually, but shall be owned by, and title shall be vested solely in, the Company or such applicable Subsidiary, as the case may be. Without limiting the foregoing, all Intellectual Property and other business assets used or developed by the Company or its Subsidiaries are and shall be owned and controlled only by the Company or its Subsidiaries, as applicable, and not by the Members individually. The Membership Units shall constitute personal property.

2.8 ***No State-Law Partnership***. For any purposes other than federal and state tax purposes, the Members intend that the Company not be a partnership (including a limited partnership) or joint venture and that no Member be a partner or joint venturer of any other Member, and this Agreement may not be construed to suggest otherwise.

ARTICLE III
MEMBERSHIP UNITS; MEMBERS

3.1 ***Membership Units***. The Company shall have one class of membership units (the "***Membership Units***"). The Membership Units represent a Member's share of the income, gains, deductions, credits, profits and similar items, and such Member's right to receive distributions, from, associated with or allocable to the Company's investment in NINA Investments LLC and the STP Entities and all liabilities, losses, costs and expenses from, associated with or allocable to such investment and/or to the development, permitting, engineering, procurement, construction, ownership, financing and operation of the Project (the "***Business***"). Each Membership Unit shall be a "security" for purposes of, as defined in, and governed by, Article 8 of the Uniform Commercial Code and shall be evidenced by a Membership Unit certificate in the form of Exhibit D. Each such certificate shall bear a legend substantially in the following form:

"THIS CERTIFICATE EVIDENCES MEMBERSHIP UNITS REPRESENTING A MEMBERSHIP INTEREST IN NINA INVESTMENTS HOLDINGS LLC AND SHALL BE A

SECURITY WITHIN THE MEANING OF, AND GOVERNED BY, ARTICLE 8 OF THE UNIFORM COMMERCIAL CODE."

The Membership Units shall be adjusted, and new or additional certificates shall be issued, including to reflect any adjustments made pursuant to Section 6.3(a) to Membership Units held by the Members, as necessary from time to time so that such Membership Units are owned by the Members in proportion to their Capital Contributions.

3.2 ***Members as of the Effective Date***. Each Member executing this Agreement as of the Effective Date has been admitted as a Member on or prior to the Effective Date. Each Member has been issued the number of Membership Units, and has the Membership Percentage as of the Effective Date (rounded to the nearest 1/1,000th of a percent), as set forth opposite its name on Exhibit A. If and when the Company issues additional Membership Units or a Member Disposes of all or a portion of its Membership Units or any Person ceases to be a Member pursuant to, and in accordance with, the terms and conditions of this Agreement, then upon such issuance, Disposition or cessation of membership, as applicable, the Company shall amend Exhibit A and the records of the Company, as appropriate, to reflect such issuance, Disposition or cessation of membership and deliver to each Member, within a reasonable time thereafter, a copy of Exhibit A, as amended.

3.3 ***Creation of Additional Membership Units***. Additional Membership Units may be created and issued to Persons other than the Members, and such other Persons may be admitted to the Company as Members, with the prior approval of the Board and subject to Sections 3.8 and 4.1(e), on terms and conditions approved by the Board. Any admission of a new Member will be effective only after such new Member has executed and delivered to the other Members an agreement in form and substance satisfactory to the Board containing the notice address of such new Member and, if such new Member has a Parent, the name of the Parent, such new Member's ratification of this Agreement and agreement to be bound by it, and its confirmation that the representations and warranties in Section 3.5 are true and correct with respect to it as of the date it is admitted as a Member. The provisions of this Section 3.3 shall not apply to Dispositions of Membership Units or admissions of Assignees in connection therewith, such matters being governed by Article IV.

3.4 ***Ceasing to Be a Member***. Any Person admitted as a Member pursuant to Section 3.2 or 3.3 or Article IV shall cease to be a Member, and shall cease to have the rights of a Member, under this Agreement at such time such Person no longer owns, beneficially and of record, any Membership Units, but such Person shall remain bound by the terms of Article X and Article XII and shall remain liable under this Agreement to the extent expressly set forth herein.

3.5 ***Representations and Warranties of the Members***. Each Member hereby represents and warrants to the Company and to each other Member that the following statements are true and correct as of the Effective Date:

(a) *Organization; Power and Authority*. Such Member is duly formed (as applicable), validly existing, and (if applicable) in good standing under the Law of the jurisdiction of its formation. If required by applicable Law, such Member is duly qualified and

in good standing in the jurisdiction of its principal place of business, if different from its jurisdiction of formation, and such Member has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder, and all necessary actions by the board of directors, shareholders, managers, members, partners, trustees, beneficiaries, or other applicable Persons necessary for the due authorization, execution, delivery and performance of this Agreement by such Member have been duly taken. In the case of any Member other than NINA, such Member is Completely Controlled by its Parent as set forth opposite its name on Exhibit A, and in the case of NINA, such Member is Controlled by its Parent as set forth opposite its name on Exhibit A.

(b) *Execution and Delivery; Enforceability*. Such Member has duly executed and delivered this Agreement, and it constitutes the legal, valid and binding obligation of such Member enforceable against it in accordance with its terms (except as may be limited by bankruptcy, insolvency or similar Laws of general application and by the effect of general principles of equity, regardless of whether considered at law or in equity).

(c) *Non-Contravention*. Such Member's authorization, execution, delivery, and performance of this Agreement does not and will not (i) conflict with, or result in a breach, default or violation of, (A) the organizational documents of such Member, (B) any contract or agreement to which such Member is a party or is otherwise subject or (C) any Law, order, judgment, decree, writ, injunction or arbitral award to which such Member is subject or (ii) require any consent, approval or authorization from, filing or registration with, or notice to, any Governmental Authority or other Person, unless such requirement has already been satisfied.

(d) *Investment Purpose*. Such Member is acquiring its Membership Units for its own account, for investment purposes only and with no current intention or plan to distribute, sell or otherwise dispose of the Membership Units and does not have any contract, undertaking, agreement or arrangement with any Person to distribute, sell or otherwise dispose of the Membership Units.

(e) *No Litigation*. There are no actions, suits or proceedings pending or, to the best of such Member's knowledge, threatened against or affecting such Member before any court or administrative body or arbitral tribunal that would reasonably be expected to materially adversely affect the ability of such Member to perform its obligations under this Agreement.

(f) *Finders and Brokers*. Such Member has not authorized or dealt with any agent, broker, Person or firm acting on behalf of such Member or the Company, who is, or shall be, entitled to any broker's fees, finder's fees or commissions in connection with this Agreement or any of the transactions contemplated hereby.

3.6 ***Additional Terms Relating to Members***. No Member has the right or power to withdraw or resign from the Company without the prior written consent of each Member having or deemed as having the Minimum Threshold Percentage (other than in the event that such Member ceases to hold any Membership Units); no Member shall be liable for the debts, obligations or liabilities of the Company; and no Member may be expelled from the Company (other than in the event that such Member ceases to hold any Membership Units).

3.7 ***Action by Members***.

(a) *Voting*. Each Member shall have the right to vote ratably in proportion to its respective Membership Percentage on all matters to be submitted to the Members.

(b) *Meetings*. The Members may vote on or approve a matter or take any action at a meeting, in person or by proxy. The Board may call a meeting of the Members solely for the purpose of voting on any matter requiring Required Member Approval. The business transacted at any such meeting shall be limited to that stated in the notice of meeting. All notices of a meeting must state the time and place of the meeting and be given on or before the fifth (5 th) Business Day before the meeting, or, in the case of an emergency, such shorter period as the Board may determine appropriate under the circumstances. All notices must specify, as applicable, the purpose of the meeting or the matter requiring the Required Member Approval to be considered at the meeting. Meetings of the Members may be held telephonically or using any other medium in which each meeting participant can hear the other meeting participants. On any matter that is to be voted on, consented to or approved by the Members, the Members may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by the Members having not less than the minimum voting percentage that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted; provided, that the non-consenting Members shall be given prompt notice after the requisite number of Members sign such consent.

3.8 ***Right of First Offer***. Subject to the terms and conditions specified in this Section 3.8, the Company hereby grants to each Member having or deemed as having the Minimum Threshold Percentage a right of first offer with respect to future sales by the Company of its Membership Units or other debt or equity securities of the Company convertible into or exchangeable or exercisable for any Membership Units (collectively, " ***New Securities***"). Each time the Company proposes to offer any New Securities, the Company shall first make an offering of such New Securities to each Member in accordance with the following provisions:

(a) *Issuance Notice*. The Company shall deliver a notice (the "***Issuance Notice***") to the Members stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms upon which it proposes to offer such New Securities.

(b) *Election*. Each Member may elect, by notice to the Company on or before the ** Day after the Issuance Notice (the "***Election Notice***"), to purchase or obtain, at the price and on the terms specified in the Issuance Notice, all or any portion of the New Securities. In the event that the Company shall have received Election Notices which collectively offer to purchase more New Securities than the Company is proposing to sell, then the New Securities shall be allocated among the Members electing to purchase or obtain New Securities pro-rata in accordance with their respective Membership Percentages (such pro-rata share to be determined by including only the Membership Percentages of such electing Members).

** This portion has been redacted pursuant to a confidential treatment request.

(c) *Expiration*. If all New Securities that Members are entitled to purchase or obtain pursuant to Section 3.8(b) are not elected to be purchased or obtained as provided in Section 3.8(b), the Company may, during the ** Day period following the expiration of the period provided in Section 3.8(b), offer the unsubscribed portion, if any, of such New Securities to any Person or Persons at a price not less than and upon terms not materially more favorable to the offeree than the price and terms, respectively, that were specified in such Issuance Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within ** Days of the execution thereof (or if regulatory approvals are required, such as the prior written consent of the NRC or the DOE, within ** Days after the date on which all such approvals are obtained), the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Members by delivery of an Issuance Notice in accordance with this Section 3.8.

(d) *Exceptions*. The right of first offer in this Section 3.8 shall not be applicable to (i) the issuance or sale of Membership Units pursuant to the TEPCO Investment Agreement, including the issuance of Membership Units in connection with the TEPCO Member's exercise of the Option pursuant to the TEPCO Investment Agreement, (ii) the issuance or sale of Membership Units to new Members admitted to the Company to satisfy any shortfalls in Capital Calls pursuant to and in accordance with Section 6.3, (iii) the issuance or sale of New Securities in an IPO or (iv) Dispositions of Membership Units as a result of TANE exercising its rights under the Toshiba Credit Agreement and the other Loan Documents.

(e) *Transfer of Rights*. The right of first offer set forth in this Section 3.8 may not be assigned or transferred as a right separate from the Membership Units, except that such right is assignable by each Member to any Wholly Owned Affiliate of such Member that is as creditworthy as such Member (as reasonably determined by each other Member).

3.9 ***Business of the Subsidiaries of the Company***. Concurrently with the execution of this Agreement, the Company shall cause the limited liability company agreement of: (a) Nuclear Innovation North America Investments LLC, a Delaware limited liability company (" ***NINA Investments LLC***"), to be amended to provide that NINA Investments LLC shall not conduct any business other than the Business and any other business or activity that now or in the future may be necessary, incidental, proper, advisable, or convenient to conduct such Business; and (b) each of NINA Texas 3 LLC, a Delaware limited liability company ("***NINA Texas 3***") and NINA Texas 4 LLC, a Delaware limited liability company ("***NINA Texas 4***"), to be amended to provide that NINA Texas 3 and NINA Texas 4 shall not conduct any business other than business related to the development, permitting, engineering, procurement, construction, ownership, financing and operation of STP 3 or STP 4, respectively, and any other business or activity that now or in the future may be necessary, incidental, proper, advisable, or convenient to conduct such business.

** This portion has been redacted pursuant to a confidential treatment request.

ARTICLE IV
DISPOSITIONS OF MEMBERSHIP UNITS

4.1 ***Requirements for Dispositions***.

(a) *Compliance with Article IV*. A Member may not Dispose of all or any portion of its Membership Units except in accordance with this Article IV. Any attempted Disposition of any Membership Units, other than in accordance with this Article IV, shall be, and is hereby declared, null and void *ab initio*.

(b) *General Requirements for Dispositions of Membership Units* . Any Member Disposing of all or any portion of its Membership Units (a "***Disposing Member***") and its Assignee, if applicable, shall cause the requirements in this Article IV to be met in connection with such Disposition and, if applicable, the admission of such Assignee as a Member, and such Disposition (and admission, if applicable) shall not be effective unless such requirements are complied with.

(i) The following documents must be delivered to the Company and each Member other than the Disposing Member (each, a " ***Nondisposing Member***") and must be satisfactory, in form and substance, to the Board in its reasonable discretion:

(A) a copy of the instrument pursuant to which the Disposition is to be effected;

(B) an instrument, executed by the Disposing Member and its Assignee, containing the following information and agreements, to the extent they are not contained in the instrument described above: (1) the notice address of the Assignee; (2) if the Assignee has a Parent, the name of the Parent; (3) the Assignee's ratification of this Agreement and agreement to be bound by it, the Assignee's assumption of all obligations of the Disposing Member from and after the date of the Disposition and the Assignee's confirmation that the representations and warranties in Section 3.5 are true and correct with respect to it; (4) representations and warranties by the Disposing Member and its Assignee that (a) the Disposition and admission are being made in accordance with all applicable Laws (including that the Disposition does not require any approval of the NRC or any other Governmental Authority or that the Disposing Member or its Assignee has obtained any such approval at their own cost and expense without imposing any material regulatory burden or adverse regulatory or other consequences on the Company or the Nondisposing Members) and (b) the matters covered in the legal opinions described in subsections 4.1(b)(i)(C) and 4.1(b)(i)(D) are true and correct;

(C) unless the Membership Units subject to the Disposition are registered under the Securities Act and any applicable state securities Law, a favorable opinion of the Company's legal counsel, or of other legal counsel acceptable to the Board in its reasonable discretion, to the effect that the

Disposition and admission are being made pursuant to a valid exemption from registration under those Laws and in accordance with those Laws; and

(D) a favorable opinion of the Company's legal counsel, or of other legal counsel acceptable to the Board in its reasonable discretion, to the effect that the Disposition would not result in the Company's being considered to have terminated within the meaning of Code Section 708;

provided, however, that the Board, in its sole and absolute discretion, may waive the foregoing subsections 4.1(b)(i)(C) and 4.1(b)(i)(D); and provided, further, that if such Disposition is a result of a Change of Control, the Disposing Member shall only be required to provide the Company and each Nondisposing Member with (1) the name of the Disposing Member's Parent after such Change of Control is consummated, (2) a summary of the material terms of the instrument pursuant to which the Disposition is to be effected and (3) an instrument executed by the Disposing Member containing representations and warranties by the Disposing Member that the Disposition is being made in accordance with all applicable Laws (including that the Disposition does not require any approval of the NRC or any other Governmental Authority or that the Disposing Member or its new Parent and/or Affiliates have obtained any such approval at their own cost and expense without imposing any material regulatory burden or adverse regulatory or other consequences on the Company or the Nondisposing Members); provided, further, however, that the Board, in its sole and absolute discretion, may waive compliance with the requirements applicable to Dispositions resulting from a Change of Control in the immediately preceding proviso.

(ii) The Disposing Member and its Assignee, if applicable, shall pay, or reimburse the Company for, all reasonable costs and expenses incurred by the Company in connection with the Disposition and admission, if applicable, including the legal fees incurred in connection with the legal opinions referred to in Sections 4.1(b)(i)(C) and (D), on or before the tenth (10 th) Business Day after the receipt by that Person of the Company's invoice for the amount due. If payment is not made by the date due, the Person owing that amount shall pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Rate (as determined on the date such amount became due and payable).

(c) *Release of Disposing Member*. Except as otherwise provided in Sections 3.4 or 4.2(b) or if such Disposition results from a Change in Control, from and after the Disposition of any Membership Units in accordance with this Article IV, the Disposing Member shall be released from all obligations and liabilities arising hereunder on or after the date of the Disposition to the extent of the Membership Units Disposed of; provided, however, that no Disposition hereunder shall release the Disposing Member from any liability or obligation it may have hereunder with respect to liabilities or obligations incurred prior to the date of such Disposition or with respect to Membership Units that it continues to own after the date of such Disposition.

(d) *Admission of Assignee as a Member*. An Assignee has the right to be admitted to the Company as a Member, with the Membership Units so transferred to such

Assignee, only if the Disposition complies with this Article IV and either the Disposing Member making the Disposition has expressly granted such right to the Assignee or the Board otherwise approves.

(e) *Compliance with Sections 103 & 184 of the Atomic Energy Act*. Section 103 of the Atomic Energy Act of 1954, as amended (the "***AEA***"), prohibits the NRC from issuing a license to any entity that is owned, controlled or dominated by a foreign entity or person, and Section 184 of the AEA requires NRC's prior written consent to any direct or indirect transfer of control of a NRC license. Thus, any change in Membership Units, including (i) a Disposition; (ii) a creation or issuance of additional Membership Units and admission of a new Member pursuant to Section 3.3; or (iii) an exercise by a Member of its right of first offer pursuant to Section 3.8 (collectively, each of (i), (ii) and (iii) a "***Change in Membership Units***"), (x) could impact the NRC's review of the pending application for NRC licenses for STP 3 and STP 4 and (y) after issuance of any NRC license for STP 3 or STP 4 to any Subsidiary of the Company, could involve a direct or indirect transfer of control of the Company that would require NRC's prior written consent. Moreover, if a Change in Membership Units involves any increased ownership by foreign-owned entities, this may require mitigation measures to assure that the foreign-owned Members do not exercise control or domination over the Company as prohibited by the AEA, and such measures may need to take into account any foreign-owned Member's rights to acquire increased ownership of Membership Units. This Agreement shall be construed in light of these requirements and in a manner that facilitates compliance with these requirements. In addition, to the extent required under the AEA and the NRC's implementing regulations, orders and license conditions, the Members will negotiate in good faith to agree on amendments to Article V to assure that the Company and the conduct of the Company's business involving any NRC license continues to remain controlled and dominated by U.S. citizens and/or U.S. controlled entities, as necessary to facilitate any Change in Membership Units.

(f) Notwithstanding anything herein to the contrary, this Section 4.1 (other than Section 4.1(e)) shall not apply to Dispositions of Membership Units as a result of TANE exercising its rights under the Toshiba Credit Agreement and the other Loan Documents.

4.2 ***Certain Restrictions on Disposition***.

(a) *Creditworthiness Standards*. A Member may not Dispose of all or any portion of its Membership Units to any Person without the approval of the Board (acting by the affirmative vote or written consent of one or more Managers, other than the Manager appointed by the Disposing Member (the "***Disposing Manager***"), having a majority of the aggregate Voting Percentages in accordance with Section 5.1(c)) unless **.

(b) *Assignments of Membership Units to Wholly Owned Affiliates*. Notwithstanding Section 4.2(a), a Member may assign all or any portion of its Membership Units to a Wholly Owned Affiliate of such Member that is as creditworthy as such Member (as reasonably determined by each Nondisposing Member); provided, however, that the Disposing Member shall not be released from its obligations under this Agreement without the approval of

** This portion has been redacted pursuant to a confidential treatment request.

the Board (acting by the affirmative vote or written consent of one or more Managers, other than the Disposing Manager, having a majority of the aggregate Voting Percentages in accordance with Section 5.1(c)).

(c) *Nonstrategic Purchasers*. A Member may not Dispose of all or any portion of its Membership Units to a Nonstrategic Purchaser unless such Disposition (i) complies with all other relevant restrictions on Dispositions in this Article IV and (ii) does not result in one or more Nonstrategic Purchasers having a Membership Percentage, in the aggregate, equal to or greater than **; provided, however, that a Disposition that results in one or more Nonstrategic Purchasers having a Membership Percentage, in the aggregate, equal to or greater than ** shall be permitted with the prior approval of the Board (acting by the affirmative vote or written consent of one or more Managers, other than the Disposing Manager, having a majority of the aggregate Voting Percentages in accordance with Section 5.1(c)).

(d) *Energy Regulatory Matters*. A Member may not Dispose of all or any portion of its Membership Units if the Board (acting by the affirmative vote or written consent of one or more Managers, other than the Disposing Manager, having a majority of the aggregate Voting Percentages in accordance with Section 5.1(c)) reasonably determines that such proposed Disposition requires the Company to obtain approval of or make notification to any Governmental Authority (including, for the avoidance of doubt, the DOE) unless the relevant Governmental Authority shall have (i) issued an order approving such proposed Disposition or accepting any such required notification (or otherwise indicating that no further action will be taken with respect to any required notification) or (ii) determined that approval or notification is not required. Notwithstanding any decision by the Company pursuant to the immediately preceding sentence that no approval is required for a given Disposition, such Disposition will not be effective from the date of any determination by any Governmental Authority that the approval of such Governmental Authority is required to effect such Disposition until such approval is obtained. If any Person acquiring Membership Units in connection with a Disposition shall have a Membership Percentage equal to or greater than five percent (5%) following such Disposition, such Person shall deliver to the Company a certificate, in a form and substance prescribed by the Board, certifying that it does not and shall not cause NINA Texas 3 or NINA Texas 4, or their affiliates pursuant to applicable affiliate attribution regulations, to violate Section 39.154 of the Texas Public Utility Regulatory Act and Section 25.401 of the Texas Public Utility Commission Substantive Rules.

(e) *Exercise of Cure Rights In Connection with a Failure to Contribute Capital Contributions.* Notwithstanding Section 4.2(a), a Member shall Dispose of all of the Membership Units issued to it in exchange for its Capital Contributions pursuant to Section 6.3(a)(i) to the Nonfunding Member that cures its failure to make such Capital Contributions in accordance with Section 6.3(a)(i).

(f) *Encumbrances of Membership Units*. A Member may Encumber its Membership Units to a Bona Fide Secured Party, and such secured party in respect of such Encumbrance may foreclose such Encumbrance and exercise other legal remedies in respect of

** This portion has been redacted pursuant to a confidential treatment request.

such Encumbrance, free of any right of consent of any Member and free of the Preferential Right described in Section 4.3; provided, however, that such secured party and/or any Person that acquires such Membership Units as a consequence of such foreclosure or other exercise of remedies, shall not be entitled to become a Member hereunder with rights under Sections 5.1 and 5.2, unless and until approved by all of the other Members, and any further Disposition of such Membership Units shall thereafter be fully subject to the provisions of this Article IV; provided, further, however, that notwithstanding anything to the contrary in this Agreement, any such secured party and/or Person that acquires such Membership Units as a consequence of foreclosure or other exercise of remedies with respect to an Encumbrance thereon that secures indebtedness under the Toshiba Credit Agreement shall become a Member hereunder with rights under Sections 5.1 and 5.2, without the need for notice or approval of the other Members.

(g) Notwithstanding anything herein to the contrary, this Section 4.2 (other than Sections 4.2(d) and 4.2(f)) shall not apply to Dispositions of Membership Units as a result of TANE exercising its rights under the Toshiba Credit Agreement and the other Loan Documents.

4.3 ***Preferential Purchase Right***.

(a) *Preferential Purchase Right*. Except for Dispositions of Membership Units permitted in accordance with Section 4.2(b) or as a result of a Change of Control or TANE exercising its rights under the Toshiba Credit Agreement and the other Loan Documents, if a Member at any time proposes to Dispose of all or any portion of its Membership Units in a transaction that complies with the requirements of Section 4.2, then such Member shall promptly give notice of such proposed transaction (the "***Disposition Notice***") to the Company and each other Member. The Disposition Notice shall set forth all material terms of the proposed Disposition, including the name and address of the prospective acquirer, the fact that the prospective acquirer has agreed to purchase all or a specified part of the Membership Units owned by the Disposing Member, the price to be paid for such Membership Units, and the other material terms and conditions of the proposed Disposition. Each other Member shall have the preferential right (the " ***Preferential Right***"), exercisable by notice (the "***Exercise Notice***" and each exercising Member, a "***Purchasing Member***") to each other Member on or before the ** Day after the Disposition Notice is given, to acquire, for the same purchase price and on the same terms and conditions as are set forth in the Disposition Notice, such Purchasing Member's pro-rata portion, based on the Membership Percentages of each Purchasing Member (for purposes of determining such pro-rata portion, including only the Membership Units of the Purchasing Member(s)), of the Membership Units included in such proposed Disposition in accordance with this Section 4.3. If the Purchasing Members fail to exercise their Preferential Right to purchase all of the Membership Units included in such proposed Disposition within such ** Days, the Disposing Member shall give the Purchasing Members a second notice of the proposed Disposition of the Membership Units which were not subscribed for. Unless on or before the ** Day after such second notice, the Purchasing Members have either (i) each elected, by notice to the Disposing Member, to purchase its respective pro-rata share of all of the Membership Units not subscribed for by such other Members or (ii) collectively elected, by

** This portion has been redacted pursuant to a confidential treatment request.

notice delivered by all Purchasing Members to the Disposing Member, to purchase all of the Membership Units not subscribed for by such other Members, allocated among the Purchasing Members as set forth in such notice, then the Nondisposing Members shall be deemed to have elected not to acquire any Membership Units of the Disposing Member. For purposes of the second election under this Section 4.3(a), the pro-rata share of the Purchasing Members shall be determined including only the Membership Percentages of the Purchasing Member(s) participating in such second election. A Member that fails to exercise a Preferential Right during the applicable periods set forth in this Section 4.3(a) shall be deemed to have waived such Preferential Right with respect to the Disposition described in such Disposition Notice, but not any future Preferential Right with respect to any other Disposition described in any other Disposition Notice.

(b) *Closing following Exercise Notice*. If the Purchasing Members exercise the Preferential Right to acquire all of the Membership Units described in the Disposition Notice, the closing of the purchase of the Membership Units of the Disposing Member specified in such Disposition Notice shall occur at the principal place of business of the Company on or before the ** Day after the date on which the Disposition Notice is given (or if regulatory approvals are required, such as the prior written consent of the NRC or the DOE, on or before the ** Day after the date on which all such approvals are obtained), unless the Disposing Member and the Purchasing Members agree upon a different place or date. At the closing, (i) the Disposing Member shall execute and deliver to each Purchasing Member (A) an assignment of the Membership Units being transferred to such Purchasing Member, in form and substance reasonably acceptable to such Purchasing Member, containing a general warranty of title as to such Membership Units (including that such Membership Units are free and clear of all Encumbrances) and (B) any other instruments reasonably requested by such Purchasing Member to give effect to the purchase; and (ii) such Purchasing Member shall deliver to the Disposing Member in immediately available funds its pro-rata portion, based on the Membership Units actually being purchased by each Purchasing Member, of the purchase price for the Membership Units included in such proposed Disposition as set forth in the Disposition Notice.

(c) *Failure to Exercise.* If no Member timely delivers an Exercise Notice (or if the Purchasing Members do not exercise the Preferential Right to acquire all of the Membership Units described in the Disposition Notice), then the Disposing Member shall have the right, subject to compliance with the provisions of this Article IV, to Dispose of all of its Membership Units or the portion thereof specified in the Disposition Notice on or before the ** Day after the date the Disposition Notice was given to the proposed Assignee strictly in accordance with the terms of the Disposition Notice (or if regulatory approvals are required, such as the prior written consent of the NRC or the DOE, on or before the ** Day after the date on which all such approvals are obtained). If, however, the Disposing Member fails to so Dispose of such Membership Units on or before such ** Day (or if regulatory approvals are required, such as the prior written consent of the NRC or the DOE, on or before the ** Day after the date on which all such approvals are obtained), the proposed Disposition shall again become subject to the Preferential Right.

** This portion has been redacted pursuant to a confidential treatment request.

4.4 ***IPO***. The Members agree to cooperate in all reasonable respects to effect an IPO if duly approved by a Required Manager Approval, including executing such documents and agreements as shall reasonably be required to restructure or convert the Company in anticipation of an IPO.

4.5 ***Remedies***. The Members agree that a breach of the provisions of this Article IV may cause irreparable injury to the Company and to the other Members for which monetary damages (or other remedy at law) are inadequate in view of (a) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Member to comply with such provisions and (b) the uniqueness of the Company business and the relationship between the Members. Accordingly, the Members agree that the provisions of this Article IV may be enforced by specific performance.

ARTICLE V
MANAGEMENT

5.1 ***Managers***.

(a) *Delegation of Authority*. Except with respect to matters that this Agreement expressly requires be decided by the Members, the management of the Company is fully vested in and is hereby delegated to a board (the "***Board***") of managers appointed by the Members in accordance with this Section 5.1 (each, a "***Manager***"). Decisions or actions taken by the Board in accordance with the provisions of this Agreement shall constitute decisions or actions by the Company and shall be binding on each Member and the Company. In addition to the powers that now or hereafter can be granted under the Act and to all other powers granted under any other provision of this Agreement, the Board shall have, and each Member hereby delegates to the Board, full power and authority to do all things on such terms as it may deem necessary or appropriate to conduct, or cause to be conducted, the business and affairs of the Company and to operate, or cause to be operated, the properties and assets of the Company, including: (i) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, Indebtedness for Borrowed Money and other liabilities, the issuance of evidences of indebtedness and the incurring of any other obligations; (ii) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Company; (iii) the use of the assets of the Company (including cash on hand) for any purpose consistent with the terms of this Agreement and the repayment of obligations of the Company; (iv) the negotiation, execution and performance of any contracts, conveyances or other instruments; (v) the distribution of Company cash or other property; (vi) the selection, engagement and dismissal of Officers or employees, if any, and agents, attorneys, accountants, engineers, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (vii) the maintenance of insurance for the benefit of the Company; (viii) the acquisition or disposition of assets in the ordinary course of business; (ix) the formation of, or acquisition of an interest in, or the contribution of property to, any Person; (x) the control of any matters affecting the rights and obligations of the Company, including the commencement, prosecution and defense of actions at law or in equity and otherwise engaging in the conduct of litigation and the incurring of legal expense and the settlement of claims and litigation; (xi) the indemnification of any Person against liabilities and

contingencies to the extent permitted by Law and this Agreement; (xii) the voting of equity interests of the Company in any other Person; and (xiii) the approval of operating budgets and capital expenditure budgets.

(b) *Appointment; Authority*.

(i) Each Member shall have the right to appoint one (1) Manager, but only for so long as such Member has or is deemed to have the Minimum Threshold Percentage, and shall have the right to remove, replace, and/or reappoint each such Manager appointed by it at any time and from time to time by notice to the other Members, which appointment, removal, replacement, or reappointment may be effective simultaneously with the giving of such notice, or prospectively (but not retroactively).

(ii) Each Manager shall be duly constituted as the authorized representative and agent of its appointing Member for purposes of exercising the rights, power and duties of such Member hereunder and each Manager shall have the right to vote and take action by written consent on behalf of the Member that nominated such Manager.

(iii) Notwithstanding anything else herein to the contrary, no Manager shall be deemed to be a "manager" for purposes of or pursuant to Sections 18-305(a) or (c) of the Act.

(c) *Voting*. (i) The Manager appointed by a Member shall have a voting percentage (" ***Voting Percentage***") on the Board equal to the Membership Percentage of the Member that appointed such Manager. Except as specified in Article IV, Section 5.1(e) or Section 5.1(f), all decisions of the Board shall only require the affirmative vote or written consent of one (1) or more Managers having ** of the aggregate Voting Percentages. Upon the exclusion of a Manager from a vote or written consent of the Board pursuant to Sections 4.2(a), 4.2(b), 4.2(c), 4.2(d), 5.1(f), 5.8 or 6.3(b), the Voting Percentage of such excluded Manager shall be disregarded and a majority of the aggregate Voting Percentages necessary for an affirmative vote or written consent shall be determined solely based on the Voting Percentages of the Manager(s) not excluded therefrom.

(d) **.

(i) Notwithstanding anything in this Agreement to the contrary, the Board shall not take or cause the Company to take any of the following actions unless such action shall have been approved by **:

(A) incur, or permit any Subsidiary to incur, any Indebtedness for Borrowed Money from any Member or any Affiliate of a Member (other than intercompany borrowings among NINA Investments LLC, NINA Texas 3 or NINA Texas 4), unless all Members are offered the option to provide such

** This portion has been redacted pursuant to a confidential treatment request.

Indebtedness for Borrowed Money pro-rata in accordance with their Membership Percentages;

(B) (1) other than pursuant to Section 3.2 or in connection with an IPO approved pursuant to Section 5.1(e)(i)(A), amend this Agreement or any other organizational document of the Company defining the rights and obligations of the Members, including with respect to voting rights, management or Control rights and dispute resolution, in a manner that adversely and disproportionately impacts any Member or (2) permit any Subsidiary to amend any comparable organization document of such Subsidiary in a manner that adversely and disproportionately impacts any Member;

(C) change the rights of the Board to approve items set forth in Section 5.1(e);

(D) change the rights of the Members to appoint Managers to the Board;

(E) permit any Subsidiary to issue, award, grant or sell, or authorize the issuance, award, grant or sale of, any equity interests, any securities or interests convertible into or exercisable or exchangeable for any such equity interests, or any rights, warrants or options to acquire, any such equity interests, except for any pledge of any equity interests of any Subsidiary in connection with any Indebtedness for Borrowed Money permitted or approved under Section 5.1.(e)(ii)(B) or not otherwise precluded under this Agreement; and

(F) permit any Subsidiary to, directly or indirectly, Dispose of all or any portion of its ownership or equity interests in another Subsidiary.

(ii) The requirement for the approval of the Members of the matters specified in Section 5.1(d)(i) is herein referred to as the " ***Required Member Approval***".

(e) *Required Manager Approval*.

(i) Notwithstanding anything in this Agreement to the contrary (subject to Section 5.1(f)), the Company shall not take any of the following actions unless such action shall have been approved by the affirmative vote or written consent of each Manager representing a Member having or deemed as having **:

(A) conduct, or permit any Subsidiary to conduct, an initial public offering (an " ***IPO***") of the equity interests of such Person or any successor entity to such Person (including by conversion);

(B) other than in connection with an IPO, approve a merger, acquisition, corporate split or any other similar transaction of the Company with

** This portion has been redacted pursuant to a confidential treatment request.

or into another Person or any sale of all or substantially all of the Company's or any Subsidiary's assets or the conversion of the Company or any Subsidiary from a limited liability company to any other business entity;

(C) directly or indirectly, including through any Subsidiary, carry on any business other than the business permitted by Section 2.4;

(D) increase the Capital Account of any Member without a contribution of a proportionate amount of cash or property by such Member, except as provided in Section 6.5 and 7.3;

(E) approve any capital transaction with any Member or any other Person including accepting any Capital Contributions or issuing, selling, granting, repurchasing or redeeming any Membership Units or any securities or rights convertible into, exchangeable or exercisable for any Membership Units (except in accordance with Capital Calls);

(F) enter into, or permit any Subsidiary to enter into, any Affiliate Contract, including for any acquisition by the Company or any Subsidiary of another entity or any equity interest in another entity that is an Affiliate of any Member, that is not either (1) expressly permitted by this Agreement or the TEPCO Investment Agreement or (2) on terms and conditions no less favorable to the Company or such Subsidiary than those that would be applicable in comparable transactions between independent parties acting at arm's length, or amend any such Affiliate Contract in a manner that is not consistent with arm's length terms; provided, however, that this Section 5.1(e)(i)(F) shall not apply to any Affiliate Contract with an Affiliate of NINA or the TEPCO Member that becomes a subcontractor to TANE under the EPC Contract so long as (x) such Affiliate becomes a subcontractor pursuant to a transparent and competitive bidding process under the EPC Contract and (y) there is full disclosure of any Affiliate relationship among the Members;

(G) approve any changes to the tax status of the Company as a partnership for U.S. federal income tax purposes other than in connection with an IPO approval under Section 5.1(e)(i)(A);

(H) (1) other than in any non-public communication with any Governmental Authority, announce, or permit any of its Subsidiaries to announce, that such Person is no longer pursuing the development of STP 3 or STP 4, (2) cease, or permit any Subsidiary to cease, to be actively engaged in pursuing the development of the Project for a period of one (1) year in the absence of the exercise of a suspension right under the EPC Contract or for a period of one (1) year after the expiration of any suspension period under the EPC Contract; or (3) terminate, or permit any Subsidiary to terminate, the EPC Contract other than due to a default by TANE;

(I) liquidate or dissolve the Company or any Subsidiary, except following the sale of all or substantially all of such Person's assets, or wind up, liquidate, dissolve or cancel any material project or material line of business of the Company or any Subsidiary; and

(J) (1) other than pursuant to Section 3.2 or in connection with an IPO approved pursuant to Section 5.1(e)(i)(A), amend this Agreement or any other organizational document of the Company defining the rights and obligations of the Members, including with respect to voting rights, management or Control rights and dispute resolution, or (2) permit any Subsidiary to amend any comparable organization document of such Subsidiary.

(ii) Notwithstanding anything in this Agreement to the contrary, the Company shall not take any of the following actions unless such action shall have been approved by **:

(A) appoint and remove the independent auditors of the Company;

(B) incur, or permit any Subsidiary to incur, any Indebtedness for Borrowed Money in excess of ten million dollars ($10,000,000) per borrowing (but not including requirements for parent support of project companies that are customary in limited recourse project financings) or enter into any swap or other derivative transaction, in each case, other than in the ordinary course of business or as set forth in the then applicable Multi-Year Budget or in connection with any financing commitment or financing by JBIC or loan guarantee commitment by DOE or credit insurance from NEXI;

(C) other than in connection with any Indebtedness for Borrowed Money permitted or approved pursuant to Section 5.1(e)(ii)(B) or not otherwise precluded under this Agreement, create, or permit any Subsidiary to create, security over all or substantially all of the assets of the Company or such Subsidiary, except as provided in the then applicable Multi-Year Budget;

(D) approve, or permit any Subsidiary to approve, a lease, acquisition or disposition of assets, or investment (including the acquisition or disposition of any material equity interest in another entity) by the Company or such Subsidiary in excess of ** of the total gross expenditures in the annual budget for the applicable year, except as provided in the then applicable Multi-Year Budget;

(E) commence any material litigation involving the Company or settle any litigation involving the Company for cash in excess of ten million dollars ($10,000,000) or settle any material litigation involving the Company for a

** This portion has been redacted pursuant to a confidential treatment request.

non-cash settlement or cause the same with respect to any litigation involving any Subsidiary;

(F) form any new Subsidiary;

(G) approve any Multi-Year Budgets or any increase in costs identified in the Multi-Year Budget that amount to a variation in the Initial Multi-Year Budget or the then applicable Multi-Year Budget in excess of **;

(H) make, or permit any Subsidiary to make, a charitable donation to any Person in excess of one hundred thousand dollars ($100,000) except as set forth in the then applicable Multi-Year Budget;

(I) make, or permit any Subsidiary to make, any material modification to the financial or tax accounting methods, practices, policies and procedures adopted by the Company or such Subsidiary, including any change to the Company's or such Subsidiary's annual accounting or period, except as may be required by a change in GAAP or applicable Law;

(J) make any Capital Calls, except as provided in the then applicable Multi-Year Budget and other than in respect of any increase in costs identified in the Multi-Year Budget that amount to a variation in the then applicable Multi-Year Budget in excess of **;

(K) other than in connection with routine waivers or change orders, engage, amend, modify in any material respect or terminate any contract of the Company or any Subsidiary involving **;

(L) make or declare dividends or distributions to the Members, other than as provided in the then applicable Multi-Year Budget;

(M) adopt or materially amend, or permit any Subsidiary to adopt or materially amend, any plans or policies in respect of the Company's or such Subsidiary's employee or director remuneration, employment terms, incentive arrangements or retirement benefits; and

(N) institute or cause to be instituted any proceeding for a voluntary bankruptcy or approve any such proceeding by any third party, of the Company or any Subsidiary.

(iii) The requirement for the approval of the Managers of the matters specified in Sections 5.1(e)(i) and 5.1(e)(ii) is herein referred to as the "***Required Manager Approval***".

** This portion has been redacted pursuant to a confidential treatment request.

(f) *Voting Regarding Nuclear Safety, Security and Reliability*. The Manager(s) appointed by the U.S. owned and controlled Member(s) shall have a casting (deciding) vote (acting by the affirmative vote or written consent of one or more Managers, other than the Manager(s) appointed by the non-U.S. owned or controlled Member(s), having a majority of the aggregate Voting Percentages in accordance with Section 5.1(c)) on the following matters:

(i) any matter that, in view of U.S. laws or regulations, requires or makes it reasonably necessary to assure U.S. control;

(ii) any matter relating to nuclear safety, security or reliability, including, but not limited to, the following matters:

(A) implementation or compliance with any NRC generic letter, bulletin, order, confirmatory order or similar requirement issued by the NRC;

(B) prevention or mitigation of a nuclear event or incident or the unauthorized release of radioactive material;

(C) placement of the plant in a safe condition following any nuclear event or incident;

(D) compliance with the AEA, the Energy Reorganization Act, or any NRC rule;

(E) the obtaining of or compliance with a specific license issued by the NRC and its technical specifications; and

(F) compliance with a specific Final Safety Analysis Report, or other licensing basis document;

(iii) any decision relating to NRC regulatory strategy or the relationship with the NRC which concerns matters covered under subsections 5.1(f)(i) or 5.1(f)(ii);

(iv) any other issue reasonably determined by the Manager(s) appointed by the U.S. owned and controlled Member(s), in their prudent exercise of discretion to be an exigent nuclear safety, security or reliability issue; and

(v) staffing of key executive officer positions of the Company.

(g) *Meetings*. The Board shall use reasonable efforts to have quarterly meetings on or about the same date as the quarterly board meetings held by NINA, and NINA will provide the other Members with notice of any quarterly Board meeting not less than five (5) Business Days prior to the date of such Board meeting. Special meetings of the Board may be called by any Manager on five (5) Business Days' notice to each Member. Meetings of the Board may be held telephonically or using any other medium in which each meeting participant can hear the other meeting participants. On any matter that is to be voted on, consented to or approved by the Board, the Board may take such action without a meeting, without prior notice

and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by the Managers having not less than the minimum Voting Percentage that would be necessary to authorize or take such action at a meeting at which all Managers entitled to vote thereon were present and voted; provided, that the non-consenting Managers shall be given prompt notice after the requisite number of Managers sign such consent.

5.2 ***Officers***.

(a) The Board shall designate a chief executive officer (the "***Chief Executive Officer***"), who shall have the authority and perform duties customarily associated with such title. The Chief Executive Officer may designate one or more other natural persons to be other Officers of the Company, subject to Board approval, and any such Officers so designated shall have such titles and, subject to the other provisions of this Agreement, have such authority and perform such duties as the Chief Executive Officer may delegate to them and shall serve at the pleasure of the Board. In addition to or in lieu of Officers, the Board may authorize any person to take any action or perform any duties on behalf of the Company (including any action or duty reserved to any particular Officer) and any such person may be referred to as an "authorized person." An employee or other agent of the Company shall not be an authorized person unless specifically appointed as such by the Board.

(b) The TEPCO Member shall have the right to designate, and the Board shall appoint such designees, Officers or other management personnel of the Company (other than key executive officer positions to be approved in accordance with Section 5.1(f)(v)) as reasonably requested by the TEPCO Member.

5.3 ***Multi-Year Budget***.

(a) The Members of the Company acknowledge and agree to the multi-year budget attached hereto as Exhibit C (the "***Initial Multi-Year Budget***").

(b) No later than ** Days prior to the end of the Fiscal Year which is the last year in the then current budget, the Board shall prepare (or cause to be prepared) a multi-year budget **; provided, however, that if such end of the Fiscal Year occurs prior to STP 3 and 4 COD, then the Board shall prepare (or cause to be prepared) a multi-year budget for **. Such multi-year budget shall be approved by Required Manager Approval under Section 5.1(e)(ii); provided, that if a multi-year budget is not approved by Required Manager Approval, the current multi-year budget shall remain in effect pending resolution of the matter pursuant to Article X. The multi-year budget shall be updated on a quarterly basis or at such other times as may be determined by the Board. Each multi-year budget shall include the information set forth in Exhibit C attached hereto. Each multi-year budget approved by the Board, as the same may be amended from time to time pursuant to this paragraph, is referred to herein as a "***Multi-Year Budget***".

(c) The Company and the Subsidiaries may make any expenditures that are consistent with the Multi-Year Budget.

** This portion has been redacted pursuant to a confidential treatment request.

5.4 ***Limitation on Authority***. No Member or Manager in its capacity as such shall have the authority or power to bind the Company or to take any action on behalf of the Company, or to incur any expenditures, debt, liabilities or obligations on behalf of the Company. No Officer shall have the authority to bind the Company or to take any action on behalf of the Company except pursuant to authorization granted by the Board.

5.5 ***Waiver of Fiduciary Duties; Discretion of Managers***. No Member in its capacity as such shall owe any fiduciary or other similar duties under applicable Law (including any duty of loyalty, duty of care, or duty of good faith and fair dealing) to the Company or the other Members. The Members acknowledge and agree that the foregoing is intended to comply with the provisions of the Act (including Section 18-1101 of the Act) permitting members of a limited liability company to eliminate fiduciary duties. Each Manager shall be entitled to exercise his or her voting and other rights as a Manager in his or her sole discretion and shall be free to consider solely the interests of the Member appointing such Manager in exercising such rights. The Company and each Member hereby expressly and irrevocably waives, to the fullest extent permitted by applicable Law, all fiduciary and other similar duties under applicable Law of each other Member with respect to its exercise or failure to exercise any voting or other rights hereunder or under the Certificate, and agrees that it shall not raise any claim or action against any such other Member based on a breach or alleged breach of any fiduciary or other similar duties under applicable Law. Except as expressly provided herein, no conflict of interest with the Company shall prevent a Member from exercising its voting rights under this Agreement or under the Certificate. Each Member hereby agrees to ratify, in its capacity as holder of Membership Units, any action or inaction resulting from such exercise of, or failure to exercise, such voting or other rights.

5.6 ***Limitation of Liability of Managers and Officers; Indemnity***. To the fullest extent permitted under the Act and applicable Law, the Managers and Officers shall not be liable to the Company or any Member for any act or omission, and the Company shall indemnify the Managers and Officers against and save each Manager and Officer harmless from any liability incurred by such Manager or Officer, in connection with (a) the performance by such person of his or her duties as a Manager or Officer of the Company or (b) any action based on any act performed or omitted to be performed by any such person in connection with the business of the Company, including attorneys' fees incurred by such person in connection with the defense of any action based on any such act or omission, which attorneys' fees may be paid as incurred, including all such liabilities under federal and state securities laws; provided, however, that no Manager or Officer shall be exculpated or indemnified from any liability for fraud, intentional misconduct, bad faith or gross negligence. The Company's payment of such attorney's fees as incurred shall be subject to the Manager's or Officer's obligation to repay all such amounts if such Manager or Officer is ultimately determined not to be entitled thereto pursuant to this Section 5.6.

5.7 ***Other Business Ventures; Non-Compete***.

(a) *Non-Compete*. **.

** This portion has been redacted pursuant to a confidential treatment request.

(b) *Enforcement; Remedies*. The Members agree that the provisions of this Section 5.7 are necessary (i) to further the purposes, business and activities of the Company and (ii) to protect confidential and proprietary information regarding the Company to which the Members will have access pursuant to this Agreement. The Members agree that no adequate remedy at law exists for a breach of any of the provisions of this Section 5.7, the continuation of which unremedied will cause the Company and the other Members to suffer irreparable harm. Accordingly, the Members agree that the Company and the other Members shall be entitled, in addition to other remedies that may be available to them, to immediate injunctive relief from any breach or threatened breach of any of the provisions of this Section 5.7 and to specific performance of their rights hereunder, as well as to any other remedies available at Law or in equity.

5.8 ***Enforcement of NINA Contribution Agreement and TEPCO Investment Agreement*** . Notwithstanding anything to the contrary in this Agreement, the Members agree that the Members other than (i) NINA, with respect to the NINA Contribution Agreement and (ii) the TEPCO Member, with respect to the TEPCO Investment Agreement, acting by majority vote based on their respective Membership Percentages, shall have the right **. Such right shall include **.

5.9 ***Indemnification for Breach of Agreement***. Each Member (a "***Breaching Member***") shall indemnify, protect, defend, release and hold harmless each other Member and its Affiliates and each of their respective officers, directors, employees, representatives, attorneys and agents (the "***Indemnified Persons***") from and against any Claims asserted by or on behalf of any Person (including another Member) that arise out of, relate to or are otherwise attributable to, directly or indirectly, a breach by such Breaching Member of this Agreement.

5.10 ***Termination of Management Rights***. Notwithstanding anything in this Agreement to the contrary, no Member shall have the right to appoint any Managers pursuant to Section 5.1 unless such Member has or is deemed to have the Minimum Threshold Percentage. If at any time a Member no longer has or is deemed to no longer have the Minimum Threshold Percentage, any Managers appointed by such Member shall be automatically removed from their positions without further notice or procedure, and any further actions of such Managers shall be null and void.

5.11 ***Enforcement of Affiliate Contracts***. In the event that the Company or any Subsidiary, on the one hand, is party to an agreement (an " ***Affiliate Contract***") with a Member or an Affiliate thereof (not including the Company or any Subsidiary), on the other hand, the Company shall, and shall cause such Subsidiary to, take all actions necessary to enforce its rights under such Affiliate Contract and otherwise administer the terms of such Affiliate Contract as if such Affiliate Contract was an agreement entered into by independent parties acting at arm's length, including with respect to such matters as consent to assignment, declaration of defaults and termination events, declarations of early termination dates, suspension of performance, enforcement of remedies, termination and material amendments.

** This portion has been redacted pursuant to a confidential treatment request.

5.12 ***Corporate Opportunities***. Neither the Company nor any Member shall have any expectation or interest in any business opportunity that is presented to any of the Members or any of their respective officers, directors or employees or the Manager appointed thereby, unless, in the case of any such Person who is a Manager or Officer, such business opportunity is expressly offered to such Person in his or her capacity as a Manager or Officer.

5.13 ***Non-Solicitation***. From and after the Effective Date through the date such Member no longer owns any Membership Units, no Member shall, directly or indirectly, solicit, induce, encourage or attempt to persuade any employee of the Company, any Subsidiary or the Members (a) to leave his or her employment with the Company, any Subsidiary or the Members in order to become an employee, consultant or independent contractor to or for any other Person or (b) to terminate or adversely modify such employee's relationship with the Company, any Subsidiary or the Members provided, however, that this Section 5.13 shall not restrict an employer from publishing or posting open positions in the course of normal hiring practices that are not specifically sent to, or do not specifically target, employees of the Company, the Subsidiaries or the Members.

5.14 ***Non-Discrimination Policy***. The Members acknowledge that U.S. law and policy may require that certain future activities of the Company and the Subsidiaries remain under the control and management of U.S. citizens and direct that the Company at all times comply with such foreign ownership, control or influence limitations as have been established by U.S. law, regulation or agreement with any Governmental Authority. Without in any way diminishing the foregoing, it shall be the policy of the Company to endeavor, to the maximum extent possible consistent with the foregoing, to permit the involvement of Officers and other personnel (who may all be Japanese nationals) appointed, seconded, assigned or nominated by the TEPCO Member or any of its Affiliates, in accordance with this Agreement, to a position with the Company or any Subsidiary, without regard to race, nationality or citizenship.

ARTICLE VI

CAPITAL CONTRIBUTIONS

6.1 ***Initial Capital Contributions***. Pursuant to the NINA Contribution Agreement, NINA has contributed to the Company the NINA Initial Contribution. On or prior to the Effective Date, pursuant to the TEPCO Investment Agreement, the TEPCO Member has contributed to the Company the TEPCO Contribution and paid the Option Premium to the Company.

6.2 ***Subsequent Capital Contributions***.

(a) *In General*. Other than pursuant to Capital Calls (defined below) or as specified in the NINA Contribution Agreement or the TEPCO Investment Agreement, no Member shall be entitled to or obligated to make any contributions to the capital of the Company or to provide any guarantees of the Company's or any Subsidiary's obligations.

(b) *Capital Calls*. The Company will have the right from time to time and at any time by notice to the applicable Members to call for the Members to make contributions to

the capital of the Company in a stated amount (each such call, a "***Capital Call***"); provided, however, that, if (i) subject to Section 5.1(e)(ii)(J), the Company fails to issue or make a Capital Call as a result of which the Company breaches or is in default under any of the contracts set forth on Schedule 6.2(b)[1] or other contracts approved in accordance with Section 5.1(e)(ii)(K) or fails or is unable to meet its payment or other obligations under any such contract or (ii) the Majority Member or any of its Affiliates announces that it will no longer fund or pursue the development of STP 3 or STP 4 and thereafter the Company ceases making Capital Calls with respect to such Unit, then the Members other than the Majority Member shall have the right to cause the Company to issue or make a Capital Call. Capital Calls shall be made to all Members, and each Member may (but shall not be obligated to), on or before the ** Day after such Capital Call, pay to the Company in cash such Member's Membership Percentage of the amount for which the Capital Call is made. For the avoidance of doubt, no new Membership Units shall be issued in connection with a Capital Call if all Members elect to make their respective pro-rata share of contributions in response to a Capital Call pursuant to this Section 6.2(b).

6.3 ***Failure to Contribute Capital Contributions***.

(a) *Dilution*. If any Member (including the Majority Member) elects not to make a contribution in response to a Capital Call by the ** Day after such Capital Call (such Member, a "***Nonfunding Member***"), then the other Members shall have the right:

(i) to make, or to cause their respective Wholly Owned Affiliates that are as creditworthy as the applicable Member (as reasonably determined by each other Member) to make, such contribution pro-rata in accordance with their respective Membership Percentages to the capital of the Company (with the result that the Membership Units of the Members will be proportionately adjusted based on the Capital Contributions); provided, however, that such Nonfunding Member shall have the right to cure any failure to contribute at any point prior to the contribution by the other Members or their respective Wholly Owned Affiliates described in this clause (i) or thereafter by repaying in full the other Members or their respective Wholly Owned Affiliates who have made contributions pursuant to this clause (i) by the earlier of (x) the date of issuance of the next Capital Call and (y) the admission of a new Member to the Company pursuant to Section 6.3(a)(ii), and upon such cure the rights described in this clause (i) shall be of no further effect unless and until a subsequent failure to make a contribution in response to a Capital Call occurs; and

(ii) subject to the restrictions on Dispositions in Section 4.2, on or after the ** day after such Capital Call, to admit any third-party Person(s) to the Company as a new Member(s) to make a contribution in response to such Capital Call (with the result that the Membership Units of the Members will be proportionately adjusted based on the Capital Contributions) and upon such admission, the Nonfunding Member shall lose any

---

[1] Note to draft: Schedule to include the Major Contracts set forth on Schedule 5.15(a) of the Investment Agreement and the Toshiba Credit Agreement.

** This portion has been redacted pursuant to a confidential treatment request.

right to cure such failure to contribute; provided, however, that any such contribution by such Person shall only be to the extent of the shortfall in the Capital Call resulting from the election by the Nonfunding Member not to make a contribution in response to such Capital Call and in the event such Person elects to make a contribution to the capital of the Company in excess of such shortfall, any Membership Units issued or sold in respect of such excess shall be subject to the provisions of Section 3.8.

(b) *Voting Rights.* In addition to Section 6.3(a), if a Nonfunding Member does not cure a failure to make a contribution in response to a Capital Call within the time period set forth in Section 6.3(a)(i), then unless and until such time as such Nonfunding Member elects to make or resumes making contributions in response to a subsequent Capital Call (in which case all of the voting rights of the Manager appointed by such Nonfunding Member removed pursuant to this Section 6.3(b) shall be restored, subject to any dilution in Voting Percentages that may have been effected in accordance with this Agreement), the Manager(s) appointed by such Nonfunding Member shall not have the right to direct the Company with respect to (i) all actions and decisions of the Company requiring the affirmative vote or written consent of one (1) or more Managers having a majority of the aggregate Voting Percentages pursuant to Section 5.1(c) and (ii) the matters specified in Sections 5.1(e)(i) and Section 5.1(e)(ii), and the Manager appointed by such Nonfunding Member shall be excluded from any vote or written consent of the Board on such actions, decisions or matters; provided, however, that the Manager appointed by such Nonfunding Member shall not be excluded from voting on the matters specified in Section 5.1(e)(i) for so long as such Nonfunding Member has a Membership Percentage equal to or greater than **; and provided, further, that the Manager appointed by such Nonfunding Member shall not be excluded from voting on the matters specified in Section 5.1(e)(ii) for so long as such Nonfunding Member has a Membership Percentage greater than **; and provided, further, however, the Manager appointed by the Majority Member shall not be excluded from voting on the matters specified in Section 5.1(e)(ii) for so long as the Membership Percentage of such Majority Member is greater than **. For the avoidance of doubt, such Nonfunding Member shall not be excluded from voting on the matters specified in Section 5.1(d)(i) at any time for so long as such Nonfunding Member owns any Membership Units and remains a Member of the Company.

6.4 ***Return of Contributions***. Except as provided in Section 7.2, a Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Accounts or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

6.5 ***Capital Accounts***.[2] A Capital Account shall be established and maintained for each Member owning Membership Units in accordance with current and

** This portion has been redacted pursuant to a confidential treatment request.

2 Note to draft: Capital Account balances to be confirmed. To initially be in a 90:10 ratio at the Initial Closing.

proposed Treasury Regulation Section 1.704-1(b)(2)(iv). In connection with the contribution by NINA to the Company of the NINA Initial Contribution, NINA's Capital Account has been credited with a contribution to the capital of the Company equal to $ **[•]**. In connection with the contribution by the TEPCO Member to the Company of the TEPCO Contribution, the TEPCO Member's Capital Account has been credited with a contribution to the capital of the Company equal to $ **[•]**. Each Member's Capital Account shall be increased by the amount of money contributed by that Member to the Company, the fair market value of property contributed by that Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and allocations to that Member of income and gain (or items thereof) of the Company, including income and gain exempt from tax and income and gain described in Treasury Regulation Section 1.704-1(b)(2)(iv)(g), but excluding income and gain described in Treasury Regulation Section 1.704-1(b)(4)(i), and shall be decreased by the amount of money distributed to that Member by the Company, the fair market value of property distributed to that Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Section 752 of the Code), allocations to that Member of expenditures of the Company described (or treated as described) in Section 705(a)(2)(B) of the Code, and allocations of Company loss and deduction (or items thereof), including loss and deduction described in Treasury Regulation Section 1.704-1(b)(2)(iv)(g), but excluding items of loss or deduction described in Treasury Regulation Sections 1.704-1(b)(4)(i) or 1.704-1(b)(4)(iii). The Members' Capital Accounts shall also be maintained and adjusted (and the items allocated pursuant to Section 7.4 will be calculated) as permitted by the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(f) (including in connection with each issuance of Membership Units) and as required by the other provisions of Treasury Regulation Sections 1.704-1(b)(2)(iv) and 1.704-1(b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for book purposes rather than the allocation of the corresponding items as computed for tax purposes, as required by Treasury Regulation Section 1.704-1(b)(2)(iv)(g). A Member shall have a single Capital Account that reflects all Membership Units held by such Member, regardless of the time or manner in which such Membership Units were acquired. Upon the Disposition of all or a portion of the Membership Units owned by a Member, the Capital Account of the Disposing Member that is attributable to such Membership Units shall carry over to the Assignee in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(l).

ARTICLE VII

DISTRIBUTIONS AND ALLOCATIONS

7.1 ***Tax Distributions***. Prior to making distributions pursuant to Section 7.2, on each Tax Distribution Date, the Company shall, subject to the availability of funds as determined by the Board, distribute to each Member in cash an amount equal to such Member's Assumed Tax Liability, if any. " ***Tax Distribution Date***" means any date that is two (2) Business Days prior to the date on which estimated income tax payments are required to be made by a U.S. corporate calendar year taxpayer and each due date for the income tax return of a U.S. corporate calendar year taxpayer (without regard to extensions). "***Assumed Tax Liability***" means an amount calculated with respect to each Member (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners) equal to (a) the cumulative amount of federal, state and local income taxes (including any applicable estimated taxes)

, determined taking into account the character of income and loss allocated as it affects the applicable tax rate, that the Board estimates would be due from such Member (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners) as of such Tax Distribution Date, (i) assuming such Member (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners) earned solely the items of income, gain, deduction, loss, and/or credit allocated to such Member (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners) pursuant to Section 7.3, (ii) after taking proper account of loss carryforwards resulting from losses allocated to the Members (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners) by the Company, to the extent not taken into account in prior periods, and (iii) assuming that such Member (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners) is subject to tax at the highest income tax rates applicable to such Member (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners), reduced by (b) all previous distributions made to such Member pursuant to this Section 7.1. If on a Tax Distribution Date there are not sufficient funds on hand to distribute to each Member the full amount of such Member's (or in the case of a pass-through entity for U.S. federal income tax purposes, such Member's beneficial owners') Assumed Tax Liability, such distributions shall be made pro-rata basis among the Members in accordance with their Membership Percentages. Distributions pursuant to this Section 7.1 shall be treated as an advance distribution under Section 7.2 and shall offset future distributions that such Member would otherwise be entitled to receive pursuant to Section 7.2.

7.2 ***Distributions***. The Board may from time to time distribute to the Members such amounts as the Board may determine from the funds on hand of the Business, after the payment of all then-due obligations of the Company relating to the Business and the establishment of reasonable reserves for such Business's liabilities, obligations, working capital and other anticipated needs, to the extent the Board determines that the Company is not restricted by contract or Law from making a distribution to the Members from such funds. Such funds shall be distributed pro-rata among the Members in accordance with their Membership Percentages.

7.3 ***Allocations***. For purposes of maintaining Capital Accounts, income, gain, loss and deduction of the Company shall be allocated as follows:

(a) *General Allocations*. For each taxable year of the Company (including the taxable year in which the dissolution or liquidation of the Company occurs), items of income, gain, loss and expense shall be allocated among the Members during such taxable year in a manner that will, as nearly as possible, cause the Capital Account balance of each Member at the end of such taxable year to equal:

(i) the distribution (if any) that such Member would receive if, on the last day of the taxable year, (x) all the assets were sold for cash equal to their Book Values, taking into account any adjustments thereto for such taxable year, (y) all liabilities were satisfied in cash according to their terms (limited, with respect to each Nonrecourse Liability, to the Book Value of the assets securing such liability), and (z) the

net proceeds thereof (after satisfaction of such liabilities) and any cash on hand were distributed pursuant to Section 7.2, minus

(ii) the sum of (x) the amount, if any, which such Member is obligated to contribute to the capital of the Company, (y) such Member's share of the Company Minimum Gain determined pursuant to Treasury Regulation Section 1.704-2(g), and (z) such Member's share of Member Nonrecourse Debt Minimum Gain determined pursuant to Treasury Regulation Section 1.704-2(i)(5).

(b) *Special Allocations*. Notwithstanding any other provisions of Section 7.3(a), the following special allocations shall be made for each taxable period:

(i) Notwithstanding any other provision of this Section 7.3, if there is a net decrease in Company Minimum Gain during any Company taxable period, each Member shall be allocated items of income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Section 1.704-2(f)(6), (g)(2), and (j)(2)(i). For purposes of this Section 7.3(b)(i), the Capital Account of each Member shall be determined and the allocation of income or gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 7.3 with respect to such taxable period. This Section 7.3(b)(i) is intended to comply with the minimum gain chargeback requirement in Treasury Regulation Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) Notwithstanding the other provisions of this Section 7.3 (other than 7.3(b)(i) above), if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Company taxable period, any Member with a share of Member Nonrecourse Debt Minimum Gain at the beginning of such taxable period shall be allocated items of income and gain for such period (and, if necessary, subsequent periods) in the manner and amounts provided in Treasury Regulation Section 1.704-2(i)(4) and (j)(2)(ii). For purposes of this Section 7.3(b)(ii), the balance of each Member's Adjusted Capital Account shall be determined, and the allocation of income and gain required hereunder shall be effected, prior to the application of any other allocations pursuant to this Section 7.3(b)(ii), other than Section 7.3(b)(i) with respect to such taxable period. This Section 7.3(b)(ii) is intended to comply with the Member Nonrecourse Debt Minimum Gain chargeback requirement in Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) Except as provided in Section 7.3(b)(i) and Section 7.3(b)(ii), in the event that any Member unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6) in respect of its Membership Units, items of income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by such Treasury Regulation, the deficit balance, if any, in its Adjusted Capital Account created by such adjustments, allocations or distributions as quickly as possible unless such deficit balance is otherwise eliminated pursuant to Section 7.3(b)(i) and Section 7.3(b)(ii).

(iv) If any Member has a deficit balance in its Adjusted Capital Account at the end of any Company taxable period, such Member shall be specially allocated items of gross income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 7.3(b)(iv) shall be made only if and to the extent that such Member would have a deficit balance in its Adjusted Capital Account after all other allocations provided in this Section 7.3(b)(iv) have been tentatively made as if this Section 7.3(b)(iv) were not in this Agreement.

(v) Nonrecourse Deductions attributable to the Company for any taxable period shall be allocated to the Members in accordance with their Membership Percentages.

(vi) Member Nonrecourse Deductions relating to the Company for any taxable period shall be allocated one hundred percent (100%) to the Member that bears the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treasury Regulation Section 1.704-2(i). If more than one Member bears the Economic Risk of Loss with respect to a Member Nonrecourse Debt, Member Nonrecourse Deductions attributable thereto shall be allocated between or among such Members in accordance with the ratios in which they share such Economic Risk of Loss. This Section 7.3(b)(vi) is intended to comply with the provisions of Treasury Regulation 1.704-2(i) and shall be interpreted consistently therewith.

(vii) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Sections 734(b) or 743(b) of the Code is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such provisions.

(c) *Allocations Following Exercise of Option*. If the Option is exercised by the TEPCO Member, then the Company shall comply with the allocation rules described in proposed Treasury Regulation § 1.704-1(b)(2)(iv)(*s*) and shall make subsequent corrective allocations among the Members of income, gain, loss or deduction, described in proposed Treasury Regulation § 1.704-1(b)(4)(x), solely to the extent necessary to take into account any reallocations of Company capital that were required by proposed Treasury Regulation § 1.704-1(b)(2)(iv)(s) (if any).

7.4 ***Tax Allocations***. For income tax purposes, income, gain, loss, and deduction with respect to property contributed to the Company by a Member or revalued pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) shall be allocated among the Members in a manner that takes into account the variation between the adjusted tax basis of such property and its book value, as required by Section 704(c) of the Code and Treasury Regulation Section 1.704-1(b)(4)(i), using an allocation method determined by the Tax Matters Member.

7.5 ***Varying Interests***. All items of income, gain, loss, deduction or credit allocable to any Membership Units that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning those Membership Units; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Code and the regulations under it.

ARTICLE VIII

TAXES

8.1 ***Tax Returns***. By April 1 of each year, or as soon thereafter as is practicable, the Company shall furnish each Member for its review an Internal Revenue Service Schedule K-1 and any similar form required for the filing of state or local income tax returns for such Member for such fiscal year. The Company shall prepare and timely file all federal, state and local tax returns required to be filed by the Company. Each Member shall furnish to the Company all pertinent information in its possession relating to the Company's operations that is reasonably necessary to enable the Company's tax returns to be timely prepared and filed. The Company shall bear the costs of the preparation and filing of its tax and information returns.

8.2 ***Tax Elections***. The Company shall make the following elections on the appropriate tax returns: to adopt the calendar year as the Company's fiscal year; to adopt the accrual method of accounting; if a distribution of the Company's property as described in Code Section 734 occurs or upon a transfer of Membership Units as described in Code Section 743 occurs, on request by notice from any Member, to elect, pursuant to Code Section 754, to adjust the basis of the Company's properties; and any other election the Board may deem necessary or appropriate that is otherwise consistent with the provisions of this Agreement. Neither the Company nor any Member shall make an election for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law and no provision of this Agreement (including Section 2.8) shall be construed to sanction or approve such an election.

8.3 ***Tax Matters Member***.

(a) *Appointment; Duties*. NINA shall be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the " ***Tax Matters Member***"). The Tax Matters Member shall take such action as may be necessary to cause, to the extent possible, each other Member to become a "notice partner" within the meaning of Section 6223 of the Code. The Tax Matters Member shall inform the Board of all significant matters that may come to its attention in its capacity as Tax Matters Member by giving notice thereof on or before the fifth (5 th) Business Day after becoming aware thereof and, within that time, shall forward to the Board copies of all significant written communications it may receive in that capacity. Any cost or expense incurred by the Tax Matters Member in connection with its duties, including the preparation for or pursuance of administrative or judicial proceedings, shall be paid by the Company.

(b) *Settlements*. The Tax Matters Member shall not bind any Member to a settlement agreement without obtaining the consent of such Member, which consent shall not be

unreasonably conditioned, withheld or delayed. Any Member that enters into a settlement agreement with respect to any Company item (as described in Code Section 6231(a)(3)) shall notify the other Member of such settlement agreement and its terms within fifteen (15) Days from the date of the settlement.

(c) *Administrative Adjustments*. No Member shall file a request pursuant to Code Section 6227 for an administrative adjustment of Company items for any taxable year without first notifying the other Members. If the Board consents to the requested adjustment, the Tax Matters Member shall file the request for the administrative adjustment on behalf of the Members. If such consent is not obtained within thirty (30) Days from such notice, or within the period required to timely file the request for administrative adjustment, if shorter, any Member, including the Tax Matters Member, may file a request for administrative adjustment on its own behalf. Any Member intending to file a petition under Code Sections 6226, 6228 or other Code Section with respect to any item involving the Company shall notify the other Members of such intention and the nature of the contemplated proceeding. In the case where the Tax Matters Member is the Member intending to file such petition on behalf of the Company, such notice shall be given within a reasonable period of time to allow the other Members to participate in the choosing of the forum in which such petition will be filed.

(d) *Notice of Inconsistent Treatment*. If any Member intends to file a notice of inconsistent treatment under Code Section 6222(b), such Member shall give reasonable notice under the circumstances to the other Members of such intent and the manner in which the Member's intended treatment of an item is (or may be) inconsistent with the treatment of that item by the other Members.

ARTICLE IX

BOOKS, RECORDS, REPORTS AND BANK ACCOUNTS

9.1 ***Maintenance of Books***. The Company shall keep or cause to be kept at the principal office of the Company, or at such other location approved by the Board, complete and accurate books and records of the Company, supporting documentation of the transactions with respect to the conduct of the Company's business and minutes of the proceedings of its Members and the Board, and any other books and records that are required to be maintained by applicable Law. The books of account of the Company shall be maintained on the basis of a fiscal year that is the calendar year, maintained on an accrual basis in accordance with GAAP, consistently applied.

9.2 ***Reports; Access***. The Company shall deliver to each Member the reports and information set forth in this Section 9.2; provided that the Company may refuse to deliver to any such Member any of the reports or other information otherwise required by this Section 9.2 if such Member violates the confidentiality obligations set forth in Section 12.1.

(a) *Annual Reports*. As soon as available, and in any event within one hundred twenty (120) Days after the end of each fiscal year, the Company shall deliver (i) a balance sheet of the Company as of the end of such fiscal year and the related statements of operations, members' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited by independent public

accountants of national recognized standing selected by the Board as fairly presenting the financial condition and results of operations of the Company and as having been prepared in accordance with GAAP applied on a consistent basis and (ii) a written report prepared by the Chief Executive Officer and the Company's chief financial officer, principal accounting officer or similar accounting officer analyzing the operating and financial results for the Company's prior year and reporting on any material developments in respect of the ongoing business, operations and prospects of the Company.

(b) *Quarterly Financial Reports*. As soon as available, but in any event within sixty (60) Days after the end of each of the first three fiscal quarters of each fiscal year of the Company, the Company shall deliver (i) a balance sheet of the Company as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year and the related statements of operations, members' equity and cash flows for such fiscal quarter, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by the Chief Executive Officer and the Company's chief financial officer as fairly presenting the financial condition and results of operations of the Company and as having been prepared in accordance with GAAP applied on a consistent basis and (ii) a written report prepared by the Chief Executive Officer and the Company's chief financial officer, principal accounting officer or similar accounting officer analyzing the operating and financial results for the Company's prior quarter and reporting on any material developments in respect of the ongoing business, operations and prospects of the Company.

(c) *Monthly Reports*. As soon as available, but in any event on or before the last calendar day of each month, the Company shall deliver a written report prepared by the Chief Executive Officer and Company's chief financial officer, principal accounting officer or similar accounting officer covering the immediately preceding calendar month and reporting on any material developments in respect of the ongoing business and operations of the Company occurring in such immediately preceding calendar month. In addition, on such day the Company shall also deliver a written report comparing actual general and administrative expenses for such immediately preceding calendar month to budgeted general and administrative expenses for such month as set forth in the Multi-Year Budget.

(d) *Other Reports*. The Company shall deliver to each Member the following additional reports: (i) a report of any material accidents resulting in losses to or liabilities of the Company in excess of one million dollars ($1,000,000), as soon as reasonably practicable after the occurrence of each such accident, (ii) a report of any substantial delays in the licensing or construction of STP 3 and 4, (iii) as soon as available, but in any event within forty-five (45) Days after the end of the second and fourth quarters of each Fiscal Year, a report detailing the projected capital requirements for the subsequent six (6) month period and (iv) a report of any changes, events, circumstances or other matters that, individually or in the aggregate, would or would reasonably be expected to have a material adverse effect on the Business, as soon as reasonably practicable after the occurrence of such change, event, circumstance or other matter.

(e) *Access*. The Company shall afford, and shall cause the Subsidiaries and its and their respective officers, directors, employees, auditors, counsel and agents to afford, each Member (and the Member's employees and agents) reasonable access during regular business

hours and upon reasonable advance notice to the Company's and the Subsidiaries' respective officers, directors, employees, auditors, counsel (subject to the preservation of any applicable attorney-client privilege) and agents and to all of the Company's and the Subsidiaries' respective properties, books and records, and shall furnish (including the right to copy at such Member's expense) the Member (and the Member's respective employees and agents) with all financial, operating and other data and information as such Member may reasonably request for any legitimate business purposes.

(f) *Communication with Lenders*. The Company shall cause NINA Investments LLC to use its commercially reasonable efforts to report to each Member all material communications between NINA Investments LLC and its lenders.

9.3 ***Bank Accounts***. Funds of the Company shall be deposited in such banks or other depositories as shall be designated from time to time by the Board. All withdrawals from any such depository shall be made only as authorized by the Board or an authorized Officer and shall be made only by check, wire transfer, debit memorandum or other written instruction.

ARTICLE X

DISPUTE RESOLUTION

10.1 ***Disputes.*** Any and all claims, counterclaims, demands, causes of action, disputes, controversies, and other matters in question arising out of or relating to this Agreement, or to the alleged breach hereof, or in any way relating to the subject matter of this Agreement or the relationship between the Members created by this Agreement (whether extra-contractual in nature, sounding in contract, tort or otherwise, or provided for by federal or state statute, common law or otherwise) (hereafter a "***Dispute***") shall be finally resolved by binding arbitration under the Non-Administered Arbitration Rules of the International Institute for Conflict Prevention and Resolution (the "***Rules***") then in effect except as modified herein.

10.2 ***Negotiation to Resolve Disputes.*** If a Dispute arises out of or relates to this Agreement, a Member may give notice to all other Members that it intends to initiate the dispute resolution procedures set forth herein. Promptly upon receipt of such notice, each Member that is a party to the Dispute (each, a "***Disputing Member***") shall refer such Dispute to a senior executive officer ("**SEO**") of such Disputing Member. The SEOs will meet in person or by teleconference as soon as mutually practicable in order to try and resolve the Dispute. If the SEOs are unable to resolve the Dispute on or before the thirtieth (30^{th}) Day after such notice, any Disputing Member may commence an arbitration under this Article X by notifying each other Member (an " ***Arbitration Notice***").

10.3 ***Selection of Arbitrators.***

(a) *Three Arbitrators*. Any arbitration conducted under this Article X shall be heard by three arbitrators (each an " ***Arbitrator***" and collectively the "***Tribunal***") selected in accordance with this Section 10.3. Each Disputing Member and any proposed Arbitrator shall, as soon as practicable, disclose to the other Disputing Members any business, personal or other relationship or affiliation that may exist between any Member and the proposed Arbitrators. The Disputing Members may then object to any of the proposed Arbitrators on the basis of such

relationship or affiliation. The validity of any such objection shall be determined according to the Rules.

(b) *Selection of Arbitrators*. Except as provided for in this Section 10.3, the Tribunal shall be appointed according to the Rules. In the Arbitration Notice, the Disputing Member requesting arbitration shall nominate one Arbitrator. The Disputing Member named as respondent by the claimant shall nominate one Arbitrator. Within thirty (30) Days of the appointment of the second Arbitrator, the two (2) party-appointed Arbitrators shall appoint a third Arbitrator who shall chair the arbitration. Where the Dispute at issue involves more than two (2) Disputing Members, the International Institute for Conflict Prevention and Resolution ("***CPR***") shall provide a list of potential Arbitrators. Within seven (7) Days of receiving this list, each Disputing Member shall provide to CPR a ranking of the potential Arbitrators on such list showing such Disputing Member's order of preference among such proposed Arbitrators, with any one or more Disputing Members who are Affiliates of one another submitting one common ranked list. The CPR shall then appoint all three Arbitrators as it shall determine in its discretion but taking into account to the extent practical the Disputing Members' preferences.

10.4 ***Conduct of Arbitration.*** The Tribunal shall expeditiously (and, if practicable, consistent with the Tribunal's primary responsibility to justly adjudicate the dispute before it, within ** Days after the appointment of the third Arbitrator or as soon thereafter as practicable) hear and decide all matters concerning the Dispute. Any arbitration hearing shall be held in Washington, D.C. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§1 et. seq. Except as expressly provided to the contrary in this Agreement, the Tribunal shall have the power to gather such materials, information, testimony and evidence as it deems relevant to the Dispute before it (and each Member will provide such materials, information, testimony and evidence requested by the Tribunal, subject to such protective orders as the Tribunal determines necessary for the protection of any information so requested that is proprietary, subject to a third-party confidentiality restriction or to an attorney-client or other privilege) and to grant injunctive relief and enforce specific performance. The Tribunal shall not have the power to award punitive or any other form of indirect or non-compensatory damages, even if such are available under the governing Law and even if a court would otherwise be empowered to avoid this limitation on damages to make such an award. If it deems necessary, the Tribunal may propose to the Disputing Members that one or more other experts be retained to assist it in resolving the Dispute. The retention of such other experts shall require the unanimous consent of the Disputing Members, which shall not be unreasonably withheld. The decision of the Tribunal (which shall be rendered in writing) shall be final, nonappealable and binding upon the Members and may be entered and enforced in any court of competent jurisdiction. Each Member hereby consents to the non-exclusive personal jurisdiction and venue of the Washington, D.C. courts for any proceedings in aid of arbitration under this Section 10.4, including any request for interim or injunctive relief. Notwithstanding the foregoing consent, the Members may nevertheless seek interim or injunctive relief from any court of competent jurisdiction.

** This portion has been redacted pursuant to a confidential treatment request.

10.5 ***Arbitration Costs and Expenses.*** The responsibility for paying the costs and expenses of the arbitration, including compensation to the Tribunal and any experts retained by the Tribunal, shall be borne by the Disputing Member or Disputing Members who is or are the least successful in such process, which shall be determined by the Tribunal by comparing the position asserted by each Disputing Member on all disputed matters taken together to the final decision of the Tribunal on all disputed matters taken together, provided, however, that each Disputing Member shall be responsible for the fees and expenses of its respective counsel, consultants and witnesses, unless the Tribunal determines that compelling reasons exist for allocating all or a portion of such costs and expenses to the other Disputing Members.

ARTICLE XI

DISSOLUTION, WINDING-UP AND TERMINATION

11.1 ***Dissolution***. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following events (each a " ***Dissolution Event***"): the approval by the Required Manager Approval and the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act. No other event shall cause the dissolution of the Company.

11.2 ***Winding-Up and Termination***.

(a) *Actions of Liquidator*. On the occurrence of a Dissolution Event, the Board shall act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of winding up shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company and its properties with all of the power and authority of the Members. The steps to be accomplished by the liquidator are as follows:

(i) as promptly as possible after dissolution and again after final winding up, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last calendar Day of the month in which the dissolution occurs or the final winding up is completed, as applicable;

(ii) the liquidator shall discharge from the Company funds all of the indebtedness and other debts, liabilities and obligations of the Company (including all expenses incurred in winding up) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(iii) all remaining assets of the Company shall be distributed to the Members as follows:

(A) the liquidator may sell any or all property of the Company, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of the Members pursuant to Section 7.3;

(B) with respect to all property of the Company that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of the Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in such Capital Accounts previously would be allocated between the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution in the manner described in Section 7.3; and

(C) property (including cash) of the Company shall be distributed to the Members in accordance with each Member's positive Capital Account and such distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, ninety (90) Days after the date of the liquidation).

(b) *Return on Capital Contributions*. The distribution of cash or property to a Member in accordance with the provisions of this Section 11.2 constitutes a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its Membership Units and all the Company's property and constitutes a compromise to which all Members have consented pursuant to Section 18-502(b) of the Act. To the extent that a Member returns funds to the Company, it has no claim against the other Members for those funds.

11.3 ***Deficit Capital Accounts***. No Member will be required to pay to the Company, to any other Member or to any third party any deficit balance that may exist from time to time in any Capital Account of a Member.

11.4 ***Certificate of Cancellation***. On completion of the distribution of Company assets as provided herein, the Board (or such other Person or Persons as the Act may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to Section 2.5, and take such other actions as may be necessary to terminate the existence of the Company. Upon the filing of such certificate of cancellation, the existence of the Company shall terminate (and the Term shall end), except as may be otherwise provided by the Act or other applicable Law.

ARTICLE XII

GENERAL PROVISIONS

12.1 ***Confidential Information***.

(a) *Non-Disclosure; Non-Use*. Each Member shall keep confidential (and shall not disclose to any Person) all Confidential Information that is furnished by any other Member or its Affiliates, except that the foregoing restrictions shall not apply to any Confidential Information that (i) is in the public domain at the time of its disclosure or thereafter, other than as a result of a disclosure directly or indirectly by a Member or its Affiliates in contravention of this Agreement, (ii) as to any Member, was known, free of any obligation of confidentiality, by such Member or its Affiliates prior to the execution of this Agreement, (iii) has been independently acquired or developed by a Member or its Affiliates without violating any of the obligations of

such Member or its Affiliates under this Agreement or (iv) was developed by or on behalf of the receiving Member without reliance on Confidential Information received hereunder. A Member may disclose Confidential Information to the extent (x) that it relates to the Company to its financial and other advisors, lenders or potential acquirers who need to know such Confidential Information for the purpose of evaluating any proposed financing or Disposition (it being understood that such Persons shall be informed by such Member of the confidential nature of the Confidential Information and shall be directed to treat such Confidential Information confidentially and in accordance with this Section 12.1) or (y) a Member is requested pursuant to, or required by, applicable Law or by legal or regulatory process to disclose any Confidential Information (including any request made by the NRC and/or DOE); provided, that such Member will, to the extent legally permissible and reasonably practicable, provide the Company with prompt notice of such request or requirement to enable the Company to seek an appropriate protective order or other remedy, and, at the Company's sole expense, cooperate with the Company to obtain such protective order and consult with the Company with respect to taking of steps to resist or narrow the scope of such disclosure or legal process; provided, further that if such protective order is not obtained or the Company waives compliance with the provisions hereof, such Member will furnish only that portion of the Confidential Information which, in the opinion of its counsel, is legally required or requested to be disclosed and use its commercially reasonable efforts to ensure that all Confidential Information that is so disclosed will be accorded confidential treatment.

(b) *Specific Performance*. The Members agree that no adequate remedy at law exists for a breach of any of the provisions of this Section 12.1, the continuation of which unremedied will cause the furnishing Member to suffer irreparable harm. Accordingly, the Members agree that the furnishing Member shall be entitled, in addition to other remedies that may be available to it, to immediate injunctive relief from any breach or threatened breach of any of the provisions of this Section 12.1 and to specific performance of its rights hereunder, as well as to any other remedies available at law or in equity.

(c) *Survival*. The obligations of the Members under this Section 12.1 shall terminate on the second (2 nd) anniversary of the end of the Term.

12.2 ***Public Announcements***. Without the prior written consent of each Member having or deemed as having the Minimum Threshold Percentage, no Member shall make any public statements with respect to the transactions contemplated by this Agreement, except as may be required by applicable Law or regulation or by obligations pursuant to any listing agreement with any national securities exchange. Prior to issuing a press release or other public announcement required pursuant to the preceding sentence, the Members shall, to the extent legally permissible and reasonably practicable, consult with each other and each Member shall have a reasonable opportunity to comment on such press release or announcement.

12.3 ***Notices***. Except as expressly set forth to the contrary in this Agreement, all notices, requests, consents, or other communications provided for or permitted to be given under this Agreement must be in writing and must be delivered to the recipient in person, by courier, mail, electronic mail (with receipt confirmed personally by the recipient (and not by automatic confirmation of receipt)) or facsimile (if followed by courier or mail). A notice, request, consent, or communication given under this Agreement is effective on receipt by the

Member to receive it; provided, that a notice, request, consent, or communication given by electronic mail shall be deemed effective upon being sent in the local jurisdiction from which such electronic mail is being sent, subject to confirmation of receipt by the recipient as set forth in the preceding sentence. All notices, requests, consents, or other communications to be sent to a Member must be sent to or made at the addresses, electronic mail address or fax number set forth on Exhibit A, or such other address, electronic mail address or fax number as that Member may specify by notice to each other Member.

12.4 ***Entire Agreement; Superseding Effect***. This Agreement, the NINA Contribution Agreement and the TEPCO Investment Agreement constitute the entire agreement of the Members relating to the Company and the transactions contemplated hereby and supersede all provisions and concepts contained in all prior contracts or agreements between the Members or any of their respective Affiliates with respect to the Company and STP 3 and 4 (including the Original Agreement) and the transactions contemplated hereby, whether oral or written.

12.5 ***Effect of Waiver or Consent***. Except as otherwise provided in this Agreement, a waiver or consent, express or implied, to or of any breach or default by any Member in the performance by that Member of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Member of the same or any other obligations of that Member with respect to the Company. Except as otherwise provided in this Agreement, failure on the part of a Member to complain of any act of any other Member or to declare any other Member in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Member of its rights with respect to that default until the applicable statute-of-limitations period has run.

12.6 ***Amendment or Restatement***. Other than pursuant to Section 3.2, this Agreement or the Certificate may be amended or restated only after approval by the Board and, in the event of an amendment referenced in Section 5.1(d)(i)(B), by Required Member Approval, or in the event of an amendment referenced in Section 5.1(e)(i)(J), by Required Manager Approval.

12.7 ***Binding Effect***. Subject to the restrictions on Dispositions set forth in this Agreement, this Agreement is binding on and shall inure to the benefit of the Members and their respective successors and permitted assigns. The Members acknowledge that their respective obligations hereunder are unconditional and absolute without right of set-off or counterclaim.

12.8 ***Governing Law; Severability***. This Agreement is governed by and shall be construed in accordance with the law of the State of Delaware, excluding any conflict-of-laws rule or principle that might refer the governance or the construction of this Agreement to the law of another jurisdiction. If there is a direct conflict between the provisions of this Agreement and any mandatory, non-waivable provision of the Act, such provision of the Act shall control. If any provision of the Act provides that it may be varied or superseded in a limited liability company agreement (or otherwise by agreement of the members or managers of a limited liability company), such provision shall be deemed superseded and waived in its entirety if this Agreement contains a provision addressing the same issue or subject matter. If any provision of this Agreement or the application thereof to any Member or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that

provision to the other Members or circumstances is not affected thereby and the Members shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Members in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

12.9 ***Further Assurances***. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

12.10 ***Waiver of Certain Rights***. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company or for partition of the property of the Company.

12.11 ***Parties in Interest; No Third-Party Beneficiaries*** . This Agreement shall inure to the benefit of, and be binding upon, the parties hereto and their respective successors, legal representatives and permitted assigns. This Agreement is for the sole benefit of the parties hereto and their successors and permitted assigns and nothing herein expressed or implied shall give or be construed to give any Person, other than the parties hereto and such permitted successors and assigns, any legal or equitable rights hereunder.

12.12 ***Fees and Expenses***. Except as set forth herein, all costs and expenses incurred in connection with this Agreement and the consummation of the transactions contemplated hereby shall be paid by the party hereto incurring such costs and expenses.

12.13 ***Limitation on Liability***. The Members shall not be bound by, or be personally liable for, by reason of being a Member or Manager, a judgment, decree or order of a court or in any other manner, for the expenses, liabilities or obligations of the Company or any other Member, and the liability of each Member shall be limited solely to the amount of such Member's Capital Contributions as provided (or deemed provided) under Article VI.

12.14 ***Counterparts***. This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

[*Remainder of Page Intentionally Left Blank***]**

In Witness Whereof, the Members have executed this Agreement effective as of the Effective Date.

Members:

NUCLEAR INNOVATION NORTH AMERICA LLC

By: _____
Name: Steve Winn
Title: President and Chief Executive Officer

TEPCO NUCLEAR ENERGY AMERICA LLC

By: _____
Name: Toshiro Kudama
Title: President

Schedule 6.2(b)

Major Contracts

Exhibit A

Members and Parents

Name/Address of Members	Membership Percentage	Membership Units	Name of Parent
Nuclear Innovation North America LLC ** with a copy to **Nuclear Innovation North America LLC** **	**%	** Membership Units	NRG Energy, Inc.
TEPCO Nuclear Energy America LLC **	**%	** Membership Units	The Tokyo Electric Power Company, Incorporated
TOTALS	100%	**	N/A

** This portion has been redacted pursuant to a confidential treatment request.

Exhibit B

Definitions

"***Act***" means the Delaware Limited Liability Company Act.

"***Adjusted Capital Account***" means the Capital Account maintained for each Member as of the end of each fiscal year of the Company, (a) increased by any amounts that such Member is obligated to restore under the standards set by Treasury Regulation Section 1.704-1(b)(2)(ii)(c) (or is deemed obligated to restore under Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5)) and (b) decreased by (i) the amount of all losses and deductions that, as of the end of such fiscal year, are reasonably expected to be allocated to such Member in subsequent years under Section 706(d) of the Code and Treasury Regulation Section 1.751-1(b)(2)(ii), and (ii) the amount of all distributions that, as of the end of such fiscal year, are reasonably expected to be made to such Member in subsequent years in accordance with the terms of this Agreement or otherwise to the extent they exceed offsetting increases to such Member's Capital Account that are reasonably expected to occur during (or prior to) the year in which such distributions are reasonably expected to be made (other than increases as a result of a minimum gain chargeback pursuant to Section 7.3(b)(i) or 7.3(b)(ii)). The foregoing definition of Adjusted Capital Account is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"***AEA***" has the meaning assigned to such term in Section 4.1(e).

"***Affiliate***" means with respect to any Person, (a) each entity that such Person Controls; (b) each Person that Controls such Person, including, in the case of a Member, such Member's Parent; and (c) each entity that is under common Control with such Person, including, in the case of a Member, each entity that is Controlled by such Member's Parent.

"***Affiliate Contract***" has the meaning assigned to such term in Section 5.11.

"***Agreement***" means this Amended and Restated Operating Agreement of the Company, as amended, modified, supplemented or restated from time to time.

"***Arbitration Notice***" has the meaning assigned to such term in Section 10.2.

"***Arbitrator***" has the meaning assigned to such term in Section 10.3(a).

"***Assignee***" means any Person that acquires any Membership Units through a Disposition (other than as a result of a Change of Control); provided, however, that, an Assignee shall have no right to be admitted to the Company as a Member except in accordance with Article IV.

"***Assumed Tax Liability***" has the meaning assigned to such term in Section 7.1.

"***Board***" has the meaning assigned to such term in Section 5.1(a).

"***Bona Fide Secured Party***" of any Member means a financial institution, investment bank, or other Person primarily in the business of lending and who is not an Affiliate, director, officer, employee or other agent of such Member; provided, that each of the Lenders and Agents under (and as defined in) the Toshiba Credit Agreement shall be deemed to be Bona Fide Secured Parties.

"***Book Value***" means, with respect to any property, such property's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Book Value of any property contributed by a Member to the Company shall be the fair market value of such property as reasonably determined by the Board;

(b) The Book Values of all properties shall be adjusted to equal their respective fair market values as determined by the Board in connection with any adjustment of the Capital Accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(f) as provided for in Section 6.5;

(c) The Book Values of all properties shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such property pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m) or Section 7.3(b)(vii).

Such Book Value shall be adjusted by the depreciation, cost recovery and amortization deductions in a manner consistent with the Capital Account maintenance provisions of Section 6.5.

"***Breaching Member***" has the meaning assigned to such term in Section 5.9.

"***Business***" has the meaning assigned to such term in Section 3.1.

"***Business Day***" means any Day other than a Saturday, a Sunday, or a U.S. federal holiday.

"***Capital Account***" means the Capital Account to be maintained for each Member in respect of the Business in accordance with Section 6.5.

"***Capital Call***" has the meaning assigned to such term in Section 6.2(b).

"***Capital Contribution***" means with respect to any Member, the amount of money and the net agreed value of any property (other than money) contributed to the Company by the Member. For the avoidance of doubt, with respect to the TEPCO Member, such Capital Contribution also shall include any money contributed to the Company in connection with the TEPCO Member's exercise of the Option pursuant to the TEPCO Investment Agreement. Any reference in this

Agreement to the Capital Contribution of a Member shall include a Capital Contribution of its predecessors in interest.

"***Certificate***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Change in Membership Units***" has the meaning assigned to such term in Section 4.1(e).

"***Change of Control***" means, with respect to any Member, **.

"***Chief Executive Officer***" has the meaning assigned to such term in Section 5.2(a).

"***Claim***" means any judgment, claim, cause of action, demand, lawsuit, suit, proceeding, investigation or audit, loss, assessment, fine, penalty, administrative order, obligation, cost, expense, liability or damage (whether actual, consequential or punitive), including interest, penalties, reasonable attorney's fees, disbursements and costs of investigations, deficiencies, levies, duties and imposts.

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

"***Company***" has the meaning assigned to such term in the Preamble to this Agreement.

"***Company Minimum Gain***" means that amount determined in accordance with the principles of Treasury Regulation Section 1.704-2(d).

"***Complete Control***" means the ownership, directly or indirectly, through one or more intermediaries, of both of the following: (a) (i) in the case of a corporation, all of the outstanding voting securities thereof; (ii) in the case of a limited liability company, partnership, limited partnership or joint venture, all of the voting interests thereof; (iii) in the case of a trust or estate, including a business trust, all of the beneficial interest or the power of a trustee therein; and (iv) in the case of any other entity, all of the economic and beneficial interest therein; and (b) in the case of any entity, the power and authority to completely control the management of the entity, and "Completely Controls" has the correlative meaning.

"***Confidential Information***" means information regarding the business, assets, customers, processes and methods of a Member or its Affiliates.

"***Control***" means **.

"***CPR***" has the meaning assigned to such term in Section 10.3(b).

"***Day***" means a calendar day; provided, however, that, if any period of Days referred to in this Agreement shall end on a Day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the first succeeding Business Day.

** This portion has been redacted pursuant to a confidential treatment request.

"***Default Rate***" means a rate per annum equal to the lesser of (a) a varying rate per annum equal to the sum of (i) the prime rate as published in The Wall Street Journal, with adjustments in that varying rate to be made on the same date as any change in that rate is so published, plus (ii) three percent (3%) per annum and (b) the maximum rate permitted by Law.

"***Disposing Manager***" has the meaning assigned to such term in Section 4.2(a).

"***Disposing Member***" has the meaning assigned to such term in Section 4.1(b).

"***Disposition***" means with respect to any asset (including any Membership Units), a sale, assignment, transfer, conveyance, gift, exchange or other disposition of such asset, whether such disposition be voluntary, involuntary or by operation of Law, including a disposition in connection with, or in lieu of, a foreclosure of an Encumbrance (but such terms shall not include the creation of an Encumbrance), and "Dispose", "Disposes", "Disposed" and "Disposing" have the correlative meanings. Notwithstanding anything herein to the contrary, a Change of Control of any Member shall be deemed to be a Disposition of all of the Membership Units of such Member for purposes of Article IV.

"***Disposition Notice***" has the meaning assigned to such term in Section 4.3(a).

"***Dispute***" has the meaning assigned to such term in Section 10.1.

"***Disputing Member***" has the meaning assigned to such term in Section 10.2.

"***Dissolution Event***" has the meaning assigned to such term in Section 11.1.

"***DOE***" means the U.S. Department of Energy.

"***Economic Risk of Loss***" has the meaning set forth in Treasury Regulation Section 1.752-2(a).

"***Effective Date***" has the meaning assigned to such term in the Preamble to this Agreement.

"***Election Notice***" has the meaning assigned to such term in Section 3.8(b).

"***Encumbrance***" means the creation of a security interest, lien, pledge, mortgage or other encumbrance, whether such encumbrance be voluntary, involuntary or by operation of Law, and "Encumber" and "Encumbered" have the correlative meanings.

"***EPC Contract***" means the Master Engineering Procurement and Construction Agreement (STPNOC Contract No. B03974), dated as of February 24, 2009, by and among STPNOC, as agent for NINA Texas 3 and NINA Texas 4, and at such time as agent for The City of San Antonio acting by and through the City Public Service Board, a Texas municipal utility, and by TANE.

"***ERCOT***" means the Electric Reliability Council of Texas.

"***Exercise Notice***" has the meaning assigned to such term in Section 4.3(a).

"***Fiscal Year***" means each calendar year ending December 31.

"***Formation Date***" has the meaning assigned to such term in the Recitals to this Agreement.

"***GAAP***" means generally accepted accounting principles in the United States of America as in effect from time to time.

"***Governmental Authority***" means any federal, state or local governmental entity, authority or agency, court, tribunal, regulatory commission or other body, whether legislative, judicial or executive (or a combination or permutation thereof).

"***Indebtedness for Borrowed Money***" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, (c) all obligations of such Person issued or assumed for deferred purchase price payments, (d) all obligations of such Person under leases required to be capitalized in accordance with GAAP, as consistently applied by such Person, (e) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, guarantees or similar credit transaction, in each case, that has been drawn or claimed against, (f) all interest rate and currency swaps, caps, collars and similar agreements or hedging devices under which payments are obligated to be made by such Person, whether periodically or upon the happening of a contingency, (g) all obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (h) all obligations of such Person or another Person secured by an Encumbrance on any asset of such first Person, whether or not such Indebtedness for Borrowed Money is assumed by such first Person and (i) any guaranty of any Indebtedness for Borrowed Money of any other Person.

"***Indemnified Persons***" has the meaning assigned to such term in Section 5.9.

"***Initial Closing Date***" has the meaning assigned to such term in the TEPCO Investment Agreement.

"***Initial Investor Interests***" has the meaning assigned to such term in the TEPCO Investment Agreement.

"***Initial Multi-Year Budget***" has the meaning assigned to such term in Section 5.3(a).

"***Intellectual Property***" means the patents, patent applications, registered trademarks, trademark applications, registrations, copyrights, computer programs, databases, industrial

designs, service marks, schematics, technology, know-how, trade secrets, algorithms, computer software programs or applications and tangible or intangible proprietary information or material and any other similar rights available in any jurisdiction in the world.

"***IPO***" has the meaning assigned to such term in Section 5.1(e)(i)(A).

"***Issuance Notice***" has the meaning assigned to such term in Section 3.8(a).

"***JBIC***" means the Japan Bank for International Cooperation.

"***Law***" means any statute, law, treaty, rule, code, ordinance, regulation, permit, or certificate of any Governmental Authority, any interpretation of any of the foregoing by any Governmental Authority, or any binding judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority.

"***Loan Documents***" has the meaning assigned to such term in the Toshiba Credit Agreement.

"***Majority Member***" means any Member that, together with its Affiliates and their permitted Assignees under Article IV, taken as a whole, has an aggregate Membership Percentage greater than fifty percent (50%).

"***Manager***" has the meaning assigned to such term in Section 5.1(a).

"***Member***" means each Person executing this Agreement as of the Effective Date as a member or admitted to the Company as a member in accordance with this Agreement, but such term does not include any Person who has ceased to be a member of the Company.

"***Member Nonrecourse Debt***" has the meaning of "partner nonrecourse debt" as set forth in Treasury Regulation Section 1.704-2(b)(4).

"***Member Nonrecourse Debt Minimum Gain***" has the meaning set forth in Treasury Regulation Section 1.704-2(i)(2).

"***Member Nonrecourse Deductions***" means any and all items of loss, deduction or expenditure (including any expenditure described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Section 1.704-2(i), are attributable to a Member Nonrecourse Debt.

"***Membership Percentage***" means with respect to each Member a fraction, expressed as a percentage, the numerator of which is the number of Membership Units owned by such Member, and the denominator of which is the total number of Membership Units of all Members.

"***Membership Units***" has the meaning assigned to such term in Section 3.1.

"***Minimum Threshold Percentage***" means with respect to each Member, a Membership Percentage equal to or greater than **.

"***Multi-Year Budget***" has the meaning assigned to such term in Section 5.3(b).

"***MW***" means megawatt.

"***New Securities***" has the meaning assigned to such term in Section 3.8.

"***NEXI***" means the Nippon Export & Investment Insurance.

"***NINA***" has the meaning assigned to such term in the Recitals to this Agreement.

"***NINA Contribution Agreement***" has the meaning assigned to such term in the Recitals to this Agreement.

"***NINA Initial Contribution***" means all of the issued and outstanding membership interests in NINA Investments LLC.

"***NINA Investments LLC***" has the meaning assigned to such term in Section 3.9.

"***NINA Texas 3***" has the meaning assigned to such term in Section 3.9.

"***NINA Texas 4***" has the meaning assigned to such term in Section 3.9.

"***Nondisposing Member***" has the meaning assigned to such term in Section 4.1(b)(i).

"***Nonfunding Member***" has the meaning assigned to such term in Section 6.3(a).

"***Nonrecourse Deductions***" means any and all items of loss, deduction or expenditures (described in Section 705(a)(2)(B) of the Code) that, in accordance with the principles of Treasury Regulation Sections 1.704-2(b) and 1.704-2(c), are attributable to a Nonrecourse Liability.

"***Nonrecourse Liability***" has the meaning set forth in Treasury Regulation Section 1.752-1(a)(2).

"***Nonstrategic Purchaser***" means **.

"***NRC***" means the Nuclear Regulatory Commission of the United States or any successor thereto.

"***NRG***" means NRG Energy, Inc., a Delaware corporation.

** This portion has been redacted pursuant to a confidential treatment request.

"***Officer***" means any Person (that is a natural person) designated as an officer of the Company as provided in Section 5.2, but such term does not include any Person who has ceased to be an officer of the Company.

"***Option***" has the meaning assigned to such term in the TEPCO Investment Agreement.

"***Option Closing Date***" has the meaning assigned to such term in the TEPCO Investment Agreement.

"***Option Expiration Date***" has the meaning assigned to such term in the TEPCO Investment Agreement.

"***Option Period***" means the period beginning on the Initial Closing Date through and including the earlier to occur of (x) the Option Expiration Date and (y) the Option Closing Date.

"***Option Premium***" means the sum of thirty million dollars ($30,000,000) paid to the Company by the TEPCO Member on the Effective Date in respect of the Option in accordance with the TEPCO Investment Agreement.

"***Original Agreement***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Parent***" means, with respect to any Person, the Person that Controls such Person and that is not itself Controlled by any other Person. The Parents of all of the Members as of the Effective Date are set forth on Exhibit A.

"***Person***" means the meaning assigned that term in Section 18-101(12) of the Act.

"***Preferential Right***" has the meaning assigned to such term in Section 4.3(a).

"***Project***" has the meaning assigned to such term in the TEPCO Investment Agreement.

"***Purchasing Member***" has the meaning assigned to such term in Section 4.3(a).

"***Required Manager Approval***" has the meaning assigned to such term in Section 5.1(e)(iii).

"***Required Member Approval***" has the meaning assigned to such term in Section 5.1(d)(ii).

"***Rules***" has the meaning assigned to such term in Section 10.1.

"***Securities Act***" means the Securities Act of 1933, as amended, of the United States.

"***SEO***" has the meaning assigned to such term in Section 10.2.

"***South Texas Plant Site***" means the approximately 11,000 acre parcel of land in Bay City, Matagorda County, Texas, on which the nuclear operating units doing business as "South Texas Project" are located and on which STP 3 and 4 will be located.

"***South Texas Project***" means the South Texas Plant Site and all interests in property, facilities and structures used therewith or related thereto on or adjacent to the South Texas Plant Site.

"***STP 3***" means Unit 3 of the South Texas Project.

"***STP 3 and 4***" means Units 3 and 4 of the South Texas Project.

"***STP 3 and 4 COD***" means the later to occur of the commercial operations date of STP 3 and the commercial operations date of STP 4.

"***STP 4***" means Unit 4 of the South Texas Project.

"***STP Entities***" means NINA Texas 3 and NINA Texas 4, of which the sole member of each is NINA Investments LLC and which hold all of the Company's interests in STP 3 and 4, respectively.

"***STPNOC***" means STP Nuclear Operating Company, a Texas nonprofit company.

"***Subsidiary***" means a Person Controlled by the Company.

"***TANE***" means Toshiba America Nuclear Energy Corporation, a Delaware corporation.

"***Tax Distribution Date***" has the meaning assigned to such term in Section 7.1.

"***Tax Matters Member***" has the meaning assigned to such term in Section 8.3(a).

"***TEPCO Contribution***" means the sum of one hundred twenty five million dollars ($125,000,000) contributed to the Company by the TEPCO Member on the Effective Date in accordance with the TEPCO Investment Agreement.

"***TEPCO Investment Agreement***" has the meaning assigned to such term in the Recitals to this Agreement.

"***TEPCO Member***" has the meaning assigned to such term in the Recitals to this Agreement.

"***Term***" has the meaning assigned to such term in Section 2.6.

"***Toshiba Credit Agreement***" means that certain Credit Agreement, dated as of February 24, 2009, among NINA, NINA Investments LLC, NINA Texas 3, NINA Texas 4, the lenders party thereto and TANE as collateral agent and administrative agent.

"***Treasury Regulations***" means the regulations (including temporary regulations) promulgated by the U.S. Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Treasury Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute, temporary or final Treasury Regulations.

"***Tribunal***" has the meaning assigned to such term in Section 10.3(a).

"***Unit***" means STP 3 or STP 4.

"***Voting Percentage***" has the meaning assigned to such term in Section 5.1(c).

"***Wholly Owned Affiliate***" means with respect to any Person, (a) each entity that such Person Completely Controls, (b) each Person that Completely Controls such Person and (c) each entity that is under common Complete Control with such Person.

Exhibit C

Initial Multi-Year Budget

**

** This portion has been redacted pursuant to a confidential treatment request.

Exhibit D

Form of Limited Liability Company Unit Certificate

Number	*Organized Under the Laws Of the State of Delaware*	Units ___

NINA INVESTMENTS HOLDINGS LLC

This Certifies that [_____] is the owner of [_____] ([_____]) Membership Units, fully paid and non-assessable of the above-named Company transferable only on the books of the Company by the holder hereof in person or by a duly authorized Attorney upon surrender of this Certificate properly endorsed.

In Witness Whereof, the said Company has caused this Certificate to be signed by its duly authorized officers and sealed with the Seal of the Company.

This [_____] day of [_____], 20[___]

Vice President

Assistant Secretary

THIS CERTIFICATE EVIDENCES MEMBERSHIP UNITS REPRESENTING A MEMBERSHIP INTEREST IN NINA INVESTMENTS HOLDINGS LLC AND SHALL BE A SECURITY WITHIN THE MEANING OF, AND GOVERNED BY, ARTICLE 8 OF THE UNIFORM COMMERCIAL CODE.

EXHIBIT D
to Investment and Option Agreement

[FORM OF]

OFFICER'S CERTIFICATE

OF

[NINA INVESTMENTS HOLDINGS LLC / NUCLEAR INNOVATION NORTH AMERICA LLC / TEPCO NUCLEAR ENERGY AMERICA LLC]

_____ [•], 20__

I, [_____], the [_____] of [Nuclear Innovation North America LLC, a Delaware limited liability company (" NINA"), the sole member of NINA Investments Holdings LLC, a Delaware limited liability company (" NINA Holdings")] / [Nuclear Innovation North America LLC, a Delaware limited liability company ("NINA")] / [TEPCO Nuclear Energy America LLC, a Delaware limited liability company (" Investor")], pursuant to [Section 2.5(a)(v)/Section 2.5(b)(iii)] of that certain Investment and Option Agreement, dated as of May 10, 2010 (the " Agreement"), by and among NINA, [NINA Holdings][NINA Investments Holdings LLC], and Investor, hereby certify, on behalf of [NINA Holdings / NINA / Investor], solely in my capacity as [_____] of [NINA, the sole member of NINA Holdings/ NINA / Investor], and not in my individual capacity, to [NINA Holdings and NINA / Investor], that:

1. [Each of the representations and warranties made by NINA Holdings in Article V that are qualified as to materiality (or words of similar effect) and in Section 5.1, Section 5.2, Section 5.3 (a), Section 5.3(b), or Section 5.3(c) is true and correct in all respects, and each other representation or warranty made by NINA Holdings in Article V is true and correct in all material respects, in each case as though made on and as of the date hereof or, in the case of representations and warranties expressly made as of a specified date earlier than the date hereof, on and as of such earlier date.]

   [Each of the representations and warranties made by NINA in Section 4.1 or Section 4.2 is true and correct in all respects, as though made on and as of the date hereof or, in the case of representations and warranties expressly made as of a specified date earlier than the date hereof, on and as of such earlier date.]

   [Each of the representations and warranties made by Investor in Article VI that are qualified as to materiality (or words of similar effect) and in Section 6.1 and Section 6.2 is true and correct in all respects, and each other representation or warranty made by Investor in Article VI is true and correct in all material respects, in each case as though made on and as of the date hereof or, in the case of representations and warranties expressly made as of a specified date earlier than the date hereof, on and as of such earlier date.]

2. [Each NINA Party and NRG] [Each of TEPCO and Investor] has performed and complied in all material respects with the respective agreements, covenants and obligations required by the Agreement or any other Related Agreement to which it is a party to be so performed or complied with by it at or before the date hereof.

Capitalized terms used herein but not defined herein have the meaning given to them in the Agreement.

* * *

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate on the date first written above.

[NINA INVESTMENTS HOLDINGS LLC,
By Nuclear Innovation North America LLC, its sole member]

[NUCLEAR INNOVATION NORTH AMERICA LLC]

[TEPCO NUCLEAR ENERGY AMERICA LLC]

By: _____
Name:
Title:

[Signature Page to Officer's Certificate]

EXHIBIT E
to Investment and Option Agreement

[FORM OF]

SECRETARY'S CERTIFICATE

OF

[NINA INVESTMENTS HOLDINGS LLC / NUCLEAR INNOVATION NORTH AMERICA LLC / TEPCO NUCLEAR ENERGY AMERICA LLC]

_____ [•], 20__

Pursuant to [Sections 2.5(a)(iii), (iv) and(v)/Sections 2.5(b)(ii) and (iv)] of that certain Investment and Option Agreement, dated as of May 10, 2010 (the "Agreement"), by and among Nuclear Innovation North America LLC, a Delaware limited liability company (" NINA"), NINA Investments Holdings LLC, a Delaware limited liability company ("NINA Holdings") and TEPCO Nuclear Energy America LLC, a Delaware limited liability company (" Investor"), the undersigned solely in [his/her] capacity as the [Secretary or other appropriate person] of [NINA, the sole member of NINA Holdings/NINA/Investor] and not in [his/her] individual capacity, does hereby certify on behalf of [NINA Holdings/NINA/Investor] the following:

1. Attached hereto as Exhibit A is a true, correct and complete copy of the Charter Documents of [NINA/NINA Holdings/Investor] as amended, modified or supplemented to the date hereof.

2. Attached hereto as Exhibit B is a true, correct and complete copy of the written consent duly adopted by the [sole member or other appropriate governing body] of [NINA Holdings/NINA/Investor] authorizing the Agreement and any other agreements contemplated thereby.

3. Each of the following persons is a duly elected and qualified officer of [NINA, the sole member of NINA Holdings/NINA/Investor], holding the respective office set forth opposite [his/her] name below, and the signature set forth opposite [his/her] name below is [his/her] genuine signature:

Name	Office	Signature
[Steve Winn]/	[Chief Executive Officer of NINA, the sole member of NINA Holdings]/	_____
[Steve Winn]/	[Chief Executive Officer of NINA]/	_____
[Toshiro Kudama]	[President of *Investor*]	_____

Name	Office	Signature
[Bruce Chung]/	[Chief Financial Officer of NINA, the sole member of NINA Holdings]/	_____
[Bruce Chung]/	[Chief Financial Officer of NINA]/	_____
[*Officer of Investor*]	[[_____] of *Investor*]	_____

Capitalized terms used herein but not defined herein have the meaning given to them in the Agreement.

* * *

IN WITNESS WHEREOF, the undersigned has executed this Secretary's Certificate on the date first written above.

[NINA INVESTMENTS HOLDINGS LLC,
By Nuclear Innovation North America LLC, its
sole member]

[NUCLEAR INNOVATION NORTH AMERICA
LLC]

[TEPCO NUCLEAR ENERGY AMERICA
LLC]

By: _____
Name:
Title:

The undersigned officer, in the capacity set forth below, does hereby certify that the person who has signed above is a duly elected officer of [NINA, the sole member of NINA Holdings/NINA/Investor] holding the office in [NINA, the sole member of NINA Holdings/NINA/Investor] set forth above, and that the signature set forth above is [his/her] true and genuine signature.

[NINA INVESTMENTS HOLDINGS LLC
By Nuclear Innovation North America LLC, its
sole member]

[NUCLEAR INNOVATION NORTH AMERICA
LLC]

[TEPCO NUCLEAR ENERGY AMERICA LLC]

By: _____
Name:
Title:

[Signature Page to Secretary's Certificate]

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

SCHEDULES
TO THE
INVESTMENT AND OPTION AGREEMENT
BY AND AMONG
NINA INVESTMENTS HOLDINGS LLC,
NUCLEAR INNOVATION NORTH AMERICA LLC,
AND
TEPCO NUCLEAR ENERGY AMERICA LLC
DATED as of May 10, 2010

This document includes the various Schedules (the "**Schedules**") referred to in that certain Investment and Option Agreement (the "**Agreement**") dated as of May 10, 2010, by and among Nuclear Innovation North America LLC ("**NINA**"), a Delaware limited liability company, NINA Investments Holdings LLC ("**NINA Holdings**"), a Delaware limited liability company, and TEPCO Nuclear Energy America LLC, a Delaware limited liability company. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.

The Schedules are qualified in their entirety by reference to specific provisions of the Agreement, and are not intended to constitute, and shall not be construed as constituting, representations or warranties of NINA and/or NINA Holdings except to the extent expressly provided in the Agreement.

Matters reflected in the Schedules are not necessarily limited to matters required by the Agreement to be reflected in the Schedules. To the extent any such additional matters are included, they are included for informational purposes and do not necessarily include other matters of a similar nature. Headings and subheadings have been inserted herein for convenience of reference only and shall to no extent have the effect of amending or changing the express description hereof as set forth in the Agreement.

Any matter set forth in one section of the Schedules shall be deemed set forth on all other sections of the Schedules to the extent the applicability or relevance of such disclosure on such other sections of the Schedules is readily apparent.

Neither the specification of any dollar amount in the representations and warranties contained in the Agreement nor the inclusion of any specific item in any section of the Schedules is intended to imply that such amounts, higher or lower amounts, the items so included or other items, are or are not material or outside the ordinary course of business, and no party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in any section of the Schedules in any dispute or controversy among the Parties as to whether any obligation, item or matter is or is not material, or may constitute an event or condition which could be considered to have a Material Adverse Effect.

Neither NINA nor NINA Holdings assumes any responsibility to any Person that is not a party to the Agreement for the accuracy of any information herein. The information was not prepared or disclosed with a view to its potential disclosure to others. Subject to applicable Law, this information is disclosed in confidence for the purposes contemplated in the Agreement and is subject to the confidentiality provisions of any other agreements entered into by the parties. Moreover, in disclosing the information in these Schedules, NINA and NINA Holdings expressly do not waive any attorney-client privilege associated with such information or any protection afforded by the work-product doctrine with respect to any of the matters disclosed or discussed herein.

Schedule 1.2(a)

Permitted Liens

1. Liens under the Loan Documents (as defined in the Toshiba Credit Agreement).
2. Terms under the Contracts or Permits that constitute Liens.

For the purpose of the foregoing "Contracts or Permits" is defined as:

a. Those Contracts specified on Schedule 5.15(a) (Major Contracts).

b. The Governmental Approvals specified on Schedule 5.4(a) (Existing Governmental Approvals).

Schedule 1.2(b)

Tenancy in Common Agreements

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 1.2(c)

NINA Holdings Knowledge Persons

1. Steve Winn
2. Jamey Seely
3. Bruce Chung
4. John Bates
5. Stephen Smith
6. Mark McBurnett (solely for purposes of Section 5.4 of the Agreement)
7. Carl Sayko (solely for purposes of Section 5.15(b) of the Agreement)

Schedule 1.2(d)

Investor Knowledge Persons

1. Satoshi Yajima
2. Kenji Tateiwa
3. Eiji Hagio

Schedule 4.2(c)

NINA Governmental Approvals and Third-Party Consents

None.

Schedule 5.1(b)

Foreign Jurisdictions

1. NINA Investments Holdings LLC — Texas
2. Nuclear Innovation North America Investments LLC — Texas
3. NINA Texas 3 LLC — Texas
4. NINA Texas 4 LLC — Texas

Schedule 5.2(c)

NINA Holdings Governmental Approvals and Third-Party Consents

None.

Schedule 5.3(e)

Assets of the NINA Subsidiaries

Key Tangible Assets**:** * *

Key Assets excluded from Section 5.3(e)(i) :

The NINA Subsidiaries are not parties to the below Key Assets.

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Assets excluded from Section 5.3(e)(ii) — (iii):

The NINA Subsidiaries are not the sole parties to the below Assets.

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.3(f)

Equity Holdings of the NINA Subsidiaries

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.4(a)

Existing Project Governmental Approvals

Permitting Agency	Permittee	Name of Permit	Permit Number	Date Issued/ Completed	Date Expires
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *

* * This portion has been redacted pursuant to a confidential treatment request.

Permitting Agency	Permittee	Name of Permit	Permit Number	Date Issued/ Completed	Date Expires
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *

* * This portion has been redacted pursuant to a confidential treatment request.

Permitting Agency	Permittee	Name of Permit	Permit Number	Date Issued/ Completed	Date Expires
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *
* *	* *	* *	* *	* *	* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.4(b)

Applications for Governmental Approvals

Permitting Agency	Permittee	Name of Permit	Permit Number	Date of Application
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *
* *	* *	* *	* *	* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.4(c)

Major Permits

Permitting Agency	Permittee	Name/Purpose of Permit
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *

* * This portion has been redacted pursuant to a confidential treatment request.

Permitting Agency	Permittee	Name/Purpose of Permit
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *
* *	* *	* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.5(c)

Governmental Investigations of Project

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.10

Changes and Liabilities

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.11

Tax Disclosure

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.13

Real Property

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.14

Liens on and Infringements of Intellectual Property

With respect to Sections 5.14(a), (d) and (e): * *

With respect to Section 5.14(c):

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.14(b)

Allocation of Intellectual Property

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.15(a)

Major Contracts

Contracts that if suspended or terminated, would reasonably be expected to materially delay or materially impair the ability to achieve the Commercial Operation Date as contemplated by the Business Plan.

* *

* Contracts so designated have been contributed to the Project Companies to the extent they relate to the development of the Project through the Tenancy in Common Agreements.

---

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.15(b)

Breaches and Defaults Relating to Major Contracts

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.15(c)

Other Agreements

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.16

Affiliate Contracts

* *

* * This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.17

Potential Conflicts of Interest

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.18

Power Purchase Agreements

**

** This portion has been redacted pursuant to a confidential treatment request.

Schedule 5.21

CPS Settlement Documents

1. STP 3 & 4 Owners Agreement, dated March 1, 2010, by and among CPS, NINA and the Project Companies.

2. Project Agreement, Settlement Agreement and Mutual Release, dated March 1, 2010, by and among CPS, NINA, the Project Companies, NRG Energy, Inc. (for the purposes of only certain sections therein), and NRG South Texas LP (for the purposes of only certain sections therein).

3. The Assignment and Assumption Agreement, dated March 1, 2010, by and among CPS and the Project Companies.

4. Bill of Sale, dated March 1, 2010, by and among CPS and the Project Companies.

5. The Acknowledgement, dated March 1, 2010, by STPNOC.

6. Ratification Agreement, dated March 1, 2010, by NINA Texas 3.

7. Ratification Agreement, dated March 1, 2010, by NINA Texas 4.

Schedule 6.2(c)

Investor Governmental Approvals and Third-Party Consents

None.

Schedule 7.6

Permitted Interim Actions

* *

---

* * This portion has been redacted pursuant to a confidential treatment request.

Exhibit 10.4

Portions of this exhibit have been redacted and are the subject of a confidential treatment request filed with the Secretary of the Securities and Exchange Commission.

PARENT COMPANY AGREEMENT

This Parent Company Agreement (this "Agreement"), dated as of May 10, 2010, by and among NRG Energy, Inc., a Delaware corporation ("NRG"), Nuclear Innovation North America LLC (f/k/a NRG Nuclear Development Company LLC), a Delaware limited liability company ("NINA"), The Tokyo Electric Power Company, Incorporated, a Japanese corporation ("TEPCO"), and TEPCO Nuclear Energy America LLC, a Delaware limited liability company ("Investor") (NRG, NINA, TEPCO and Investor, collectively, the "Parties").

WITNESSETH

WHEREAS, NRG and Toshiba collectively indirectly own all of the limited liability company interests of NINA;

WHEREAS, NINA directly owns one hundred percent (100%) of the limited liability company interests of NINA Investments Holdings LLC, a Delaware limited liability company ("NINA Holdings");

WHEREAS, NINA Holdings directly owns one hundred percent (100%) of the limited liability company interests of Nuclear Innovation North America Investments LLC, a Delaware limited liability company ("NINA Investments");

WHEREAS, NINA Investments directly owns one hundred percent (100%) of the limited liability company interests of NINA Texas 3 LLC, a Delaware limited liability company ("NINA Texas 3") and of NINA Texas 4 LLC, a Delaware limited liability company ("NINA Texas 4", and together with NINA Texas 3, the "Project Companies");

WHEREAS, NINA Texas 3 has, or has the right to obtain, an undivided ninety-two and three-eighths percent (92.375%) interest as a tenant-in-common in the South Texas Unit 3, and NINA Texas 4 has, or has the right to obtain, an undivided ninety-two and three-eighths percent (92.375%) interest as a tenant-in-common in the South Texas Unit 4;

WHEREAS, Investor, NINA and NINA Holdings have entered into that certain Investment and Option Agreement, dated as of the date hereof (the "Investment Agreement") simultaneously with the execution and delivery of this Agreement;

WHEREAS, the Investment Agreement contemplates that, upon the Initial Closing, Investor will become a member of NINA Holdings, and Investor and NINA will enter into an Amended and Restated Operating Agreement of NINA Holdings, the form of which is attached to the Investment Agreement as Exhibit C thereto (the "Operating Agreement", and together with the Investment Agreement, the "Transaction Agreements");

WHEREAS, the Parties will benefit from the transactions contemplated by the Transaction Agreements;

WHEREAS, NRG desires to grant to Investor the option to put all, but not less than all, of its Membership Units to NRG in connection with any NRG Change of Control occurring after the Initial Closing Date;

WHEREAS, NINA desires to grant to TEPCO, Investor, or TEPCO's designated Wholly-Owned Affiliate (as defined in the Operating Agreement) (in each case, "TEPCO Acquiror") the

option to make an investment in any entity of NINA formed after the Initial Closing Date for the purpose of engaging in the business of the development, ownership and operation of advanced boiling water reactors nuclear power generation facilities in North America (collectively, " Future ABWR Projects"), in each case on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, NINA has agreed to consider permitting (i) TEPCO to exchange its interests in NINA Holdings for interests in NINA and/or (ii) TEPCO Acquiror to participate after the Initial Closing Date with NINA and its controlled Affiliates in investments in certain Class B Projects.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and to induce Investor, NINA, and NINA Holdings to enter into the Transaction Agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

RULES OF CONSTRUCTION; DEFINITIONS

1.1 **Certain Matters of Construction**. The rules of construction set forth in Section 1.1 of the Investment Agreement shall apply to this Agreement as if fully set forth herein.

1.2 **Certain Definitions**. Capitalized terms used but not defined herein shall have the meaning set forth in the Investment Agreement.

1.3 **Certain Definitions**. As used herein, the following additional terms shall have the following meanings:

"Class B Projects" means certain energy-related projects directly or indirectly owned, whether on or after the date hereof, by NINA that constitute part of the Class B Business (as defined in the NINA Operating Agreement), other than any Future ABWR Projects.

"Commercial Operation Date" means the date on which the later of the Units to achieve "Substantial Completion" under and as defined in the EPC Contract achieves Substantial Completion in accordance with the terms thereof.

"Control" means the possession, directly or indirectly, through one or more intermediaries, of either of the following with respect to another Person: (a) the right to more than fifty percent (50%) of the distributions from such Person (including liquidating distributions) or more than fifty percent (50%) of the economic or beneficial interest in such Person and (b) the power or authority, through ownership of voting securities, by contract or otherwise, to exercise a controlling influence over the management of the relevant Person, which controlling influence shall only be deemed to exist in respect of the relevant Person, if and when another Person owns more than fifty percent (50%) of the voting stock of such relevant Person, and "Controls", "Controlling" and "Controlled" have the correlative meanings.

"Dispose" and "Disposition" shall have the meaning set forth in the Operating Agreement.

"Financial Closing" means the occurrence of (i) the "Closing" for the construction loan financing under the senior loan documentation contemplated by the DOE loan guarantee

commitment, (ii) the commitment of all funds with respect thereto under such documentation, and (iii) the initial drawing thereunder.

"Membership Units" means the membership units of NINA Holdings.

"NINA Operating Agreement" means that certain Third Amended and Restated Operating Agreement of NINA, dated as of May 8, 2009.

"NRG Change of Control" shall mean any transaction or event or series of related transactions or events (including any tender offer, stock sale, merger, combination, reorganization, consolidation or other transaction) the result of which is a Person or "group" (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended to date) that does not Control NRG as of the date hereof Controlling NRG.

ARTICLE II

COVENANTS RELATING TO NINA

2.1 **NRG Covenant**. NRG shall not, and shall not permit any of its Affiliates to, take or permit any action, including consummating any Disposition under the Operating Agreement, that would result in NRG failing to own and control, directly or indirectly, at least thirty-five percent (35%) of the net beneficial ownership interests in each Unit (the "NRG Hold Requirement") until the earlier of: (a) the fifth (5th) anniversary of the Commercial Operation Date and (b) the date that Investor ceases to directly or indirectly hold at least ten percent (10%) of the ownership interests of NINA Holdings; provided, that if Investor and NINA agree to, directly or indirectly, Dispose of any interests in the Project (whether by a sale of their interests in NINA Holdings or otherwise) for the purpose of funding an investment in Future ABWR Projects, TEPCO shall be deemed to have automatically waived the NRG Hold Requirement. Any attempted Disposition by NRG or its Affiliates of any interests in the Project in violation of this Section 2.1 shall be, and is hereby declared, null and void *ab initio*.

2.2 **Investor Hold Requirement.** Other than in connection with a Disposition under ARTICLE III of this Agreement, Investor shall not Dispose of all or any portion of its Membership Units to any Person prior to the Commercial Operation Date without the approval of the board of managers of NINA Holdings (acting by the affirmative vote or written consent of one or more managers of NINA Holdings, other than the manager appointed by Investor, having a majority of the aggregate Voting Percentages (as defined in the Operating Agreement) in accordance with Section 5.1(c) of the Operating Agreement). Any attempted Disposition by Investor or its Affiliates in violation of this Section 2.2 shall be, and is hereby declared, null and void *ab initio*.

2.3 **Investment Preference**. The Parties acknowledge and agree that issuances of new equity interests of NINA Holdings shall be preferred to sales of existing equity interests of NINA Holdings by NINA and Investor; provided, however, that nothing in this Section 2.3 shall limit or otherwise restrict the ability of NINA or Investor to Dispose of equity interests of NINA Holdings in accordance with the Operating Agreement.

2.4 **Creditworthiness Standards**. Notwithstanding anything to the contrary in the Operating Agreement, none of the Parties hereto shall, nor shall any Party cause its Affiliates to, Dispose of all or a portion of its Membership Units to any Person without the prior

written approval of the other Parties unless such Person's or such Person's Parent's (as defined in the Operating Agreement) long-term unsecured debt is rated by Standard & Poor's Corporation as ** (or an equivalent rating by another recognized rating agency); provided, however, that if such Person's or such Person's Parent's long-term unsecured debt is not rated by Standard & Poor's Corporation (or another recognized rating agency), then such Person's or such Person's Parent's net worth (based on its most recent audited financial statements) is at least **.

2.5 **No Amendment to Operating Agreement** . Neither NINA nor any manager appointed by NINA to the board of managers of NINA Holdings shall propose any amendment to the Operating Agreement that would be subject to approval under Section 5.1(d)(i)(B) thereof prior to the admission of a new member of NINA Holdings pursuant to Section 3.3 or Section 6.3 of the Operating Agreement or in connection with the issuance or sale of New Securities (as defined in the Operating Agreement) in an IPO (as defined in the Operating Agreement).

2.6 **Project Contracts**. NINA shall exercise any and all of its rights and remedies, and perform all obligations, under any Contract, Governmental Approval and application for a Governmental Approval set forth on Schedule 2.6 hereof solely at the direction of NINA Holdings. In the event that NINA receives any benefit under any such Contract, Governmental Approval or application for a Governmental Approval, then NINA shall transfer or assign, or cause to be transferred or assigned, the benefit so received to the NINA Subsidiaries as directed by NINA Holdings (which, for the avoidance of doubt, shall not constitute a Capital Contribution (as defined in the Operating Agreement) to NINA Holdings or a capital contribution to any NINA Subsidiary). NINA shall not assign any Contract, Governmental Approval or application for a Governmental Approval set forth on Schedule 2.6 hereof to any Person other than a NINA Subsidiary.

2.7 **Exercise of Cure Rights In Connection with a Failure to Contribute Capital Contributions** . Notwithstanding Section 2.1, Section 2.2, or Section 2.4, a Member may Dispose of all of the Membership Units issued to it in exchange for its Capital Contributions (as defined in the Operating Agreement) pursuant to Section 6.3(a)(i) of the Operating Agreement to the Nonfunding Member (as defined in the Operating Agreement) that cures its failure to make such Capital Contributions in accordance with Section 6.3(a)(i) of the Operating Agreement.

ARTICLE III

NRG CHANGE OF CONTROL

3.1 **NRG Change of Control.**

** This portion has been redacted pursuant to a confidential treatment request.

(a) Investor shall have the right (the "NRG Change of Control Put Right"), but not the obligation, during the ninety (90)-day period from and after the date on which an NRG Change of Control has occurred (the "NRG Change of Control Exercise Period") to sell to NRG, and NRG shall be obligated to purchase from Investor, subject to the provisions of this ARTICLE III, all, but not less than all, of the Membership Units of Investor for a price equal to the greater of (x) the sum of (i) the TEPCO Contribution (as defined in the Operating Agreement) plus (ii) the total Capital Contributions (as defined in the Operating Agreement) made by Investor through the date of such purchase and (y) the Fair Market Value of the Membership Units as of the earlier to occur of such NRG Change of Control or NRG entering into a binding agreement to effect such NRG Change of Control (such amount, the "NRG Change of Control Put Price"). Investor may exercise the NRG Change of Control Put Right by delivery of written notice to NRG (such notice, the "NRG Change of Control Put Exercise Notice") of its exercise of the NRG Change of Control Put Right. The NRG Change of Control Put Right shall terminate on, if not exercised prior to, the fifth (5th) anniversary of the Commercial Operation Date. Notwithstanding anything to the contrary in this ARTICLE III, the consummation of the Put Closing (as defined below) shall not occur prior to the consummation of the NRG Change of Control.

(b) Promptly upon Investor's delivery of a NRG Change of Control Put Exercise Notice, Investor shall comply with its obligations under Section 4.3 of the Operating Agreement. In the event the other members of NINA Holdings fail to exercise their Preferential Rights (as defined in the Operating Agreement) to purchase all of the Membership Units of Investor, then the closing of the purchase of the remaining Membership Units of Investor by NRG (the "Put Closing") shall occur at the principal place of business of NINA Holdings on the later to occur of (x) the date of the consummation of the NRG Change of Control, (y) the seventy-fifth (75th) day after the date on which the NRG Change of Control Put Exercise Notice is given (or if regulatory approvals are required, such as the prior written consent of the NRC or the DOE, on or before the thirtieth (30th) day after the date on which all such approvals are obtained) and (z) the final determination of the Fair Market Value of the Membership Units of Investor in accordance with Section 3.1(d), unless Investor and NRG agree upon a different place or date (any such date, the **"**Put Closing Date**"**). At the Put Closing, (i) Investor shall execute and deliver to NINA Holdings (A) an assignment of all of Investor's Membership Units, in form and substance reasonably acceptable to NRG, containing representations and warranties as to title to such Membership Units (including that such Membership Units are free and clear of all Encumbrances (as defined in the Operating Agreement) and no conflicts with law and (B) all unit certificates representing the Membership Units duly endorsed in blank, accompanied by either unit powers duly endorsed in blank or such other instruments of transfer as are reasonably requested by NRG to effect the Put Closing, and (ii) NRG shall deliver to Investor in immediately available funds an amount equal to the NRG Change of Control Put Price of such Membership Units.

(c) Notwithstanding anything contained in this Section 3.1 to the contrary, NRG shall not be obligated to purchase the Membership Units of Investor which are the subject of a NRG Change of Control Put Exercise Notice or be obligated to pay the NRG Change of Control Put Price, if the purchase of such Membership Units and the payment of the NRG Change of Control Put Price at such time is prohibited by Law; provided, however, if such violation would not result from the purchase of any number of Membership Units which is less

than the total number of Membership Units NRG is obligated to purchase pursuant to such NRG Change of Control Put Exercise Notice on the Put Closing Date, NRG shall purchase on the Put Closing Date the maximum number of Membership Units it may so purchase that would not result in such violation; and provided, further, that NRG shall use its reasonable efforts to cure such violation in a timely manner.

(d) For the purpose of this ARTICLE III only, "Fair Market Value" means the * *.

ARTICLE IV

OPTIONS AND FUTURE INVESTMENTS

4.1 **Options**.

(a) In the event that NINA or any of its controlled Affiliates makes an investment or determines to make an investment in a Future ABWR Project after the Initial Closing Date, upon the commencement of core borings to support soil studies, NINA shall provide TEPCO with written notice of such investment or determination (the "Future ABWR Notice"). TEPCO Acquiror shall have the right, but not the obligation, **, by written notice to NINA, to invest or participate in such Future ABWR Project at cost (such investment, a "Future ABWR Investment"), * *.

(b) NINA agrees to consider, at the written request of TEPCO, permitting Investor to exchange its interests in NINA Holdings for * * in NINA (the "Exchange"), with the number and class of Membership Units (as defined in the NINA Operating Agreement) in NINA to be acquired by Investor in the Exchange and other terms and conditions to be agreed by NINA and Investor at the time NINA permits the Exchange, if ever.

(c) After the Initial Closing Date, NINA shall consider, at the written request of TEPCO, permitting TEPCO Acquiror to participate in any Class B Project * * (a "Class B Investment"), with the terms and conditions of any such Class B Investment (* *) to be mutually agreed upon by NINA and TEPCO Acquiror at the time of such Class B Investment. Upon request from TEPCO, NINA shall provide a description of such Class B Business to TEPCO, and NINA and TEPCO Acquiror shall negotiate in good faith the terms of the Class B Investment (* *); provided, that in no event shall (x) TEPCO Acquiror be obligated to participate in any Class B Investment or (y) NINA be obligated to accept TEPCO Acquiror's participation in any Class B Investment.

4.2 **Consideration for Rights under this Agreement**. Subject to the provisions of Section 7.8(b), the rights under this ARTICLE IV have been granted as an inducement to Investor to enter into the Investment Agreement and are fully paid as of the date of this Agreement. No additional consideration will be required to be paid by Investor or any

* * This portion has been redacted pursuant to a confidential treatment request.

TEPCO Acquiror with respect to the grant or exercise of such rights, except for the payments described in ARTICLE III or this ARTICLE IV, as applicable.

ARTICLE V

GUARANTEES

5.1 **TEPCO**. On the Agreement Date, TEPCO has executed and to NINA Holdings the TEPCO Initial Guaranty in favor of NINA Holdings, in the form of Exhibit B-1 to the Investment Agreement.

5.2 **NRG**. On the Initial Closing Date, NRG will execute and deliver to Investor the NRG Parent Guaranty in favor of Investor, in the form of Exhibit A to the Investment Agreement.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

Each Party hereby makes the following representations and warranties to the other Parties:

6.1 **Corporate Existence**. It is a corporation or limited liability company, as applicable, duly formed, validly existing and (if applicable) in good standing under the laws of the jurisdiction of its formation and has the power and authority to own, operate and lease its properties and carry on its business as presently conducted. It is duly qualified or licensed to do business and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary.

6.2 **Authority for Agreement; Enforceability**. It has the power and authority to execute, deliver and perform its obligations under this Agreement in accordance with its terms. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action and no other corporate, limited liability company, shareholder or member proceedings or actions (or their equivalents) are necessary on its part to authorize and consummate this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by it, and constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms, subject to the Equitable Qualifications.

6.3 **No Conflict**. Neither the execution and delivery by it of this Agreement nor the performance by it of its obligations hereunder, nor the consummation by it of the transactions contemplated hereby, will (i) violate any provision of its Charter Documents, (ii) conflict with, or result in a breach of any term, covenant, condition or provision of, or constitute a default (with or without notice or lapse of time or both) under, or result in a penalty or in the creation or imposition of any Lien (other than the options and rights granted under ARTICLE IV) upon any of its material Assets pursuant to the terms of, or give rise to any right of termination, purchase, cancellation or acceleration under, any material Contract to which it is a party or by which it or any of its material Assets are bound, (iii) conflict with or result in a violation or

breach of any term or provision of any Law applicable to it or its material Assets, or (iv) require the consent or approval of, filing with, or notice to any Person which, if not obtained, would prevent or impair in any material respect it from performing its obligations under this Agreement.

6.4 **Approvals for Transaction**. No Governmental Approval and no consent, approval, authorization, or permit of, or filing with or notification to, any Person is required in connection with the execution and delivery of this Agreement by it or for or in connection with its consummation of the transactions and performance of the terms and conditions contemplated by this Agreement by it.

6.5 **Litigation and Audits**. There is no investigation by any Governmental Entity with respect to it relating to any of the NINA Companies or their respective material Assets, the Project or the Transactions, that is pending or, to its knowledge, threatened, nor has any Governmental Entity indicated in writing to it an intention to conduct the same. There is no Action pending or, to its knowledge, threatened against or involving it (insofar as it relates to the NINA Companies, the Project, or the Transactions), at law or in equity, before any arbitrator or Governmental Entity. There are no Orders outstanding against it with respect to any of the NINA Companies or their respective material Assets, the Project, or the Transactions.

ARTICLE VII

MISCELLANEOUS

7.1 **Expenses**. Except as otherwise provided in any other provision herein, all costs and expenses (including attorneys' and consultants' fees, costs and expenses) incurred in connection herewith shall be paid by the Party incurring such expenses.

7.2 **Further Assurances**. At any time and from time to time, to the extent reasonably requested by the other Party, each Party agrees, subject to the terms and conditions of this Agreement, to take such commercially reasonable actions and to execute and deliver such documents as may be necessary to effectuate the purposes of this Agreement at the earliest practicable time.

7.3 **Amendments and Supplements**. This Agreement may be amended or supplemented only by an instrument in writing signed by each Party.

7.4 **Waiver**. The terms and conditions of this Agreement may be waived only by a written instrument signed by the Party waiving compliance. The failure of any Party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of such Party thereafter to enforce each and every such provision. No waiver of any breach of or non-compliance with this Agreement shall be held to be a waiver of any other or subsequent breach or non-compliance. Except as otherwise expressly provided in this Agreement, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any Party may otherwise have at law or in equity.

7.5 **Governing Law; Binding Arbitration.**

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York, without regard to its principles of conflicts of laws other than Section 5-1401 of the New York General Obligations Law.

(b) Section 11.4 of the Investment Agreement shall apply *mutatis mutandis* to this Agreement in the event of any Dispute arising out of or relating to this Agreement or the interpretation hereof or any arrangements relating hereto or contemplated herein or the validity, breach or termination hereof.

7.6 **Notice**. Except as expressly set forth to the contrary in this Agreement, all notices, requests, consents, or other communications provided for or permitted to be given under this Agreement must be in writing and must be delivered to the recipient in person, by courier, mail, electronic mail (with receipt confirmed personally by the recipient (and not by automatic confirmation of receipt)) or facsimile (if followed by courier or mail). A notice, request, consent, or communication given under this Agreement is effective on receipt by the Party to receive it; provided, that a notice, request, consent, or communication given by electronic mail shall be deemed effective upon being sent in the local jurisdiction from which such electronic mail is being sent, subject to confirmation of receipt by the recipient as set forth in the preceding sentence. All notices, requests, consents, or other communications to be sent to a Party must be sent to or made at the addresses, electronic mail address or fax number set forth below, or such other address, electronic mail address or fax number as that Party may specify by notice to each of the other Parties.

(a) If to TEPCO:

**

(b) If to Investor:

**

(c) If to NRG:

**

(d) If to NINA:

**

7.7 **Entire Agreement**. This Agreement, the Investment Agreement (including the Schedules and Exhibits attached hereto), the Confidentiality Agreement and the other Related Agreements constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof, including the Letter of Intent but excluding the Confidentiality Agreement, which shall survive until the Initial Closing.

** This portion has been redacted pursuant to a confidential treatment request.

7.8 **Binding Effect; Effectiveness; Assignability** .

(a) Except as otherwise set forth in Section 7.8(b), this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement is not intended to confer upon any Person other than the Parties (and such Parties' respective successors and permitted assigns) any rights or remedies hereunder, except for TEPCO Acquiror as described herein.

(b) The obligations of the Parties under this Agreement shall be conditioned upon, and the rights and obligations of the Parties hereunder shall become effective only upon and after, the occurrence of the Initial Closing Date. In the event that the Investment Agreement is terminated in accordance with its terms, this Agreement shall automatically terminate and be of no further force and effect.

(c) No Party shall assign any of its rights or delegate any of its obligations under this Agreement to any Person without the prior written consent of the other Party. Any purported assignment of rights or delegation of obligations in contravention of this Section 7.8(c) shall be void *ab initio*.

7.9 **Validity** . The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, each of which shall remain in full force and effect.

7.10 **Counterparts**. This Agreement may be executed and delivered in one or more counterparts, all of which together shall constitute one and the same agreement. This Agreement may be delivered by facsimile transmission.

7.11 **No Relationship**. Nothing in this Agreement creates or is intended to create an association, trust, partnership, joint venture, joint-employer, or any other entity or similar legal relationship among the Parties, or impose a trust, partnership or fiduciary duty, obligation, or liability on or with respect to the Parties. No Party is or shall act as or be the agent or representative of any other Party.

7.12 **No Consequential or Punitive Damages**. Notwithstanding any other provision of this Agreement, no Party shall by way of indemnification for Losses or otherwise be liable to any other Party for any consequential, exemplary, special, incidental or punitive damages under the terms of or due to any breach of this Agreement, including loss of revenue or income, cost of capital, or loss of business reputation or opportunity.

7.13 **Construction of Agreement**. This Agreement shall be construed without regard to the identity of the Person who drafted the various provisions of the same. Each and every provision of this Agreement shall be construed as though the Parties participated equally in the drafting of the same. Consequently, the Parties acknowledge and agree that any rule of construction that a document is to be construed against the drafting party shall not be applicable to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Parent Company Agreement to be executed and delivered as of the date first above written.

NRG ENERGY, INC.

By: /s/ David Crane
Name: David Crane
Title: President and Chief Executive Officer

NUCLEAR INNOVATION NORTH AMERICA LLC

By: /s/ Steve Winn
Name: Steve Winn
Title: President and Chief Executive Officer

TOKYO ELECTRIC POWER COMPANY, INCORPORATED

By: /s/ Masataka Shimizu
Name: Masataka Shimizu
Title: President

TEPCO NUCLEAR ENERGY AMERICA LLC

By: /s/ Toshiro Kudama
Name: Toshiro Kudama
Title: President

EXHIBIT 31.1

CERTIFICATION

I, David W. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID W. CRANE
David W. Crane
Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2010

EXHIBIT 31.2

CERTIFICATION

I, Christian Schade, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTIAN S. SCHADE
Christian S. Schade
Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2010

EXHIBIT 31.3

CERTIFICATION

I, James J. Ingoldsby, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NRG Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JAMES J. INGOLDSBY
James J. Ingoldsby
Chief Accounting Officer
(Principal Accounting Officer)

Date: August 2, 2010

EXHIBIT 32

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of NRG Energy, Inc. on Form 10-Q for the quarter ended June 30, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: August 2, 2010

/s/ DAVID W. CRANE
David W. Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ CHRISTIAN S. SCHADE
Christian S. Schade,
Chief Financial Officer
(Principal Financial Officer)

/s/ JAMES J. INGOLDSBY
James J. Ingoldsby,
Chief Accounting Officer
(Principal Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of this Form 10-Q or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to NRG Energy, Inc. and will be retained by NRG Energy, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.