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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year ended December 31, 2003.

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period from to .

Commission File No. 001-15891

NRG Energy, Inc.

(Exact name of Registrant as specified in its charter)

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

(612) 373-5300

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.01 per share

Indicate by check mark whether the Registrant (1) has filed all reports 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer as defined by Rule 12b-2 of the Act. Yes ☑ No ☐

As of the last business day of the most recently completed second fiscal quarter, there were 3 shares of Class A Common Stock and 1 share of Common Stock outstanding, all of which were owned by Xcel Energy Wholesale Group, Inc.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 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 ☐

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

Class	Outstanding at March 1, 2004
Common Stock, par value $0.01 per share	100,000,000

Documents Incorporated by Reference:

Portions of the Proxy Statement for the 2004 Annual Meeting of Stockholders

NRG ENERGY, INC. AND SUBSIDIARIES

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PART I

Item 1 — *Business*

General

NRG Energy, Inc., or "NRG Energy", "we", "our", or "us" is a wholesale power generation company, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products in the United States and internationally. We have a diverse portfolio of electric generation facilities in terms of geography, fuel type, and dispatch levels. We seek to maximize operating income through the efficient procurement and management of fuel supplies and maintenance services, and the sale of energy, capacity and ancillary services into attractive spot, intermediate and long-term markets.

We were formed in 1992 as the non-regulated subsidiary of Northern States Power, or "NSP", which was itself merged into New Century Energies, Inc. to form Xcel Energy, Inc., or "Xcel Energy" in 2000. While owned by NSP and later by Xcel Energy, we consistently pursued an aggressive high growth strategy focused on power plant acquisitions, high leverage and aggressive development, including site development and turbine orders. In 2002, a number of factors, most notably the aggressive prices paid by us for our acquisitions of turbines, development projects and plants, combined with the overall downturn in the power generation industry, triggered a credit rating downgrade (below investment grade) which, in turn, precipitated a severe liquidity situation. On May 14, 2003, we and 25 of our direct and indirect wholly owned subsidiaries commenced voluntary petitions under chapter 11 of the bankruptcy code in the United States Bankruptcy Court for the Southern District of New York. On November 24, 2003, the bankruptcy court entered an order confirming our plan of reorganization and the plan became effective on December 5, 2003.

As part of the plan of reorganization, Xcel Energy relinquished its ownership interest and we became an independent public company upon our emergence from bankruptcy on December 5, 2003. We no longer have any material affiliation or relationship with Xcel Energy. As part of that reorganization, we eliminated approximately $5.2 billion of corporate level bank and bond debt and approximately $1.3 billion of additional claims and disputes by distributing a combination of equity and up to $1.04 billion in cash among our unsecured creditors. In addition to the debt reduction associated with the restructuring, we used a substantial portion of the proceeds of a recent note offering and borrowings under a new credit facility, the "Refinancing Transactions," to retire approximately $1.7 billion of project-level debt. The Refinancing Transactions eliminated certain structurally senior project level debt and associated "cash traps" at subsidiaries operating in the Northeast and South Central regions of the United States. In January 2004, we used proceeds of an additional note offering to repay $503.5 million of the outstanding borrowings under our term loan facility.

As of December 31, 2003, we owned interests in 72 power projects in seven countries having an aggregate generation capacity of approximately 18,200 megawatts, or "MW." Approximately 7,900 MW of our capacity consists of merchant power plants in the Northeast region of the United States. Certain of these assets are located in transmission constrained areas, including approximately 1,400 MW of "in-city" New York City generation capacity and approximately 750 MW of southwest Connecticut generation capacity. We also own approximately 2,500 MW of capacity in the South Central region of the United States, with approximately 1,700 MW of that capacity supported by long-term power purchase agreements. Our assets in the West Coast region of the United States consist of approximately 1,300 MW of capacity with the majority of such capacity owned via our 50% interest in West Coast Power, LLC, or "West Coast Power." Our assets in the West Coast region are supported by a power purchase agreement with the California Department of Water Resources that runs through December 2004. Our principal domestic generation assets consist of a diversified mix of natural gas-, coal- and oil-fired facilities, representing approximately 48%, 26% and 26% of our total domestic generation capacity, respectively. We also own interests in plants having a generation capacity of approximately 3,000 MW in various international markets, including Australia, Europe and Latin America. Our energy marketing subsidiary, NRG Power Marketing, Inc., or "PMI," began operations in 1998 and is focused on maximizing the value of our North American assets by providing centralized contract origination and management services, and through the efficient procurement and management of fuel and the sale of energy and related products in the spot, intermediate and long-term markets.

We were incorporated as a Delaware corporation on May 29, 1992. Our headquarters and principal executive offices are located at 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota, 55402. Our telephone number is (612) 373-5300. Our Internet website is http://www.nrgenergy.com. Our recent annual reports, quarterly reports, current reports and other periodic filings are available free of charge through our Internet website. The charters of our audit, compensation and nominating committee are also available on our website at http://www.nrgenergy.com/investors/corpgov.htm. These charters are available in print to any shareholder who requests them.

The Bankruptcy Case

On May 14, 2003, we and 25 of our direct and indirect wholly owned subsidiaries commenced voluntary petitions under chapter 11 of the bankruptcy code in the United States Bankruptcy Court for the Southern District of New York, or "the bankruptcy court." During the bankruptcy proceedings, we continued to conduct our business and manage our properties as debtors in possession pursuant to sections 1107(a) and 1108 of the bankruptcy code. Our subsidiaries that own our international operations, and certain other subsidiaries, were not part of these chapter 11 cases or any of the subsequent bankruptcy filings. On November 24, 2003, the bankruptcy court entered an order confirming the NRG plan of reorganization, and the plan became effective on December 5, 2003.

Events Leading to the Commencement of the Chapter 11 Filing

Since the 1990's, we pursued a strategy of growth through acquisitions and later the development of new construction projects. This strategy required significant capital, much of which was satisfied with third party debt. Due to a number of reasons, particularly our aggressive pricing of acquisitions, and the overall downturn in the power generation industry, our financial condition deteriorated significantly starting in 2001. During 2002, our senior unsecured debt and our project-level secured debt were downgraded multiple times by rating agencies. In September 2002, we failed to make payments due under certain unsecured bond obligations, which resulted in further downgrades.

As a result of the downgrades, the debt load incurred during the course of acquiring our assets, declining power prices, increasing fuel prices, the overall downturn in the power generation industry and the overall downturn in the economy, we experienced severe financial difficulties. These difficulties caused us to, among other things, miss scheduled principal and interest payments due to our corporate lenders and bondholders, be required to prepay for fuel and other related delivery and transportation services and be required to provide performance collateral in certain instances. We also recorded asset impairment charges of approximately $3.1 billion during 2002, while we were a wholly-owned subsidiary of Xcel Energy, related to various operating projects as well as for projects that were under construction which we had stopped funding and turbines we had purchased for which we no longer had a use.

In addition, our missed payments resulted in cross-defaults of numerous other non-recourse and limited recourse debt instruments and caused the acceleration of multiple debt instruments, rendering such debt immediately due and payable. In addition, as a result of the downgrades, we received demands under outstanding letters of credit to post collateral aggregating approximately $1.2 billion.

In August 2002, we retained financial and legal restructuring advisors to assist our management in the preparation of a comprehensive financial and operational restructuring. In March 2003, Xcel Energy announced that its board of directors had approved a tentative settlement agreement with us, the holders of most of our long-term notes and the steering committee representing our bank lenders.

We filed two plans of reorganization in connection with our restructuring efforts. The first, filed on May 14, 2003, and referred to as the NRG plan of reorganization, relates to us and the other NRG plan debtors. The second plan, relating to our Northeast and South Central subsidiaries, which we refer to as the Northeast/ South Central plan of reorganization, was filed on September 17, 2003. On November 25, 2003, the bankruptcy court entered an order confirming the Northeast/South Central plan of reorganization and the plan became effective on December 23, 2003.

On June 6, 2003, LSP-Nelson Energy LLC and NRG Nelson Turbines LLC filed for protection under chapter 11 of the bankruptcy code and on August 19, 2003, NRG McClain LLC filed for protection under chapter 11 of the bankruptcy code. This annual report does not address the plans of reorganization of these subsidiaries because they are not material to our operations and we expect to sell or otherwise dispose of our interest in each subsidiary subsequent to our reorganization.

The following description of the material terms of the NRG plan of reorganization and the Northeast/ South Central plan of reorganization is subject to, and qualified in its entirety by, reference to the detailed provisions of the NRG plan of reorganization and NRG disclosure statement, and the Northeast/ South Central plan of reorganization and Northeast/ South Central disclosure statement, all of which are available for review upon request.

NRG Plan of Reorganization

The NRG plan of reorganization is the result of several months of intense negotiations, among us, Xcel Energy and the two principal committees representing our creditor groups, which we refer to as the Global Steering Committee and the Noteholder Committee. A principal component of the NRG plan of reorganization is a settlement with Xcel Energy in which Xcel Energy agreed to make a contribution consisting of cash (and, under certain circumstances, its stock) in the aggregate amount of up to $640 million to be paid in three separate installments following the effective date of the NRG plan of reorganization. The Xcel Energy settlement agreement resolves any and all claims existing between Xcel Energy and us and/or our creditors and, in exchange for the Xcel Energy contribution, Xcel Energy is receiving a complete release of claims from us and our creditors, except for a limited number of creditors who have preserved their claims as set forth in the confirmation order entered on November 24, 2003.

Under the terms of the Xcel Energy settlement agreement, the Xcel Energy contribution will be or has been paid as follows:

- An initial installment of $238 million in cash was paid on February 20, 2004.
- A second installment of $50 million in cash was paid on February 20, 2004.
- A third installment of $352 million in cash, which Xcel Energy is required to pay on April 30, 2004.

On November 24, 2003, the bankruptcy court issued an order confirming the NRG plan of reorganization, and the plan became effective on December 5, 2003. To consummate the NRG plan of reorganization, we have or will, among other things:

- Satisfy general unsecured claims by:
  - issuing new NRG Energy common stock to holders of certain classes of allowed general unsecured claims; and
  - making cash payments in the amount of up to $1.04 billion to holders of certain classes of allowed general unsecured claims of which $500 million was paid with proceeds of the Refinancing Transactions.
- Satisfy certain secured claims by either:
  - distributing the collateral to the security holder,
  - selling the collateral and distributing the proceeds to the security holder or
  - other mutually agreeable treatment.
- Issue to Xcel Energy a $10 million non-amortizing promissory note which will:
  - accrue interest at a rate of 3% per annum, and
  - mature 2.5 years after the effective date of the NRG plan of reorganization.

Northeast/ South Central Plan of Reorganization

The Northeast/ South Central plan of reorganization was proposed on September 17, 2003 after we secured the necessary financing commitments. On November 25, 2003, the bankruptcy court issued an order confirming the Northeast/ South Central plan of reorganization and the plan became effective on December 23, 2003. In connection with the order confirming the Northeast/ South Central plan of reorganization, the court entered a separate order which provides that the allowed amount of the bondholders' claims shall equal in the aggregate the sum of (i) $1.3 billion plus (ii) any accrued and unpaid interest at the applicable contract rates through the date of payment to the indenture trustee plus (iii) the reasonable fees, costs or expenses of the collateral agent and indenture trustee (other than reasonable professional fees incurred from October 1, 2003) plus (iv) $19.6 million, ratably, for each holder of bonds based upon the current outstanding principal amount of the bonds and irrespective of (a) the date of maturity of the bonds, (b) the interest rate applicable to such bonds and (c) the issuer of the bonds. The settlement further provides that the Northeast/ South Central debtors shall reimburse the informal committee of secured bondholders, the indenture trustee, the collateral agent, and two additional bondholder groups, for any reasonable professional fees, costs or expenses incurred from October 1, 2003 through January 31, 2004 up to a maximum amount of $2.5 million (including in such amount any post-October 1, 2003 fees already reimbursed), with the exception that the parties to the settlement reserved their respective rights with respect to any additional reasonable fees, costs or expenses incurred subsequent to November 25, 2003 related to matters not reasonably contemplated by the implementation of the settlement of the Northeast/ South Central plan of reorganization.

The creditors of Northeast and South Central subsidiaries are unimpaired by the Northeast/ South Central plan of reorganization. This means that holders of allowed general unsecured claims were paid in cash, in full on the effective date of the Northeast/ South Central plan of reorganization. Holders of allowed secured claims will receive or have received either (i) cash equal to the unpaid portion of their allowed unsecured claim, (ii) treatment that leaves unaltered the legal, equitable and contractual rights to which such unsecured claim entitles the holder of such claim, (iii) treatment that otherwise renders such unsecured claim unimpaired pursuant to section 1124 of the bankruptcy code or (iv) such other, less favorable treatment that is confirmed in writing as being acceptable to such holder and to the applicable debtor.

Fresh Start Reporting

As a result of our emergence from bankruptcy, we have adopted Fresh Start reporting, or "Fresh Start." Under Fresh Start, our confirmed enterprise value has been allocated to our assets and liabilities based on their respective fair values in conformity with the purchase method of accounting for business combinations. See Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operation — Reorganization and Emergence from Bankruptcy for additional information.

Strategy

We own and operate a diverse portfolio of electric generation facilities, which we believe have strategic locational advantages. Through our reorganization, we intend to reposition ourselves in our industry to focus on owning, operating and maximizing the value of our generation assets. We are implementing this strategy through the following key actions:

- optimizing the value of our existing assets with a focus on operational reliability and efficiency;
- retaining a new management team with proven industry experience;
- mitigating risk by pursuing asset-focused power marketing activities through effective procurement of fuel and fuel services and the sale of energy and related products into spot, intermediate and long-term markets;
- improving our liquidity position and further deleveraging our balance sheet; and
- limiting acquisitions and new project developments in the near term;

- continuing our focus on operating power plants in a safe, secure and environmentally compliant manner, and

- to the extent that our locationally-advantaged power plants can no longer be operated profitably, seeking to redevelop those sites for alternative use.

Competition

The future course of the restructuring of the wholesale power generation industry is difficult to predict, but it is likely to include consolidation within the industry, the sale, bankruptcy or liquidation of certain competitors, the re-regulation of certain markets and the long-term reduction in new investment into the industry. Under any scenario, however, we anticipate that we will continue to face competition from numerous companies in the industry. We anticipate that the Federal Energy Regulatory Commission, or "FERC", will continue its efforts to facilitate the competitive energy market place throughout the country on several fronts but particularly by encouraging utilities to voluntarily participate in Regional Transmission Organizations, or "RTOs."

Many companies in the regulated utility industry, with which the wholesale power industry is closely linked, are also restructuring or reviewing their strategies. Several of those companies are discontinuing their unregulated activities, seeking to divest of their unregulated subsidiaries or attempting to have their regulated subsidiaries acquire assets out of their or other companies' unregulated subsidiaries. This may lead to increased competition between the regulated utilities and the unregulated power producers within certain markets.

Competitive Strengths

We believe that we benefit from the following competitive strengths:

Plant Diversity. Our generation fleet includes base-load, intermediate and peaking facilities, giving us the opportunity to maximize our profit opportunities along the entire energy dispatch curve. Our generation facilities are likewise diversified by fuel-type, including coal, oil and natural gas. The diversity of technology, fuel type and operational characteristics allows us to participate in most aspects of the electricity demand cycle. By offering what we believe to be an efficient mix of generation, we are able to offer competitive prices to our customers and optimize the revenue potential across the entire fleet. For example, in the current high gas price environment, our coal assets, such as Huntley, Dunkirk, Big Cajun II and Indian River, have a distinct competitive advantage due to the relatively low marginal cost of coal. Peaking assets can provide increased revenue by taking advantage of higher prices in periods of increased demand in the energy markets. Further, peaking and intermediate assets can provide emergency back-up when our base-load plants experience outages.

Regional Strength. We have a number of power plants in the Northeast, South Central and West Coast regions of the United States, providing a degree of economies of scale throughout the organization, and reducing our dependence on any single market. Owning multiple plants in a particular market provides us greater dispatch flexibility and increases power marketing opportunities.

Locational Advantages. We own and operate a number of facilities that are strategically located near large urban areas or in certain transmission-constrained areas with locational advantages over our competition. For example, the Astoria and Arthur Kill plants are situated inside the New York City market. Due to transmission constraints and local installed capacity requirements of the New York Independent System Operator, or "NYISO", competitors outside the city limits are restricted from importing power into New York City, and therefore do not have the advantage of "in city" generation. Certain facilities in California near the Los Angeles and San Diego load centers use ocean water cooling that gives them competitive advantages, especially during water shortages. Additionally, construction of new power plants in areas such as New York City and California is limited because of the difficulty in:

- finding sites for new plants;

- overcoming the general public's "not-in-my-backyard" mentality;
- obtaining the necessary permits; and
- arranging fuel supplies.

The value of some of our plants is also enhanced by the potential for re-powering or site expansion.

Risk Mitigation. As a wholesale generator, we are subject to the risks associated with volatility in fuel and power prices. We mitigate these risks by managing a portfolio of contractual assets for both power supply and fuel requirements. In the near term our portfolio will be weighted toward spot market sales and short-term contracts because long-term contracts are not generally available at attractive prices. We expect that these generally weak market conditions will continue for the foreseeable future in some markets. As the markets improve, we will seek opportunities to enter into longer-term agreements in order to capture more stable returns and predictable cash flow. We manage counterparty credit risk by doing our own credit assessment of the companies with which we trade and when necessary by requiring appropriate credit support in the form of cash collateral or letters of credit.

Improved Financial Position. As part of the NRG plan of reorganization, we eliminated approximately $5.2 billion of corporate level bank and bond debt and approximately $1.3 billion of additional claims and disputes by distributing a combination of equity and up to $1.04 billion in cash among our unsecured creditors.

Performance Metrics

The following table contains a summary of our North American power generation revenues from majority owned subsidiaries for the year 2003, includes both Predecessor Company and Reorganized NRG revenues (in thousands of dollars):

Region	Energy Revenues	Capacity Revenues	Ancillary Services	Other Revenues***	Total Revenues
Northeast	$630,808	$249,211	$11,624	$38,313	$ 929,956
South Central	211,570	171,264	—	1,019	383,853
West Coast*	5,259	18,505	—	—	23,764
Other	10,372	125,085	4	51,738	187,199
Total North America Power Generation**	$858,009	$564,065	$11,628	$ 91,070	$1,524,772

* Consists of our wholly-owned subsidiary, NEO California LLC.

** For additional information — see Item 15 — Note 20 of the Consolidated Financial Statements for our consolidated revenues by segment disclosures.

*** Includes miscellaneous revenues from the sale of natural gas, recovery of incurred costs under reliability agreements and revenues received under leasing arrangements.

In understanding our business, we believe that certain performance metrics are particularly important. These are industry statistics defined by the North American Electric Reliability Council and as more fully described below:

Annual Equivalent Availability Factor, or "EAF": is the Total Available Hours a unit is available in a year minus the summation of all Partial Outage events in a year converted to Equivalent Hours (EH) where EH is partial Megawatts lost divided by unit Net Available Capacity times hours of each event and the net of these hours is divided by hours in a year to achieve EAF in percent.

Average heat rate: We calculate the average heat rate for our fossil-fired power plants (excluding peakers) by dividing (a) fuel consumed in Btu's by (b) KWh generated. The resultant heat rate is a measure of fuel efficiency.

Net Capacity Factor: Net actual generation divided by net maximum capacity for the period hours.

In-Market Availability, or "IMA": IMA is the ratio of the calculated revenue earned compared to an estimation of the potential revenues that would have been earned if the facility had been available 100 percent of the time it was considered to be "in-market", as determined by NRG Power Marketing, for the period under consideration.

The table below presents the North America power generation performance metrics discussed above.

Region	Net Generation (MWh)	Annual Equivalent Availability Factor	Average Heat Rate Btu/KWh	Net Capacity Factor	Net U.S. Owned Capacity	In-Market Availability
Northeast	13,390,887	86.0%	10,763	20.0%	7,657	92.4%
South Central	10,249,518	92.6%	10,695	47.4%	2,469	96.8%
Other	3,676,045	89.8%	8,653	11.9%	3,542	N/A

The table below presents the Australian power generation performance metrics discussed above.

Region	Net Generation (MWh)	Annual Equivalent Availability Factor	Average Heat Rate Btu/KWh	Net Capacity Factor	Net Dependable Capacity
Flinders	3,813,300	93.6%	11,400	90.8%	530
Gladstone	7,209,000	91.1%	10,800	49.0%	1,680

Power Generation

Northeast Region

Facilities. As of December 31, 2003, we owned approximately 7,900 MW of net generating in the Northeast Region of the United States, primarily in New York, Connecticut and Delaware. These generation facilities are diversified in terms of dispatch level (base-load, intermediate and peaking), fuel type (coal, natural gas and oil) and customers.

The Northeast Region power generation assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
Oswego, New York	NYISO	1,700	100%	Oil/Gas
Huntley, New York	NYISO	760	100%	Coal
Dunkirk, New York	NYISO	600	100%	Coal
Arthur Kill, New York	NYISO	842	100%	Gas/Oil
Astoria Gas Turbines, New York	NYISO	600	100%	Gas/Oil
Somerset, Massachusetts	ISO-NE	136	100%	Coal/Oil/Jet Fuel
Middletown, Connecticut	ISO-NE	786	100%	Oil/Gas/Jet Fuel
Montville, Connecticut	ISO-NE	498	100%	Oil/Gas/Diesel
Devon, Connecticut	ISO-NE	401	100%	Gas/Oil/Jet
Norwalk Harbor, Connecticut	ISO-NE	353	100%	Oil
Connecticut Jet Power, Connecticut	ISO-NE	127	100%	Jet
Indian River, Delaware	PJM	784	100%	Coal/Oil
Vienna, Maryland	PJM	170	100%	Oil
Conemaugh, Pennsylvania	PJM	64	4%	Coal/Oil
Keystone, Pennsylvania	PJM	63	4%	Coal/Oil

Market Framework. Our largest asset base is located in the Northeast region. This region is comprised of investments in generation facilities primarily located in the physical control areas of the NYISO, the ISO New England, Inc., or "ISO-NE", and the Pennsylvania, Jersey, Maryland Interconnection, or "PJM."

Although each of the three northeast ISOs are functionally, administratively and operationally independent from one another, they all tend to follow, to a certain extent, the FERC endorsed model for Standard Market Design, or "SMD." The physical power deliveries in these markets are financially settled by Locational Marginal Prices, or "LMPs", which reflect the value of energy at a specific location at the specific time it is delivered. This value is determined by an ISO administered auction process, which evaluates and selects the least cost of supplier offers or 'bids' to fill the specific locational requirement. The ISO sponsored LMP energy marketplaces consist of two separate and characteristically distinct settlement time frames. The first is a security constrained, financially firm, "Day Ahead" unit commitment, or "DAM." The second is a financially settled, security constrained "Real Time" dispatch and balancing market, or "RT." In addition to energy delivery, the ISOs manage secondary markets for installed capacity, ancillary services and financial transmission rights.

Market Developments. On March 1, 2003, ISO-NE implemented its version of SMD. This change modified the New England market structure by incorporating LMP, which means pricing by location rather than on a New England wide basis. Even though we view this change as an improvement to the existing market design, we still view the market within New England as incapable of allowing us to recover our costs and earn a reasonable return on our investment.

On February 26, 2003, we filed a proposed cost of service agreement with FERC for the following Connecticut facilities: Devon station units 11-14, Middletown station, Montville station and Norwalk station (FERC Docket No ER03-563-000). In response, on March 25, 2003, FERC issued an order, "the March 25, 2003 Order", approving a tracking mechanism for the payment of or recovery of certain maintenance expenses, subject to refund, and authorized an effective date of February 27, 2003. In the March 25, 2003 Order, FERC also permitted ISO-NE, via an escrow account, to start collecting the maintenance expenses from certain NEPOOL participants in order to ensure the availability of our units. In its March 25, 2003 Order, FERC did not rule on the remainder of the issues to allow further time to consider protests it received related to the filing. On February 6, 2004, we filed updated maintenance schedules for the period April 1, 2004 through March 31, 2005.

On April 25, 2003, FERC issued an order rejecting the remaining part of the proposed cost of service agreements including the monthly cost-based payment, citing certain policy determinations regarding cost of service agreements. Rather, FERC instructed ISO-NE to establish temporary bidding rules that would permit selected units (units with capacity factors of ten percent or less during 2002), operating within designated congestion areas, such as Connecticut, to raise their bids to allow them the opportunity to recover their fixed and variable costs through the market. In May and June 2003, the ISO-NE revised its market rules to facilitate "peaking unit safe harbor", or "PUSH", bidding. On July 24, 2003, FERC clarified that the capacity factor of ten percent or less applies to units rather than stations. Therefore, on a unit basis, all of our facilities qualify to bid under the temporary rules, except Middletown units 2 and 3. The PUSH bidding rule will remain in place until ISO-NE implements locational installed capacity payments, which FERC mandated ISO-NE implement no later than June 1, 2004. On March 1, 2004, ISO-NE filed a locational capacity proposal with FERC. Under the proposal, generators that are needed for reliability and have a capacity factor of 15% or less in 2003 are eligible for a monthly capacity payment of $5.38 per KW-month. Most of our generators located in Connecticut satisfy this requirement.

Consistent with our expectations, PUSH bidding has not yielded sufficient revenues to cover all our costs for most of our affected facilities. We intend to take additional actions with FERC and other Connecticut parties to attempt to address the expected revenue deficiency. On January 16, 2004, we filed proposed reliability-must-run agreements, or "RMR agreements", with FERC for the following facilities: Devon station units 11-14, Middletown station and Montville station. The RMR agreement filings requested FERC to establish cost of service rates. The FERC has not yet acted on this matter.

In addition to the facilities noted above, the following of our quick-start facilities in Connecticut have submitted PUSH bids that have been approved by FERC: Cos Cob, Franklin Drive, Branford, and Torrington. The existing RMR agreement between ISO-NE and us covering Devon station units 7 and 8 terminated on September 30, 2003. On October 2, 2003, we filed with FERC to extend the existing RMR agreement for the

two Devon units. On December 1, 2003, FERC granted us a one day suspension of the rates, subject to refund, set the case for hearing and appointed a settlement judge. On February 25, 2004, a FERC sponsored technical conference occurred to review the costs associated with the two Devon units. In the technical conference, our costs relevant to the RMR agreements were discussed. Also, we expect to file an amended cost of service filing with the FERC relative to Devon units 7 & 8 in order to make the cost assumptions for Devon 7 & 8 similar to that of the RMR agreements. ISO NE has indicated in a letter dated February 27, 2004 that one of the Devon units will no longer be needed for reliability services. Therefore, one of the Devon units 7 & 8 agreements will be terminated effective April 28, 2004.

In April of 2003, the NYISO implemented a demand curve in its capacity market and scarcity pricing improvements in its energy market. The New York demand curve eliminated the previous market structure's tendency to price capacity at either its cap (deficiency rate) or near zero. In a complaint filed with FERC on December 15, 2003, Consolidated Edison Company of New York, Inc. and other load-serving entities alleged that NYISO had used the wrong rate setting methodology to establish prices and rebates in the New York City markets for a portion of the summer capacity auction in 2003, and that this action resulted in overcharges to customers and overpayments to suppliers, including us, totaling approximately $21 million, with our share being approximately $5 million. If the complaint were granted, we may be required to refund payments. On December 19, 2003, the Electricity Consumers Resource Council appealed the FERC decision approving the demand curve in the United States Court of Appeals for the District of Columbia Circuit. If the appeal is granted, it could require the elimination of the demand curve for the capacity market. On February 11, 2004, a FERC sponsored settlement conference took place without successful resolution of the issue. The NYISO scarcity pricing improvements have re-introduced some volatility in the New York energy markets when supplies are short.

The NYISO intends to introduce additional changes to its energy market in early 2004, with the implementation of Standard Market Design 2. Although the exact nature of these changes is not known at this time, we anticipate the changes to be small, targeted improvements to the NYISO's present market.

In PJM, we are closely following market power mitigation modifications that may significantly impact the revenues achievable in that market by modifying PJM's price capping mechanisms. On April 2, 2003, Reliant Resources, Inc., or "Reliant", filed a complaint against PJM with FERC and suggested specific modifications to PJM's price mitigation rules. On June 9, 2003, FERC rejected the Reliant modifications but required PJM to file a report to address the concerns of Reliant by September 30, 2003. The PJM market monitoring unit filed its compliance filing with FERC as required, but opted to continue its present mitigation practices. The present mitigation plan permits PJM to "cost-cap" the energy bids of certain generating facilities that were constructed prior to 1996. The cost capping method is based on a facility's variable costs plus ten percent. In addition, the PJM market monitoring unit filed to eliminate the exemption that units built after 1996 had from PJM's mitigation measures. This change, if approved by FERC, will impact certain of our facilities within PJM. It will also continue a practice that has depressed prices in PJM. The PJM market monitoring unit's actions were not endorsed by the requisite number of market participants. It is unclear at this time, what actions FERC will take and how this will impact us.

South Central Region

Facilities. As of December 31, 2003, we owned approximately 2,500 MW of net generating capacity in the South Central United States. The South Central region generating assets consist primarily of our power generation facilities in New Roads, Louisiana, or "the Cajun Facilities", and also include the Sterlington and Bayou Cove generating facilities.

Our portfolio of plants in Louisiana comprises the second largest generator in the Southeastern Electric Reliability Council/ Entergy, or "SERC-Entergy" region. The core of these assets are the Cajun Facilities which are primarily coal-fired assets supported by long-term power purchase agreements with regional cooperatives.

The South Central region power generation assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
Big Cajun II, Louisiana*	SERC-Entergy	1,489	100%	Coal
Big Cajun I, Louisiana	SERC-Entergy	458	100%	Gas/Oil
Bayou Cove, Louisiana	SERC-Entergy	320	100%	Gas
Sterlington, Louisiana	SERC-Entergy	202	100%	Gas

* Units 1 and 2 owned 100%, Unit 3 owned 58%.

Market Framework. Our South Central region assets are located within the control areas of the local, regulated, and sometimes vertically integrated, utilities, primarily Entergy Corporation, or "Entergy." The utility performs the scheduling, reserve and reliability functions that are administered by the ISOs in certain other regions of the United States and Canada. We operate a National Electric Reliability Council, or "NERC", certified control area within the Entergy control area, which is comprised of our generating assets and our co-op customer loads. Although the reliability functions performed are essentially the same, the primary differences between these markets lie principally in the physical delivery and price discovery mechanisms. In the South Central region, all power sales and purchases are consummated bilaterally between individual counter-parties, and physically delivered either within or across the physical control areas of the transmission owners from the source generator to the sink load. Transacting counter-parties are required to reserve and purchase transmission services from the intervening transmission owners at their FERC approved tariff rates. Included with these transmission services are the reserve and ancillary costs. Energy prices in the South Central region are determined and agreed to in bilateral negotiations between representatives of the transacting counter-parties, using market information gleaned by the individual marketing agents arranging the transactions.

Market Developments. In the South Central region, including Entergy's service territory, the present energy market is not a centralized market and does not have an independent system operator as is found in the Northeast markets. Rather, the energy market is made up of bilateral contractual relations. We presently have long-term all requirements contracts with 11 Louisiana Distribution Cooperatives, and long-term contracts with the Municipal Energy Agency of Mississippi, South Mississippi Electric Power Association and Southwestern Electric Power Company. The Distribution Cooperatives serve approximately 300,000 to 350,000 retail customers.

In the Southeast portion of the United States, Entergy and Southern Company recently discontinued their RTO initiative, SeTrans. It is unclear at this time how this recent development will impact us, or whether another RTO proposal will replace the SeTrans initiative.

West Coast Region

Facilities. As of December 31, 2003, we owned approximately 1,300 MW of net generating capacity in the West Coast region, primarily in California and Nevada. Our west coast generation assets consist primarily of a 50% interest in West Coast Power LLC.

In May 1999, we formed West Coast Power, along with Dynegy, Inc., or "Dynegy", to serve as the holding company for a portfolio of operating companies that own generation assets in Southern California in the California Independent System Operator, or "Cal ISO" market. This portfolio currently consists of the El Segundo Generating Station, the Long Beach Generating Station, the Encina Generating Station and 13 combustion turbines in the San Diego area. Dynegy provides power marketing and fuel procurement services to West Coast Power, and we provide operations and management services. An application for a permit to repower the existing El Segundo site, replacing the retired unit 1 & 2 with 600 MW of new generation has been filed. The permit is in the California Energy Commission review process, and it is anticipated that the

Presiding Member's Proposed Decision issued in January 2004 recommending approval of the redevelopment project will be adopted by the Commission during the first quarter of 2004. However, we would not proceed with the construction of the new project absent a long-term power purchase agreement or tolling arrangement supporting the financial investment necessary for this repowering.

The West Coast region power generation assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
Encina, California	Cal ISO	483	50%	Gas/Oil
El Segundo Power, California	Cal ISO	335	50%	Gas
Long Beach Generating, California	Cal ISO	265	50%	Gas
San Diego Combustion Turbines, California	Cal ISO	93	50%	Gas/Oil
Saguaro Power Co., Nevada	WECC	53	50%	Gas/Oil
Chowchilla, California	Cal ISO	49	100%	Gas
Red Bluff, California	Cal ISO	45	100%	Gas

Market Framework. Our West Coast region assets are primarily located within the control area of the Cal ISO. The Cal ISO operates a financially settled "Real Time" balancing market. "Day Ahead" energy markets in the west are currently similar to those in the South Central region with all power sales and purchases consummated bilaterally between individual counter-parties and scheduled for physical delivery with the Cal ISO.

Market Developments. In California, the Cal ISO continues with its plan to move toward markets similar to PJM, NYISO and ISO-NE with its MDO2 initiative (market design 2002). The Cal ISO intends that MDO2 will establish a standardized day ahead market and real time market that allows for multiple settlements. Presently the Cal ISO market does not include a capacity market. In general, the Cal ISO is continuing along a path of small incremental changes, rather than significant market restructuring. Although numerous stakeholder meetings have been held, the final market design remains unknown at this time. The effect of the MDO2 changes on us cannot be determined at this time.

In addition to the Cal ISO's market changes, numerous legislative initiatives in California create uncertainty and risk for us. Most significantly, SB39XX mandates that the California Public Utilities Commission, or "CPUC" exercise jurisdiction over the maintenance procedures of wholesale power generators. This effort has slowed in recent months, due to an Executive Order issued by Governor Arnold Schwarzenegger that directs all government agencies to evaluate regulations that could harm business and business development in the state. The Executive Order effectively put a nine month hold on all regulations identified, and it is unclear at this time where that process will lead. The CPUC recently issued draft orders directing the utilities to meet a 17% reserve requirement by no later than the beginning of 2008.

The Cal ISO has protested the timeframe and those discussions may result in changes for procurement by the utilities that may present opportunities to enter into new bilateral agreements. In addition, the CPUC has adopted an order, which allows the load serving investor owned utilities to purchase energy and capacity through contracts with generators for up to a one year term. A longer term procurement proceeding is pending. It is the intention of the West Coast Power LLC entities to arrange for short term and longer term capacity agreements beginning in January 2005 after the current California Department of Water Resources, or "CDWR", agreement expires.

Other North America Region

Facilities. As of December 31, 2003, we owned approximately 3,500 MW of net generating capacity in our other regions of the United States.

Our Other North America power generation assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
Batesville, Mississippi	SERC-TVA	837	100%	Gas
McClain, Oklahoma*	SPP-Southern	400	77%	Gas
Kendall, Illinois	MAIN	1,168	100%	Gas
Rockford I, Illinois	MAIN	342	100%	Gas
Rockford II, Illinois	MAIN	171	100%	Gas
Rocky Road Power, Illinois	MAIN	175	50%	Gas
Ilion, New York	NYISO	60	100%	Gas/Oil
Dover, Delaware	PJM	106	100%	Gas/Coal/Oil
Commonwealth Atlantic, Virginia*	SERC-TVA	188	50%	Gas/Oil
James River, Virginia	SERC-TVA	55	50%	Coal
Other — 3 projects*	Various	40	Various	Various

* May sell or dispose of in the next 12 months.

Market Developments. In the Midwest, it is anticipated that Exelon Corporation will be partially integrated into PJM by the second quarter of 2004, and will transition to PJM's LMP market model soon thereafter. Exelon is the parent corporation of PECO Energy Company and Commonwealth Edison, or "ComEd." On November 25, 2003, FERC issued an order requiring American Electric Power, or "AEP", to join PJM. In the order the FERC stated that AEP must comply with its prior commitment to join an RTO, namely PJM. Previously, the actions taken by the Virginia legislature had restricted AEP's ability to join PJM. At this time the effect of the November 25, 2003 order is unclear. Consequently, Exelon, and our Chicago area assets, could be somewhat isolated from the rest of PJM. The impact of the Exelon integration on us is also unclear at this time. Also on December 31, 2003, PJM requested that FERC approve certain changes to the PJM Operating Agreement in order to permit ComEd to join PJM. On December 31, 2003 and February 5, 2004, PJM filed proposed mitigation plans for the ComEd territory. Among the requested changes was the proposed adoption for the PJM energy market mitigation plan of "cost capping" and a new mitigation plan for the capacity market. Under this mitigation plan, bids into the capacity market would be limited to incremental costs. These two mitigation proposals, if approved, could negatively impact our facilities located in ComEd's territory.

International

Facilities. Over the past decade we, through our foreign subsidiaries, invested in international power generation projects in Asia Pacific, Europe and Latin America. During 2002, we sold international generation projects with an aggregate total generating capacity of approximately 600 MW. As of December 31, 2003, we, through certain foreign subsidiaries, had investments in power generation projects located in Australia, the UK, Germany, South America and Taiwan with approximately 3,000 MW of net generating capacity.

Our international power generation assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Purchaser/ Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
Asia-Pacific:				
Flinders, South Australia	South Australian Pool	760	100%	Coal
Gladstone Power Station, Queensland	Enertrade/Boyne Smelters	630	38%	Coal
Loy Yang Power A, Victoria**	Victorian Pool	507	25%	Coal
Hsin Yu, Taiwan*	Industrials	107	63%	Gas
Europe:				
Enfield Energy Centre, UK*	UK Electricity Grid	95	25%	Gas/Oil
Schkopau Power Station, Germany	Vattenfall Europe	400	42%	Coal
MIBRAG mbH, Germany***	ENVIA/MIBRAG Mines	119	50%	Coal
Latin America:				
Itiquira Energetica, Brazil*	COPEL	154	99%****	Hydro
COBEE, Bolivia*	Electropaz/ELFEO	219	100%	Hydro/Gas

* May sell or dispose of in the next 12 months.

** May sell or significantly restructure in the next 12 months.

*** Primarily a coal mining facility.

**** Common equity ownership interest.

Alternative Energy and Services

In addition to our traditional power generation facilities discussed above, we own alternative energy generation facilities through NEO Corporation, or "NEO" and through our NRG Resource Recovery business division, which processes municipal solid waste as fuel to generate power. In addition, we own district heating and cooling and steam transmission operations through NRG Thermal LLC.

NEO Corporation. NEO is a wholly owned subsidiary that was formed to develop power generation facilities ranging in size from 1 to 33 MW in the United States. As of December 31, 2003, NEO has ownership interests in 9 landfill gas collection systems and had 17 MW of net ownership interests in related electric generation facilities utilizing landfill gas as fuel. NEO also had 42 MW of net ownership interests in 17 hydroelectric facilities and 107 MW of net ownership interests in five distributed generation facilities including 93 MW of gas-fired peaking engines in California (referred to as the Red Bluff and Chowchilla facilities and included in our summary of the West Coast region). Certain of the assets owned by NEO are currently being marketed. See "Significant Dispositions of Non-Strategic Assets" under this Item 1 for more information.

NEO's power generation assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Purchaser/ Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
NEO Corporation, Various*	Various	73	Various	Various

* May sell or dispose of in the next 12 months, excluding our Chowchilla or Red Bluff facilities (assets held for use).

Resource Recovery Facilities. Our Resource Recovery business is focused on owning and operating alternative fuel/"green power" generation and fuels processing projects. The alternative fuels currently processed and combusted are municipal solid waste, urban wood waste (pallets, clean construction debris, etc.), and non-recyclable waste paper and compost. Our Resource Recovery business has municipal solid waste processing capacity of approximately 3,400 tons per day and generation capacity of 25 MW, of which our net ownership interest is 18 MW. Our Resource Recovery business owns and operates municipal solid waste processing and/or generation facilities in Maine and Minnesota. Our Resource Recovery business also owns and operates NRG Processing Solutions which includes thirteen composting and biomass fuel processing sites in Minnesota, of which three sites are permitted to operate as municipal solid waste transfer stations.

Our significant Resource Recovery assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Purchaser/MSW Supplier	Net Owned Capacity	NRG's Percentage Ownership Interest	Fuel Type
Newport, MN*	Ramsey and Washington Counties	MSW: 1,500 tons/day	100%	Refuse Derived Fuel
Elk River, MN**	Anoka, Hennepin and Sherburne Counties; Tri-County Solid Waste Management Commission	MSW: 1,275 tons/day	85%	Refuse Derived Fuel
Penobscot Energy Recovery, ME***	Bangor Hydroelectric Company	MSW: 590 tons/day	50%	Refuse Derived Fuel

* The Newport facilities are related strictly to municipal solid waste processing.

** For the Elk River facility, our 85% interest is related strictly to municipal solid waste processing.

*** May sell or dispose of in the next 12 months.

Thermal and Chilled Water Businesses. We have interests in district heating and cooling systems and steam transmission operations through our subsidiary NRG Thermal LLC. NRG Thermal's steam and chilled water businesses have a steam and chilled water capacity of approximately 1,290 megawatt thermal equivalents, or "MWt".

As of December 31, 2003, NRG Thermal owned five district heating and cooling systems in Minneapolis, Minnesota; San Francisco, California; Pittsburgh, Pennsylvania; Harrisburg, Pennsylvania; and San Diego, California. These systems provide steam heating to approximately 600 customers and chilled water to 90 customers. In addition, NRG Thermal owns and operates three projects that serve industrial/government customers with high-pressure steam and hot water, and an 88 MW combustion turbine peaking generation facility and an 18 MW coal-fired cogeneration facility in Dover, Delaware (included in the summary of the Other North America region).

Our thermal and chilled water assets as of December 31, 2003 are summarized in the table below.

Name and Location of Facility	Purchaser/MSW Supplier	Net Owned Capacity*	NRG's Percentage Ownership Interest	Fuel Type
NRG Energy Center Minneapolis, MN	Approx. 100 steam customers and 40 chilled water customers	Steam: 1,403 mm Btu/hr. (411 MWt) Chilled water: 42,450 tons (149 MWt)	100%	Gas/ Oil
NRG Energy Center San Francisco, CA	Approx. 170 steam customers	Steam: 490 mm Btu/hr. (144 MWt)	100%	Gas
NRG Energy Center Harrisburg, PA	Approx. 290 steam customers and 2 chilled water customers	Steam: 490 mm Btu/hr. (144 MWt) Chilled water: 1,800 tons (6 MWt)	100%	Gas/ Oil
NRG Energy Center Pittsburgh, PA	Approx. 30 steam and 30 chilled water customers	Steam: 260 mm Btu/hr. (76 MWt) Chilled water: 12,580 tons (44 MWt)	100%	Gas/ Oil
NRG Energy Center San Diego, CA	Approx. 20 chilled water customers	Chilled water: 8,000 tons (28 MWt)	100%	Gas
NRG Energy Center Rock- Tenn, MN	Rock-Tenn Company	Steam: 430 mm Btu/hr. (126 MWt)	100%	Coal/ Gas/ Oil
Camas Power Boiler, WA	Georgia-Pacific Corp.	Steam: 200 mm Btu/hr. (59 MWt)	100%	Biomass
NRG Energy Center Dover, DE	Kraft Foods, Inc.	Steam: 190 mm Btu/hr. (56 MWt)	100%	Coal
NRG Energy Center Washco, MN	Andersen Corp., MN Correctional Facility	Steam: 160 mm Btu/hr. (47 MWt)	100%	Coal/ Gas

* Thermal production and transmission capacity is based on 1,000 Btus per pound of steam production or transmission capacity. The unit mmBtu is equal to one million Btus.

Energy Marketing

Our energy marketing subsidiary, PMI began operations in 1998. PMI provides a full range of energy management services for our domestic generation facilities. These services are provided under bilateral contracts or agency agreements pursuant to which PMI manages the sales and purchases of energy, capacity and ancillary services from the facilities, procures the fuel (coal, oil and natural gas) and associated transportation and manages the emission allowance credits for these facilities. In addition, PMI provides all necessary ISO bidding, dispatch and transmission scheduling for the facilities. PMI utilizes its contractual arrangements with third parties in order to procure fuel and to sell energy, capacity and ancillary services to minimize administrative costs and burdens and reduce the amount of collateral requirements imposed by third party suppliers and purchasers, thereby easing credit and liquidity concerns.

NRG Worldwide Operations

NRG Worldwide Operations, or "NRG Operations", provides operating and maintenance services to our generation fleet. These services include providing experienced personnel for the operation and administration of each facility and oversight out of the corporate office to balance resources, share expertise and best practices and ensure the optimum utilization of resources available to the fleet. In addition, NRG Operations provides

overall fleet management, strategic planning and the development and dissemination of consistent fleet wide policies and practices.

NRG Operations typically provides services to project entities by entering into a Service Agreement with the project company. Service Agreements provide a contractual basis and definition of the rights and responsibilities of the operating companies and the asset owners for each project that is operated by NRG Operations. NRG Operations' operating companies provide a uniform suite of services that address management, technical, contractual, commercial and other business issues as well as safety, security and environmental compliance services and strategies.

Financial Information About Segments and Geographic Areas

For financial information on our operations on a geographical and on a segment basis, see Item 15 — Note 20 to the Consolidated Financial Statements.

Dispositions of Non-Strategic Assets

Since 2002, we sold or made arrangements to sell a number of consolidated businesses and equity investments in an effort to reduce our debt and improve liquidity. Dispositions completed during 2003 and announced pending dispositions as of February 29, 2004 are summarized in the following chart:

Asset (Location)	Transaction Description	Closing Date
Completed Transactions:		
ECKG (Czech Republic)	Sale of our 45% interest	1/10/03
Brazos Valley (Texas)	Transfer of our project to project banks	1/31/03
Killingholme (England)(1)	Transfer of our project to project banks	1/31/03
NEO Landfill Gas and Minn. Methane (Various)	Hudson United Bank foreclosure	5/7/03
Kondapalli (India)	Sale of our 30% interest	5/30/03
Mustang (Texas)	Sale of our 25% interest	7/7/03
Langage (England)	Sale of our 100% interest	8/1/03
Timber Energy (Power Plant)(1)	Sale of our 50% interest	9/18/03
Central San Antonio Libertador Turbine Package	Sale of our turbines	10/20/03
Timber Energy (Chip Mill)(1)	Sale of our 50% interest	10/30/03
Cahua and Energia Pacasmayo (Peru)(1)	Sale of our 100% interest	11/21/03
Announced Pending Dispositions:		
Loy Yang (Australia)	Sale of our 25% interest	N/A
McClain (Oklahoma)(1)	Asset sale	N/A

(1) Discontinued operations.

In addition to the announced pending dispositions described in the table above, definitive agreements have been executed in connection with the sale of our interests in certain other projects. In addition, we are continuing to market other non-strategic assets.

Significant Customers

Predecessor Company

For the period from January 1, 2003 through December 5, 2003, sales to one customer, NYISO, accounted for 30.5% of our total revenues from majority owned operations. Also during 2002, NYISO accounted for 23.7% of our total revenues from majority owned operations. During 2001, we derived approximately 51.1% of our total revenues from majority-owned operations from two customers: NYISO

33.6% and Connecticut Light and Power Co. 17.5%. We account for the revenues attributable to the significant customers noted above as part of our North American power generation segment.

Reorganized NRG

For the period from December 6, 2003 through December 31, 2003, we derived approximately 35.5% of our total revenues from majority-owned operations from two customers: NYISO 24.1% and ISO New England 11.4%. We account for the revenues attributable to the NYISO and ISO New England as part of our North American power generation segment. NYISO is an ISO, which is a FERC-regulated entity that manages the transmission assets that are collectively under the control of the ISO to provide non-discriminatory access to the transmission grid. The NYISO exercises operational control over most of New York State's transmission facilities. We anticipate that NYISO will continue to be a significant customer given the scale of our asset base in the NYISO control area.

The following table shows the percent of total revenue each segment contributes to our total revenue:

	Revenue By Segment							
	Predecessor Company						Reorganized NRG	
Segments	For the Year Ended December 31, 2001	Percent of Total Revenue	For the Year Ended December 31, 2002	Percent of Total Revenue	For the Period Ended December 5, 2003	Percent of Total Revenue	For the Period Ended December 31, 2003	Percent of Total Revenue
	(In thousands)		(In thousands)		(In thousands)		(In thousands)	
Power Generation								
North America	$ 1,697,125	76.9%	$ 1,564,360	73.8%	$ 1,416,743	72.0%	**$ 108,029**	**71.0%**
Europe	72,540	3.3%	107,466	5.1%	118,825	6.0%	**11,278**	**7.4%**
Other Americas	21,923	1.0%	33,084	1.6%	46,407	2.4%	**4,514**	**3.0%**
Asia Pacific	238,375	10.8%	228,591	10.8%	211,475	10.7%	**16,294**	**10.7%**
Thermal	108,319	4.9%	111,809	5.3%	108,068	5.5%	**8,632**	**5.7%**
Alternative Energy	51,423	2.3%	69,288	3.3%	61,098	3.1%	**3,870**	**2.5%**
Other	18,476	0.8%	4,787	0.1%	5,963	0.3%	**(509)**	**(0.3)%**
Total Revenue	$ 2,208,181	100.0%	$ 2,119,385	100.0%	$ 1,968,579	100.0%	**$ 152,108**	**100.0%**

Seasonality and Price Volatility

Annual and quarterly operating results can be significantly affected by weather and price volatility. Significant other events, such as demand for natural gas for heating and reduced hydroelectric capacity due to drier seasons can increase seasonal fuel and power price volatility. We derive a majority of our annual revenues in the months of May through September, when demand for electricity is the highest in our North American markets. Further, volatility is generally higher in the summer months due to the effect of temperature variations. Our second most important season is winter where volatility and price spikes in underlying fuel prices has tended to drive seasonal electricity prices. Issues related to the seasonality and price volatility are fairly uniform across our business segments.

Sources and Availability of Raw Materials

Our raw material requirements primarily include various forms of fossil fuel energy sources, including oil, natural gas and coal. We obtain our oil, natural gas and coal from multiple sources and availability is generally not an issue, although localized shortages and supplier financial stability issues can and do occur. The prices of oil, natural gas and coal are subject to macro-and micro-economic forces that can change dramatically in both the short term and the long term. For example, the prices of natural gas and oil were particularly high during the winter of 2002-2003 due to weather volatility and geo-political uncertainty in the Middle East. Oil, natural gas and coal represented approximately 37.1% and 38.6% of our cost of operations for the period January 1, 2003 through December 5, 2003 and the period December 6, 2003 through December 31, 2003, respectively. Issues related to the sources and availability of raw materials are fairly uniform across our business segments.

Employees

As of December 31, 2003, we had 2,892 employees, approximately 478 of whom are employed directly by us and approximately 2,414 of whom are employed by our wholly owned subsidiaries and affiliates. Approximately 1,020 employees are covered by bargaining agreements. During 2003, we have experienced no significant labor stoppages or labor disputes at our facilities.

Federal Energy Regulation

Federal Energy Regulatory Commission. The FERC is an independent agency that regulates the transmission and wholesale sale of electricity in interstate commerce under the authority of the Federal Power Act, or "FPA." The FPA also gives FERC jurisdiction over: a public utility's issuance of securities or assumption of liabilities; the dispositions of jurisdictional assets; and the licensing and inspecting of private, municipal and state-owned hydroelectric projects. In addition, FERC determines whether a generation facility qualifies for Exempt Wholesale Generator, or "EWG" status under Public Utility Holding Company Act of 1935, or "PUHCA." FERC also determines whether a generation facility meets the ownership and technical criteria of a Qualifying Facility, or "QF" under Public Utility Regulatory Policies Act of 1978, or "PURPA."

Federal Power Act. The Federal Power Act, or "FPA", gives FERC exclusive rate-making jurisdiction over wholesale sales of electricity and transmission of electricity in interstate commerce. FERC regulates the owners of facilities used for the wholesale sale of electricity or transmission in interstate commerce as "public utilities." The FPA also gives FERC jurisdiction to review certain transactions and numerous other activities of public utilities. Our QFs are exempt from the FERC's FPA rate regulation.

Public utilities are required to obtain FERC's acceptance of their rate schedules for wholesale sales of electricity. Because our non-QF generating companies are selling electricity in the wholesale market, such generating companies are deemed to be public utilities for purposes of the FPA. FERC has granted our generating and power marketing companies the authority to sell electricity at market-based rates. Usually, the FERC's orders that grant our generating and power marketing companies market-based rate authority reserve the right to revoke or revise that authority if FERC subsequently determines that we possess excessive market power. If our generating and power marketing companies were to lose their market-based rate authority, such companies may be required to obtain FERC's acceptance of a cost-of-service rate schedule and may become subject to the accounting, record-keeping and reporting requirements that are imposed on utilities with cost-based rate schedules.

In addition, the FPA gives FERC jurisdiction over a public utility's issuance of securities or assumption of liabilities. However, FERC usually grants blanket approval for future securities issuances or assumptions of liabilities to entities with market-based rate authority. In the event that one of our public utility generating companies were to lose its market-based rate authority, our future securities issuances or assumptions of liabilities could require prior approval of the FERC. In addition, FERC has issued an order in connection with our reorganization that implies that FERC believes that we, even though we are not a public utility under the FPA, may require FERC's approval before we can issue securities or assume liabilities subsequent to our reorganization.

The FPA also requires the FERC's prior approval for the transfer of control over assets subject to FERC's jurisdiction. FERC has jurisdiction over certain facilities used to interconnect our EWG generating projects with the transmission grid, and over the filed rate schedules and tariffs of our EWG generating projects and power marketer operating companies. Thus, transferring these assets would require FERC approval.

In New England, New York, the Mid-Atlantic region, the Midwest and California, FERC has approved ISOs. Most of these ISOs administer a wholesale centralized bid-based spot market in their regions pursuant to tariffs approved by FERC. These tariffs/market rules dictate how the spot markets operate and how entities with market-based rates shall be compensated within those markets. The ISOs in these regions also control access to and the operation of the transmission grid within their footprint. Outside of ISO-controlled regions, we are allowed to sell at market-based rates as determined by willing buyers and sellers. Access to, pricing for,

and operation of the transmission grid in such regions is controlled by the local transmission owning utility according to its Open Access Transmission Tariff approved by FERC.

Public Utility Holding Company Act. PUHCA defines as a "holding company" any entity that owns, controls or has the power to vote 10% or more of the outstanding voting securities of a "public utility company." Unless exempt, a holding company is required to register with the SEC, and it and its Subsidiaries (i.e., a company with 10% of its voting securities held by the registered holding company) become subject to extensive regulation. Registered holding companies under PUHCA are required to limit their utility operations to a single, integrated utility system and divest any other operations that are not functionally related to the operation of the utility system. In addition, a company that is a Subsidiary of a registered holding company is subject to financial and organizational regulation, including approval by the SEC of certain financings and transactions. Domestic generating facilities that qualify as QFs and/or that have obtained EWG status from FERC are not considered "public utility companies" for purposes of PUHCA. Each of our domestic generating subsidiaries has been designated by FERC as an EWG or is otherwise exempt from PUHCA because it is a QF under PURPA.

Because our generating subsidiaries have EWG or QF status, we do not qualify as a "holding company" under PUHCA. However, prior to the effective date of the NRG plan of reorganization, we met the definition of a "Subsidiary" of a registered holding company, Xcel Energy, making us subject to regulation under PUHCA. After the effective date, we ceased to be a Subsidiary of Xcel Energy and, under current law, are no longer subject to regulation as a "registered holding company" or a "Subsidiary" of a registered holding company under PUHCA as long as (i) we do not become a Subsidiary of another registered holding company and (ii) the projects in which we have an interest (1) qualify as QFs under PURPA, (2) obtain and maintain EWG status under Section 32 of PUHCA, (3) obtain and maintain Foreign Utility Company, or "FUCO", status under Section 33 of PUHCA, or (4) are subject to another exemption or waiver. If our projects were to cease to be exempt and we were to become subject to SEC regulation under PUHCA, it would be difficult for us to comply with PUHCA absent a substantial corporate restructuring.

On December 18, 2003, FERC approved FirstEnergy Corp's., or "FirstEnergy", application to acquire approximately 6.5% of our outstanding shares. We were, therefore, an "Affiliate" of a registered holding company. While an "Affiliate" is subject to substantially less regulation than a "Subsidiary," being an Affiliate of FirstEnergy Corp. could have limited the transactions that we could enter into with FirstEnergy without notifying the SEC. On February 2, 2004, FirstEnergy announced that it completed the divesture of the NRG Energy stock in the secondary market. Based on such disclosure, we believe that we are no longer an affiliate of FirstEnergy.

Regulatory Developments. FERC is attempting to deregulate the wholesale market by requiring transmission owners to provide open, non-discriminatory access to electricity markets and the transmission grid. In April 1996, FERC issued Orders 888 and 889, requiring all public utilities to file "open access" transmission tariffs that give wholesale generators, as well as other wholesale sellers and buyers of electricity, access to transmission facilities on a non-discriminatory basis. This led to the formation of the ISOs described above. On December 20, 1999, FERC issued Order 2000, encouraging the creation of RTOs. Finally, on July 31, 2002, FERC issued its Notice of Proposed Rulemaking regarding SMD. All three orders were intended to eliminate market discrimination by incumbent vertically integrated utilities and to provide for open access to the transmission grid. The status of FERC's RTO and SMD initiatives is uncertain. On April 28, 2003, FERC issued a white paper describing proposed changes to the proposed SMD rulemaking that would, among other things, allow for more regional differences. In addition, the Energy Bill pending before Congress could restrict FERC's ability to implement these initiatives.

The full effect of these changes on us is uncertain at this time, because in many parts of the United States, it has not been determined how entities will attempt to comply with FERC's initiatives. At this time, five ISOs have been approved and are operational: ISO-NE in New England; the NYISO in New York; PJM in the Mid-Atlantic region; the Midwest Independent System Operation, or "MISO" in the Central Midwest region; and the Cal ISO in California. Two of these ISOs, PJM and MISO, have been found to also qualify as RTOs. In February 2004, FERC approved the RTO proposal by Southwest Power Pool, subject to certain

conditions. ISO-NE, together with New England transmission owners, has filed a proposal for an RTO in New England. A number of other entities in various regions of the United States have also requested that FERC approve their organizations as RTOs.

We are affected by rule/tariff changes that occur in the existing ISOs and RTOs. The ISOs that oversee most of the wholesale power markets have in the past imposed, and may in the future continue to impose, price limitations and other mechanisms to address some of the volatility in these markets. For example, ISO-NE, NYISO, PJM and Cal ISO have imposed price limitations. These types of price limitations and other regulatory mechanisms may adversely affect the profitability of our generation facilities that sell energy into the wholesale power markets. In addition, the regulatory and legislative changes that have recently been enacted in a number of states in an effort to promote competition are novel and untested in many respects. These new approaches to the sale of electric power have very short operating histories, and it is not yet clear how they will operate in times of market stress or pressure, given the extreme volatility and lack of meaningful long-term price history in many of these markets and the imposition of price limitations by independent system operators.

The Energy Bill proposed in Congress 2003 would have repealed PUHCA one year after passage and amended PURPA, and provided FERC with additional jurisdiction over the books and accounts of certain holding companies. If the repeal/amendment of PURPA or PUHCA should occur, either separately or as part of legislation designed to encourage the broader introduction of wholesale and retail competition the ability of regulated utility companies to compete more directly with wholesale power generators could be increased. To the extent competitive pressures increase the economics of domestic wholesale power generation projects may come under increasing pressure. Deregulation may not only continue to fuel the current trend toward consolidation among domestic utilities, but may also encourage the desegregation of vertically-integrated utilities into separate generation, transmission and distribution businesses. At this time, the Energy Bill has stalled in Congress and it is unclear whether it will be passed into law. If the Energy Bill is passed, it is unclear what impact, if any, the new rules would have on us.

Environmental Matters

We are subject to a broad range of foreign, provincial, federal, state and local environmental and safety laws and regulations applicable to the development, ownership, construction and operation of our domestic and international projects. These laws and regulations impose requirements relating to discharges of substances to the air, water and land, the handling, storage and disposal of, and exposure to, hazardous substances and wastes and the cleanup of properties affected by pollutants. These laws and regulations generally require that we obtain governmental permits and approvals before construction or operation of a power plant commences, and after completion, that our facilities operate in compliance with those permits and applicable legal requirements. We could also be held responsible under these laws for the cleanup of pollutants released at our facilities or at off-site locations where we may have sent wastes, even if the release or off-site disposal was conducted in compliance with the law.

Regulatory compliance for the construction of new facilities is a costly and time-consuming process. Intricate and rapidly changing environmental regulations may require major capital expenditures for permitting and create a risk of expensive delays or material impairment of project value if projects cannot function as planned due to changing regulatory requirements or local opposition. In addition, environmental laws have become increasingly stringent over time, particularly with regard to the regulation of air emissions from our plants. Such laws generally require regular capital expenditures for power plant upgrades and modifications and for the installation of certain pollution control equipment. Therefore, we seek to integrate the consideration of potential environmental impacts into every business decision we make, and by doing so, strive to improve our competitive advantage by meeting or exceeding environmental and safety requirements pertaining to the management and operation of our assets.

It is not possible at this time to determine when or to what extent additional facilities or modifications to existing or planned facilities will be required as a result of possible changes to environmental and safety laws and regulations, regulatory interpretations or enforcement policies. In general, the effect of future laws or

regulations is expected to require the addition of pollution control equipment or the imposition of certain restrictions on our operations. We expect that future liability under or compliance with environmental and safety requirements could have a material effect on our operations or competitive position.

Domestic Environmental Regulatory Matters

The construction and operation of power projects are subject to stringent environmental and safety protection and land use laws and regulations in the United States. These laws and regulations generally require lengthy and complex processes to obtain licenses, permits and approvals from federal, state and local agencies. If such laws and regulations become more stringent and our facilities are not exempted from coverage, we could be required to make extensive modifications to further reduce potential environmental impacts. Also, we could be held responsible under environmental and safety laws for the cleanup of pollutant releases at our facilities or at off-site locations where we have sent waste.

We establish accruals where reasonable estimates of probable environmental and safety liabilities are possible. We adjust the accruals when new remediation or other environmental liability responsibilities are discovered and probable costs become estimable, or when current liability estimates are adjusted to reflect new information or a change in the law.

U.S. Federal Environmental Initiatives

Several federal regulatory and legislative initiatives are being undertaken in the U.S. to further limit and control pollutant emissions from fossil-fuel-fired combustion units. Although neither the exact impact of these initiatives nor the final form that these initiatives will take are known at this time, all of our power plants will likely be affected in some manner by the expected changes in federal environmental laws and regulations. In Congress, legislation has been proposed that would impose annual caps on U.S. power plant emissions of nitrogen oxides, or "NO_x," sulfur dioxide, or "SO_2," mercury and, in some instances, carbon dioxide, or "CO_2."

The U.S Environmental Protection Agency, or "EPA," announced in December 2003 its proposed rules regulating mercury emissions from coal-fired electric utility units and emissions of nickel from oil-fired utility units. In its mercury rule proposal, EPA offered three options for controlling mercury emissions. The first option would regulate mercury emissions by setting maximum achievable control technology, or "MACT," standards on major sources of hazardous air pollutants, or "HAPS." Existing units would need to comply with new mercury emission limitations within three years following EPA's publication of the final rule. The other two options are based on capping nationwide emissions of mercury from coal-fired units, allocating mercury allowances to such individual sources, and allowing such sources to trade allowances in order to demonstrate compliance with the rule. Under the EPA proposal, implementation of the cap-and-trade program would be done in two phases; the first phase would cap nationwide mercury emissions beginning in 2010 and the second phase would mandate a further reduction in the cap in 2018. In the preamble to its proposal, EPA indicated that it views the more flexible cap-and-trade approach as the best option for reducing mercury emissions from coal-fired utility units. We expect that each of our coal-fired electric power plants would be subject to mercury regulation under any of EPA's proposed regulatory options. EPA's final decision on mercury regulation is expected to be announced on or before December 15, 2004. Since the final rule has not yet been promulgated and we do not know at this time which of the three proposed options EPA will eventually select, it is not possible to determine the extent to which the final mercury rules will affect our domestic operations.

EPA has also proposed two options for regulations to control nickel emissions from oil-fired electric utility units. The first option is similar to the MACT approach for mercury, i.e., a limit on nickel emissions would apply to oil-fired utility units that constitute major sources of HAPS. The second option would require all oil-fired units to meet the same numerical standard as that proposed under the MACT approach, but would exempt units that fire distillate fuel oil. Under both proposals, EPA is considering establishing a limit on the nickel content of fuel that would be equivalent to the nickel emission limit. In proposing the limits for nickel from oil-fired units, EPA proposed the use of electrostatic precipitators, or "ESPs," as the control device of choice. Our oil-fired units that lack ESPs include, Vienna, Encina, Middletown Unit No. 4 and Montville

Unit No. 6. We have not completed our evaluation of the impact the proposed nickel emission limit would have on these sources. EPA's final decision regarding nickel emissions from oil-fired units will be provided on or before December 15, 2004.

EPA has finalized federal rules governing ozone season NO_x emissions across the eastern United States. These ozone season rules are being implemented in two phases. The first phase of restrictions occurred in the Ozone Transport Commission region during the 2003 ozone season; all of our generating units in the northeast and mid-Atlantic regions are included in this part of the program. The second phase of NO_x reductions will extend to states within the Ozone Transport Assessment Group region and restrict 2004 and subsequent ozone season NO_x emissions in most states east of the Mississippi River. These rules, which will continue until further notice, require one NO_x allowance to be held for each ton of NO_x emitted from any fossil fuel-fired stationary boiler, combustion turbine, or combined cycle system that (i) at any time on or after January 1, 1995, served a generator with a nameplate capacity greater than 25 MW and sold any amount of electricity or (ii) has a maximum design heat input greater than 250 mmBtu/hr. Our facilities that are subject to this rule in the South Central and Northeast regions have been allocated NO_x emissions allowances, but we expect that those allowances may not be sufficient for the anticipated operation for all of these facilities. Our facilities in Illinois in the Other North America region are also subject to this program. We expect that our Illinois sources will receive initial allowances out of a new source set aside. The future operating capacity of these Illinois plants will determine whether the initial allowances are sufficient. If our allocation is insufficient, we will be required to purchase NO_x allowances from sources holding excess allowances. The need to purchase these additional NO_x allowances could have a material adverse effect on our operations in these regions.

On December 17, 2003, EPA announced it was proposing a rule to address the impact of interstate transport of air pollutants on non-attainment of the National Ambient Air Quality Standards for fine particles and 8-hour ozone. EPA dubbed this rule the "Interstate Air Quality Rule." The proposed Interstate Air Quality Rule would reduce emissions of SO_2 and NO_x in 29 eastern states and the District of Columbia in two phases. SO_2 emissions would be reduced by 3.6 million tons in 2010 (approximately 40 percent below current levels) and by another 2 million tons per year when the rules are fully implemented in 2015 (approximately 70 percent below current levels). Emissions of NO_x would be cut by 1.5 million tons in 2010 and 1.8 million tons annually in 2015 (about 65 percent below today's levels). Each affected state would be required to revise its state implementation plan to include control measures to meet specific statewide emission reduction requirements. To achieve the required reductions in the most cost effective way, the proposal suggests that states regulate power plants under a cap-and-trade program similar to EPA's Acid Rain Program. Under such a program, total emissions in the affected states would be permanently capped and could not increase. In general, the flexibility provided by such cap-and-trade programs would benefit our operations. However, the cost of obtaining allowances under such programs could still represent a material adverse effect on our operations.

On February 16, 2004, EPA released for purposes of minimizing adverse environmental impacts on aquatic species regulations governing cooling water intake structures at existing power plants. The new rules will require implementation of the best technology available for minimizing such impacts and require facilities designed to withdraw water in amounts greater than 50 million gallons per day via such structures to include (when such facilities submit applications to renew their National Pollutant Discharge Elimination System permits) a comprehensive demonstration study characterizing impingement mortality and entrainment losses. Further, the facility must confirm that the technologies, operational measures, and/or restoration measures proposed to minimize impacts will meet one of five compliance alternatives. We expect that each of the following NRG facilities that utilize once through cooling systems will be required to conduct such studies and select a compliance alternative: Somerset, Devon, Middletown, Montville, Norwalk Harbor, Indian River, Dunkirk, Huntley, Oswego, Arthur Kill, Big Cajun 2, El Segundo, Encina, and Long Beach. We have already undertaken such demonstration studies at four of these facilities (Somerset, Middletown, Montville, and Norwalk Harbor); we have already decided and budgeted to install best technology available at one of the facilities (Arthur Kill); and we are likely at four facilities to be exempted from critical demonstration study requirements on the basis of either low capacity utilization rates (Montville, Devon and Oswego) or location on a freshwater river with high mean annual flow rate (Big Cajun 2). In general, the new rules provide

flexibility in terms of their available compliance options and allow an implementing agency to find that the cost of compliance would be significantly greater than the benefits of complying with a facility's applicable performance standards. We believe this flexibility will allow the remaining facilities to greatly minimize compliance costs. In general, the cost of a comprehensive demonstration study is expected to total less than $400 thousand; however, in the case of the California facilities El Segundo, Encina and Long Beach, we expect the cost of each such study to be significantly higher, but not exceed $2 million each. We are undertaking to narrow this cost through discussions with contractors having experience in 316(b) demonstrations in California.

Regional U.S. Regulatory Initiatives

West Coast Region. The El Segundo and Long Beach Generating Stations are both regulated by the South Coast Air Quality Management District's, or "SCAQMD's," Regional Clean Air Incentives Market, or "RECLAIM," program. This program, which regulates NO_x emissions in the Los Angeles area, was amended on May 11, 2001, and mandated major changes with respect to air emissions control at power generation facilities in southern California. New RECLAIM Rule 2009 required that all existing power generation facilities meet Best Available Retrofit Control Technology, or "BARCT," NO_x emissions from all utility boilers by January 1, 2003, and for NO_x emissions from all peaking units by January 1, 2004. Under the new rule, existing power generation facilities were required to submit compliance plans by September 1, 2001, listing how each unit at the stations would meet BARCT by the deadlines. El Segundo's compliance plan did not propose additional NO_x controls to meet BARCT since Units 3 & 4 are already equipped with acceptable selective catalytic reduction, or "SCR," technology (first installed on Unit 4 in 1995 and on Unit 3 in 2001). Further, Units 1 & 2 were decommissioned at the end of 2002 so the new requirements did not apply to those two units. SCAQMD approved the El Segundo Rule 2009 Compliance Plan on October 17, 2002, indicating that the SCRs on Units 3 & 4 meet BARCT and requiring that Units 1 & 2 be retired on or before December 31, 2002. SCAQMD approved the Long Beach Generating Station Rule 2009 Compliance Plan on April 25, 2002, which proposed modifications to the Long Beach NO_x control system by December 31, 2002, and specified a new NO_x emission concentration limit of 16.6 parts per million. The Long Beach plant completed all control system modifications and demonstrated compliance with 16.6 parts per million a limit before the December 31, 2002 deadline. We believe all Long Beach and El Segundo units have met the Rule 2009 BARCT requirements.

Northeast Region. Final rules implementing changes in air regulations in Massachusetts and Connecticut were promulgated in 2000. The Connecticut rules required that existing facilities reduce their emissions of SO_2 in two steps. The first SO_2 milestone took place on January 1, 2002 and the second SO_2 milestone occurred on January 1, 2003. Our plants in Connecticut have operated in compliance with the first phase rules and are now operating in compliance with the second phase rules. Connecticut's rules governing emissions of NO_x were also modified in 2000 to restrict the average, non-ozone season NO_x emission rate to 0.15 pound per million Btu heat input. We plan to comply with the new NO_x rules, in part, through selective firing of natural gas, use of selective non-catalytic reduction technology presently installed at our Norwalk Harbor and Middletown Power Stations, improved combustion controls, use of emission reduction credits and purchase of allowances. In 2002, the Connecticut legislature passed a law further tightening air emission standards by eliminating in-state emissions credit trading subsequent to January 1, 2005 as a means of meeting Department of Environmental Protection regulatory standards for SO_2 emissions from older power plants. The termination of SO_2 emissions trading in Connecticut by 2005 could have a material adverse effect on our operations in that state.

The new Massachusetts rules set forth schedules under which six existing coal-fired power plants in Massachusetts were required to meet stringent emission limits for NO_x, SO_2, mercury and CO_2. The state has reserved the issue of credit creation and trading for the control of carbon monoxide and regulations on the control of particulate matter emissions for future consideration. On February 25, 2003, we received from the Massachusetts Department of Environmental Protection, or "MADEP," a permit to install natural gas reburn technology to meet the NO_x and SO_2 limits specified in the new rules at our Somerset Generating Station.

Total capital expenditures of approximately $5.6 million have been expended to implement reburn technology at the Somerset Station.

In September 2003, MADEP proposed mercury regulations that would affect the Somerset Station. The first phase would go into effect on October 1, 2006 and require the Somerset Station to meet a mercury rate of 0.0075 Pounds/ GWh or an 85% reduction inlet-to-outlet. The second phase, which goes into effect on October 1, 2012, would require a rate of 0.0025 Pounds/ GWh, or a 95% reduction inlet-to-outlet. Public hearings on these rules occurred in mid-November. On December 8, 2003, we submitted comments in support of certain provisions of the proposed rule that would allow for affected facilities to submit for MADEP's approval alternative reduction plans for complying with the rate limitation or percent removal requirement. Such plans would allow for affected facilities to substitute approved off-site reductions for reductions in stack emissions. We believe we can comply with any future mercury reductions required by the rules through achieving early reductions of mercury via early implementation of the natural gas reburn technology and with our January 1, 2010 commitment to shutdown Somerset Station's existing boiler. We are still considering our options with respect to how we will address MADEP's CO_2 emission standards. Such options include using early reductions of CO_2 achieved through early implementation of the natural gas reburn technology, purchase of creditable greenhouse gas reductions obtained from third parties, or by filing a legal challenge with respect to MADEP's legal authority to regulate CO_2 emissions. If we were required to purchase verifiable CO_2 emission reduction credits, such purchase could have a material adverse impact on Somerset Station.

New York issued rules on April 17, 2003 that became effective on May 17, 2003 that reduce allowable SO_2 and NO_x emissions from large, fossil-fuel-fired combustion units in New York State (6 NYCRR Part 237: Acid Deposition Reduction NO_x Budget Trading Program and Part 238: Acid Deposition Reduction SO_2 Budget Trading Program). These rules affect all of our New York generators except the Astoria Gas Turbines. We filed a petition on August 15, 2003 challenging the final rules. Although, oral arguments have been heard by the judge presiding over this matter, no finding has been issued as of the date hereof. Our strategy for complying with the new rules will be to generate early reductions of SO_2 and NO_x associated with fuel switching and use such reductions to extend the timeframe for implementing technological controls. Such technological controls could include the addition of flue gas desulphurization, low NO_x combustion technologies and/or SCR equipment. We anticipate that we could incur capital expenditures up to $200 million in the 2010 through 2012 timeframe to implement upgrades and modifications to our plants in New York (other than Astoria) to meet these new state regulatory requirements if we cannot address such requirements through use of compliant fuels and/or plant wide applicability limits. Capital expenditures on this order would be expected to have a material adverse effect on the Company.

While no material impending rule changes affecting our existing facilities have been formally proposed, Delaware has considered in 2003 whether or not to develop Maximum Achievable Control Technology standards for mercury. In support of this effort, the state is beginning to test large combustion sources for mercury emissions. In addition, the state is considering establishing an emissions reduction rulemaking that could affect our assets in Delaware. We are meeting with the Delaware Department of Natural Resources and Environmental Control, or "DNREC," to determine whether or nor our reductions and their timing will meet DNREC's expectations and thereby avoid a rulemaking.

South Central Region. The Louisiana Department of Environmental Quality has promulgated State Implementation Plan revisions to bring the Baton Rouge ozone non-attainment area into compliance with National Ambient Air Quality Standards. We participated in the development of the revisions, which require the reduction of NO_x emissions at the gas-fired Big Cajun I Power Station and coal-fired Big Cajun II Power Station to 0.1 pounds NO_x per million Btu heat input and 0.21 pounds NO_x per million Btu heat input, respectively. This revision of the Louisiana air rules would appear to constitute a change-in-law covered by the agreement between Louisiana Generating LLC and the electric cooperatives allowing the costs of added combustion controls to be passed through to the cooperatives. The capital cost of combustion controls required at the Big Cajun II Generating Station to meet the State's NO_x regulations is estimated to total approximately $10.0 million each for Units 1 & 2. Unit 3 has already made such changes.

On January 27, 2004, Louisiana Generating LLC received from EPA Region 6 a request for information that would assist in their determination whether projects undertaken at Big Cajun 2 may have triggered any of the Clean Air Act's requirements under New Source Review and/or New Source Performance Standards. Louisiana Generating LLC has started to assemble the information requested and began submitting documents on February 27, 2004. Given the volume of information requested, Louisiana Generating LLC is not scheduled to complete the information request until the end of March 2004.

Domestic Site Remediation Matters

Under certain state and local environmental laws and regulations, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products at the facility. We may also be held liable to a governmental entity or to third parties for property damage; personal injury and investigation and remediation costs incurred by the party in connection with hazardous material releases or threatened releases. These laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, impose liability without regard to whether the owner knew of or caused the presence of the hazardous substances, and courts have interpreted liability under such laws to be strict (without fault), and joint and several. The cost of investigation, remediation or removal of any hazardous or toxic substances or petroleum products could be substantial. Although we have been involved in on-site contamination matters, to date, we have not been named as a potentially responsible party with respect to any off-site waste disposal matter.

West Coast Region. The Asset Purchase Agreements for the Long Beach, El Segundo, Encina and San Diego gas turbine generating facilities provide that Southern California Edison and San Diego Gas & Electric retain liability and indemnify us for existing soil and groundwater contamination that exceeds remedial thresholds in place at the time of closing. Along with our business partner for these facilities, we conducted Phase I and Phase II Environmental Site Assessments at each of these sites for the purpose of identifying such existing contamination and provided the results to the sellers. San Diego Gas & Electric has undertaken corrective actions at the Encina and San Diego gas turbine generating sites related to issues identified in these assessments, although final government agency approval to certify completeness of the corrective action has not yet been obtained. Spills and releases of various substances have occurred at these sites since establishing the historical baseline, all of which have been or will be remediated in accordance with existing laws as described further below.

A lubricating oil leak in November 2002 from underground piping at the El Segundo Generating Station contaminated soils adjacent to and underneath the Unit 1 powerhouse. We excavated and disposed of contaminated soils that could be removed in accordance with existing laws. We filed a request with the Los Angeles Regional Water Quality Control Board to allow contaminated soils to remain underneath the Unit 1 powerhouse building foundation until the building is demolished. In March 2003, the Los Angeles Regional Water Quality Control Board approved the request.

A diesel fuel spill to on-site surface containment occurred at the Cabrillo Power II LLC Kearny Combustion Turbine facility (San Diego) in February 2003. Emergency response and subsequent remediation activities were promptly completed. An application for confirmation sampling for the site was submitted to the San Diego County Department of Environmental Health in September 2003. We expect that the Department will authorize the sampling plan and confirmation sampling will be completed in 2004.

Three San Diego Combustion Turbine facilities, formerly operating pursuant to land leases with the United State Navy, are currently being decommissioned with equipment being removed from the sites and remediation activities occurring where necessary. All remedial activities are being completed pursuant to the requirements of the United States Navy and the San Diego County Department of Environmental Health. We expect decommissioning and remediation activities to be complete in 2004.

Northeast Region. Coal ash is produced as a by-product of coal combustion at the Dunkirk, Huntley, Indian River and Somerset Generating Stations. We currently attempt to direct our coal ash to beneficial uses such as road base, cement replacement, cinder blocks and flowable fill materials. Even so, significant

amounts of ash are landfilled at on and off-site locations. At Indian River, Dunkirk and Huntley, ash is disposed at landfills owned and operated by us. No material liabilities outside the costs associated with closure, post-closure care and monitoring are expected at the Dunkirk and Huntley facilities, currently estimated at approximately $5.8 million. We maintain financial assurance to cover costs associated with closure, post-closure care and monitoring activities by providing cash collateral, corporate guarantees or meeting certain financial ratio tests.

We must also maintain financial assurance for closing interim status RCRA facilities at the Devon, Middletown, Montville and Norwalk Harbor Generating Stations. Previously, we satisfied financial assurance requirements by meeting specified financial tests. In April 2003, due to a deterioration of our financial condition, we satisfied financial assurance requirements by depositing $1.5 million in a trust fund instrument requiring complete collateralization of closure and post-closure-related costs.

We inherited historical clean-up liabilities when we acquired the Somerset, Devon, Middletown, Montville, Norwalk Harbor, Arthur Kill and Astoria Generating Stations. We have recently satisfied clean-up obligations associated with the Ledge Road property (inherited as part of the Somerset acquisition). Site contamination liabilities arising under the Connecticut Transfer Act at the Devon, Middletown, Montville and Norwalk Harbor Stations are currently being refined as part of on-going site investigations. We do not expect to incur material costs associated with completing the investigations at these Stations or future work to close and monitor landfill areas pursuant to the Connecticut requirements. During installation of a sound wall at Somerset Station in 2003, oil contaminated soil was encountered. We have delineated the general extent of contamination, determined it to be minimal, and will place an activity use limitation on that section of the property. Remedial liabilities at the Arthur Kill Generating Station have been established in discussions between the New York State Department of Environmental Conservation, or "NYSDEC," and us and are expected to cost between approximately $1.0 million and $2.0 million. Remedial investigations are ongoing at the Astoria Generating Station. At this time, we expect our long-term cleanup liability at this site to be approximately $2.5 million to $4.3 million. In the course of installing groundwater monitoring wells on the Astoria site in late 2003 to track our remediation of a historical (pre-NRG Energy) fuel oil spill, the drilling contractor encountered deposits of coal tar in two borings. We reported the coal tar discovery to the NYSDEC. NYSDEC has required us to delineate the extent of this contamination around these borings. We may also be required to remediate the coal tar contamination and/or record a deed restriction on the property if significant contamination is to remain in place. Our estimate of the cost to further delineate the extent of possible coal tar contamination at the Astoria station is approximately $0.2 million. At this time, we do not believe it is necessary to adjust the estimate of our long-term cleanup liability for the Astoria site.

We are responsible for the costs associated with closure, post-closure care and monitoring of the ash landfill owned and operated by us on the site of the Indian River Generating Station. No material liabilities outside such costs are expected. Financial assurance to provide for closure and post-closure-related costs is currently maintained by a trust fund collateralized in the amount of approximately $6.6 million.

South Central Region. We maintain a trust fund to address liabilities associated with closure, post-closure care and monitoring of the ash ponds owned and operated on site at the Big Cajun II Generating Station (one of the instruments allowed by the Louisiana Department of Environmental Quality for providing financial assurance for expenses associated with closure and post-closure care of the ponds). The value of the trust fund is approximately $4.8 million and we are making annual payments to the fund in the amount of approximately $0.1 million.

International Environmental Matters

Most of the foreign countries in which we own or may acquire or develop independent power projects have environmental and safety laws or regulations relating to the ownership or operation of electric power generation facilities. These laws and regulations are still changing and evolving, and have a significant impact on international wholesale power producers. In particular, our international power generation facilities will likely be affected by evolving emissions limitations and operational requirements imposed by the Kyoto

Protocol, which is an international treaty related to greenhouse gas emissions, and country-based restrictions pertaining to global climate change concerns.

We retain appropriate advisors in foreign countries and seek to design our international asset management strategy to comply with and take advantage of opportunities presented by each country's environmental and safety laws and regulations. There can be no assurance that changes in such laws or regulations will not adversely effect our international operations.

Australia. Our Australian power facilities are licensed under the environment protection legislation of the state in which they are located, and are subject to compliance with these state authorizations. The most significant environmental issue for our Australian businesses is the response to global climate change. Climate change issues are considered a long-term issue (e.g., 2010 and beyond), and the Australian government's response to date has included a number of initiatives, all of which have had no impact or minimal impact on our current operations. The Australian government has stated that Australia will achieve its Kyoto Protocol target of 108% of 1990 greenhouse gas emission levels for the 2008 to 2012 reporting period but that Australia will not ratify the Kyoto Protocol. Each Australian state government is considering implementing a number of climate change initiatives that will vary considerably state to state. We currently expect that climate change initiatives will not have a material adverse effect on our businesses in Australia.

MIBRAG/ Schkopau, Germany. We expect CO_2 emissions trading will begin in Germany in 2005, but we cannot quantify the possible effect of this trading on our operations in Germany at this time because implementation details are still being negotiated among businesses, lobbyists and regulatory authorities. Fundamental issues such as "grandfathering" existing plants or availability of credits for plants previously closed or upgraded are still unsettled. We are working with specialized consultants, the Environmental Ministry of Sachsen Anhalt and MIBRAG to understand developments and minimize any adverse effects. Proposed changes in section 13 of the German Emission Control Directive, is expected to tighten emissions limits for plants firing conventional fuels. As with CO_2 emissions trading, these changes are currently being debated with issues such as exemptions based on size or purpose of plants and "grandfathering." Section 17 of this Directive was recently finalized and tightened emission limits for facilities co-firing waste products. Although the new regulations will require the Mumsdorf and Deuben Power Stations to install additional controls to reduce NO_x emissions in 2006, the economic benefits received from co-firing sewage sludge at the facilities provide a business rationale for the investment.

The European Union's Groundwater Directive and Mine Wastewater Management Directive are in the rule-making stage with the final outcome still under debate. Given the uncertainty regarding the possible outcome of the on-going debate on these directives, we cannot quantify at this time the possible effect such requirements would have on our future coal mining operations in Germany.

A new law specifically dealing with the relocation of residents of Heuersdorf in the path of the mining plan has been introduced in the legislature of Saxony and is expected to be enacted between April and June 2004. There are numerous potential court challenges still to come in the process. We cannot predict the outcome of this process at this time. MIBRAG continues its political and legal work in an effort to obtain a favorable resolution.

The supply contracts under which MIBRAG mines lignite from the Profen mine expire on December 31, 2029; the contracts under which MIBRAG mines lignite from the Schleenhain mine expire in 2041. At the end of each mine's productive lifetime, MIBRAG will be required to reclaim areas of each mine most recently opened. MIBRAG accrues for these eventual expenses and estimates the cost of final reclamation to approach €190 million in the instance of the Schleenhain mine and €132 million for Profen.

UK. Our Enfield Generating Station uses state-of-the-art combined cycle technology and fires natural gas as its primary fuel. Currently the facility complies with all conditions in its environmental permits and its operation is not under challenge by any governmental or non-governmental parties.

Risks Related to NRG Energy, Inc.

Our actual financial results may vary significantly from the projections filed with the bankruptcy court.

In connection with the NRG plan of reorganization, we were required to prepare projected financial information to demonstrate to the bankruptcy court the feasibility of the NRG plan of reorganization and our ability to continue operations upon our emergence from bankruptcy. These projections were based on financial information available to us as of May 1, 2003 and have not been, and will not be, updated on an ongoing basis. The projections were initially filed with the bankruptcy court on May 14, 2003. These projections are not included in this annual report nor are they incorporated by reference and should not be relied upon. At the time they were prepared, the projections reflected numerous assumptions concerning our anticipated future performance and with respect to prevailing and anticipated market and economic conditions that were and remain beyond our control and that may not materialize. Projections are inherently subject to uncertainties and to a wide variety of significant business, economic and competitive risks. Our actual results will vary from those contemplated by the projections and the variations may be material. As a result, we caution you not to rely upon the projections.

Because our consolidated financial statements will reflect Fresh Start reporting adjustments made upon our emergence from bankruptcy, financial information reflecting our future results of operations and financial condition will not be comparable to prior periods.

As a result of adopting Fresh Start reporting, the book value of our long-lived assets and the related depreciation and amortization schedules, among other things, will change from that reflected in our historical consolidated financial statements. Our future results will not be comparable to the historical consolidated statement of operations data included in this annual report. Since we have emerged from bankruptcy, you will not be able to compare certain information reflecting our results of operations and financial condition to those for periods prior to our emergence from bankruptcy without making adjustments for Fresh Start reporting.

Our operations are subject to hazards customary to the power generation industry. We may not have adequate insurance to cover all of these hazards.

Our operations are subject to many hazards associated with the power generation industry, which may expose us to significant liabilities for which we may not have adequate insurance coverage. Power generation involves hazardous activities, including acquiring, transporting and unloading fuel, operating large pieces of rotating equipment and delivering electricity to transmission and distribution systems. In addition to natural risks such as earthquake, flood, lightning, hurricane and wind, hazards, such as fire, explosion, collapse and machinery failure are inherent risks in our operations. These hazards can cause significant personal injury or loss of life, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of operations. The occurrence of any one of these events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, environmental cleanup costs, personal injury and fines and/or penalties. We maintain an amount of insurance protection that we consider adequate, but we cannot assure you that our insurance will be sufficient or effective under all circumstances and against all hazards or liabilities to which we may be subject. A successful claim for which we are not fully insured could hurt our financial results and materially harm our financial condition. Further, due to rapidly rising insurance costs, we cannot assure you that insurance coverage will continue to be available at all or at rates or on terms similar to those presently available to us.

Our revenues are unpredictable because many of our power generation facilities operate, wholly or partially, without long-term power purchase agreements. Further, because wholesale power prices are subject to significant volatility, the revenues that we generate are subject to significant fluctuations.

Prior to the late 1990's, substantially all revenues from independent power generation facilities were derived under long-term power purchase agreements, pursuant to which all energy and capacity was generally sold to a single party at fixed prices. Due to changes in the wholesale power markets, the percentage of facilities, including ours, with these types of long-term power purchase agreements has decreased, and it is

likely that over the next several years where there is an oversupply of generation capacity, most of our facilities will operate as "merchant" facilities without long-term agreements. Without the benefit of long-term power purchase agreements, we cannot assure you that we will be able to sell any or all of the power generated by our facilities at commercially attractive rates or that our facilities will be able to operate profitably. This could lead to future impairment of our property, plant and equipment or us closing certain of our facilities resulting in additional economic losses and liabilities.

Further, we sell all or a portion of the energy, capacity and other products from many of our facilities to wholesale power markets. The prices of energy products in those markets are influenced by many factors outside of our control, including fuel prices, transmission constraints, supply and demand, weather, economic conditions and the rules, regulations and actions of the system operators and regulatory regimes in those markets. In addition, unlike most other commodities, power can only be stored on a very limited basis and generally must be produced concurrently with its use. As a result, the wholesale power markets are subject to significant price fluctuations over relatively short periods of time and can be unpredictable.

Increasing competition in wholesale power markets may have a material adverse effect on our results of operations and cash flows, and we may require additional liquidity to remain competitive.

Our wholesale energy operations compete with other providers of electric energy in the procurement of fuel and the sale of energy and related products. In order to successfully compete, we must have the ability to aggregate fuel supplies at competitive prices from different sources and locations and must be able to efficiently utilize transportation services from third-party pipelines, railways and other fuel transporters and transmission services from electric utilities. We also compete against other energy merchants on the basis of our relative skills, financial position and access to credit sources. Energy customers, wholesale energy suppliers and transporters often seek financial guarantees and other assurances that their energy contracts will be satisfied. In addition, our merchant asset business is constrained by our liquidity, our access to credit and the reduction in market liquidity. Other companies with which we compete may not have similar constraints.

A substantial portion of our historical earnings in 2003 have been derived from our California generation assets, and we cannot assure you as to the collectibility of all amounts owed to our California affiliates or that we will be able to enter into comparable agreements beyond 2004.

In March 2001, certain affiliates of West Coast Power entered into a contract with the California Department of Water Resources, or "CDWR," pursuant to which the affiliates agreed to sell up to 2,300 MW from January 1, 2002 through December 31, 2004, any of which may be resold by the CDWR to utilities such as Southern California Edison Company, or "SCE," PG&E and San Diego Gas and Electric Company, or "SDG&E." The ability of the CDWR to make future payments is subject to the CDWR having a continued source of funding, whether from legislative or other emergency appropriations, from a bond issuance or from amounts collected from SCE, PG&E and SDG&E for deliveries to their customers. As a result of the present situation in California, we are exposed to a risk of delayed payments and/or non-payment regardless of whether the sales are made directly to PG&E, SCE or SDG&E or to the California ISO or the CDWR. We are also exposed to the risk of being unable to enter into a contract with similar terms and conditions as the CDWR contract.

Construction, expansion, refurbishment and operation of power generation facilities involve significant risks that cannot always be covered by insurance or contractual protections and could have a material adverse effect on our revenues and results of operations.

We are exposed to risks relating to the breakdown or failure of equipment or processes, shortages of equipment and supply, material and labor and operating performance below expected levels of output or efficiency. A significant portion of our facilities was constructed many years ago. Older equipment, even if maintained in accordance with good engineering practices, may require significant capital expenditures to keep it operating at optimum efficiency. This equipment is also likely to require periodic upgrading and improvement. Any unexpected failure, including failure caused by breakdown, forced outage or any unanticipated capital expenditure, could result in reduced profitability. In addition, if we make any "major

modifications" to our power generation facilities, as defined under the new source review provisions of the Federal Clean Air Act, we would be required to install "best available control technology" or to achieve the "lowest achievable emissions rate." Any such modifications would likely result in substantial additional capital expenditures. In general, environmental laws, particularly with respect to air emissions, are becoming more stringent, which may require us to install expensive plant upgrades and/or restrict our operations to meet more stringent standards.

We cannot always predict the level of capital expenditures that will be required due to changing environmental and safety laws and regulations, deteriorating facility conditions and unexpected events (such as natural disasters or terrorist attacks). The unexpected requirement of large capital expenditures could have a material adverse effect on our financial performance and condition. Further, the construction, expansion, modification and refurbishment of power generation, thermal energy production and transmission and resource recovery facilities involve many risks, including:

- dispatch at our facilities;
- supply interruptions;
- work stoppages;
- labor disputes;
- social unrest;
- weather interferences;
- unforeseen engineering, environmental and geological problems; and
- unanticipated cost overruns.

The ongoing operation of our facilities involves all of the risks described above, in addition to risks relating to the breakdown or failure of equipment or processes, performance below expected levels of output or efficiency and the inability to transport our product to our customers in an efficient manner due to a lack in transmission capacity. While we maintain insurance, obtain warranties from vendors and obligate contractors to meet certain performance levels, the proceeds of such insurance, warranties or performance guarantees may not be adequate to cover lost revenues, increased expenses or liquidated damages payments should we experience equipment breakdown or non-performance of contractors. Any of these risks could cause us to operate below expected capacity levels, which in turn could result in lost revenues, increased expenses, higher maintenance costs and penalties.

We are exposed to the risk of fuel and fuel transportation cost increases and volatility and interruption in fuel supply because our facilities generally do not have long-term natural gas, coal and liquid fuel supply agreements.

Most of our domestic natural gas-, coal- and oil-fired power generation facilities purchase their fuel requirements under short-term contracts or on the spot market. Although we attempt to purchase fuel based on our known fuel requirements, we still face the risks of supply interruptions and fuel price volatility as fuel deliveries may not exactly match energy sales due in part to our need to prepurchase inventories for reliability and dispatch requirements. The price we can obtain for the sale of energy may not rise at the same rate, or may not rise at all, to match a rise in fuel costs. This may have a material adverse effect on our financial performance. Moreover, changes in market prices for natural gas, coal and oil may result from the following:

- weather conditions;
- seasonality;
- demand for energy commodities and general economic conditions;
- forced or unscheduled plant outages;

- disruption of electricity, gas or coal transmission or transportation, infrastructure or other constraints or inefficiencies;
- additional generating capacity;
- availability of competitively priced alternative energy sources;
- availability and levels of storage and inventory for fuel stocks;
- natural gas, crude oil and refined products and coal production levels;
- the creditworthiness or bankruptcy or other financial distress of market participants;
- changes in market liquidity;
- natural disasters, wars, embargoes, acts of terrorism and other catastrophic events; and
- federal, state and foreign governmental regulation and legislation.

The volatility of fuel prices could adversely affect our financial results and operations.

The quality of fuel that we rely on at certain of our plants may at times not be available.

Our plant operating characteristics and equipment often dictate the specific fuel quality to be combusted. The availability of specific fuel qualities may vary due to supplier financial or operational disruptions, and may have a material adverse impact on the financial results of specific plants.

Future decreases in gas prices in certain markets may adversely impact our financial performance.

Certain of our facilities, particularly our coal generation assets, are currently benefiting from higher electricity prices in their respective markets as a result of high gas prices compared to historical levels. A decrease in gas prices may lead to a corresponding decrease in electricity prices in these markets, which could adversely impact our financial performance.

We often rely on single suppliers and at times we rely on single customers at our facilities, exposing us to significant financial risks if either should fail to perform their obligations.

We often rely on a single supplier for the provision of fuel, water and other services required for operation of a facility, and at times, we rely on a single customer or a few customers to purchase all or a significant portion of a facility's output, in some cases under long-term agreements that provide the support for any project debt used to finance the facility. During the period January 1, 2003 through December 5, 2003, we derived 30.5% of our revenues from one customer: the NYISO. For the period December 6, 2003 through December 31, 2003 we derived 35.5% of our revenues from two customers: NYISO 24.1% and ISO New England 11.4%. During 2002, we derived approximately 23.7% of our revenues from majority-owned operations from one customer: the NYISO. During 2001, we derived approximately 51.1% of our revenues from majority-owned operations from two customers: the NYISO 33.6% and CL&P 17.5%. The failure of any supplier or customer to fulfill its contractual obligations to the facility could have a material adverse effect on such facility's financial results. Consequently, the financial performance of any such facility is dependent on the credit quality and continued performance by suppliers and customers of their obligations under these long-term agreements.

We may not have sufficient liquidity to effectively hedge market risks.

We are exposed to market risks through our power marketing business, which involves the sale of energy, capacity and related products and procurement of fuel, transmission rights and emission allowances. These market risks include, among other risks, volatility arising from the timing differences associated with buying fuel, converting fuel into energy and delivering the energy to a buyer. We seek to manage this volatility by entering into forward and other contracts which hedge the amount of exposure for our net transactions. As such, the effectiveness of our hedging strategy may be dependent on the amount of collateral available to enter

into these hedging contracts and liquidity requirements may be greater than we anticipate or are able to meet. Without a sufficient amount of working capital to post as collateral in support of performance guarantees or as cash margin, we may not be able to effectively manage this price volatility. Factors, which could lead to an increase in our required collateral, include adverse changes in our industry, credit rating downgrades or the secured nature of our new credit facility. Under certain unfavorable commodity price scenarios, it is possible that we could experience inadequate liquidity as a result of the posting of additional collateral.

Further, if our facilities experience unplanned outages, we may be required to procure replacement power in the open market to minimize our exposure to liquidated damages. Without adequate liquidity to post margin and collateral requirements, we may be exposed to significant losses and may miss significant opportunities, and we may have increased exposure to the volatility of spot markets.

Our risk management activities may increase the volatility in our quarterly financial results.

We engage in commodity-related marketing and price-risk management activities in order to hedge our exposure to market risk with respect to electricity sales from our generation assets, emission allowances and fuel utilized by those assets. We generally attempt to balance our fixed-price physical and financial purchases and sales commitments in terms of contract volumes and the timing of performance and delivery obligations through the use of financial and physical derivative contracts. These derivatives are accounted for in accordance with SFAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities,"* as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. SFAS No. 133 requires us to record all derivatives on the balance sheet at fair value. Whether a derivative qualifies for hedge accounting or not depends upon it meeting specific criteria used to determine if hedge accounting is appropriate. If a derivative does not qualify or if the company does not elect to designate a derivative as a hedge the changes in fair value of the derivative will be recognized immediately in earnings. Changes in the fair value of non-hedge derivatives are immediately recognized in earnings. Changes in the fair value of derivatives accounted for as accounting hedges are either recognized in earnings as an offset to the changes in the fair value of the related hedged assets, liabilities and firm commitments or for forecasted transactions, deferred and recorded as a component of accumulated other comprehensive income, or "OCI," until the hedged transactions occur and are recognized in earnings. As a result, most derivative contracts are mark-to-market and change in their fair value, brought upon by fluctuations in the underlying commodity prices, flow through the statement of operations. As a result, we are unable to predict the impact that our risk management decisions may have on our quarterly operating results or financial position.

Our results are subject to quarterly and seasonal fluctuations.

Our quarterly operating results have fluctuated in the past and may continue to do so in the future as a result of a number of factors, including:

- seasonal variations in demand and corresponding energy and fuel prices; and

- variations in levels of production.

Additionally, because we receive the majority of capacity payments under some of our power sales agreements during the months of May through October, our revenues and results of operations are subject to seasonal fluctuations.

Large energy blackouts have the potential to reduce our revenue collection, increase our costs and result in increased federal and state regulatory requirements.

On August 14, 2003, the northeastern United States and parts of Canada suffered a massive blackout allegedly stemming from transmission problems originating in Ohio. The Department of Energy, in conjunction with its Canadian counterpart, is actively investigating the cause of the outage. Upon completion, there are likely to be changes to NERC reliability criteria and standards that may impact the operation of power plants owned by us. Other entities such as the New York Public Service Commission are also conducting investigations. Upon completion of these investigations, there may be regulatory changes and we cannot

predict the impact of such changes. Moreover, the business of selling power is fundamentally dependent on the integrity of the electricity transmission system. Large energy blackouts, such as the blackout described above, can occur as a result of failures in the electricity transmission system. Such blackouts have the potential to reduce our revenue collection, increase our costs and engender enhanced federal and state regulatory requirements.

Because we own less than a majority of some of our project investments, we cannot exercise complete control over their operations.

We have limited control over the operation of some project investments and joint ventures because our investments are in projects where we beneficially own less than a majority of the ownership interests. We seek to exert a degree of influence with respect to the management and operation of projects in which we own less than a majority of the ownership interests by negotiating to obtain positions on management committees or to receive certain limited governance rights such as rights to veto significant actions. However, we may not always succeed in such negotiations. We may be dependent on our co-venturers to operate such projects. Our co-venturers may not have the level of experience, technical expertise, human resources management and other attributes necessary to operate these projects. The approval of co-venturers also may be required for us to receive distributions of funds from projects or to transfer our interest in projects.

Our access to the capital markets may be limited.

We may require additional capital from outside sources from time to time. Our ability to arrange financing, either at the corporate level or on a non-recourse project-level basis, and the costs of such capital are dependent on numerous factors, including:

- general economic and capital market conditions;
- covenants in our existing debt and credit agreements;
- credit availability from banks and other financial institutions;
- investor confidence in us, our partners and the regional wholesale power markets;
- our financial performance and the financial performance of our subsidiaries;
- our levels of indebtedness;
- maintenance of acceptable credit ratings;
- the success of current projects;
- provisions of tax and securities laws that may impact raising capital; and
- our ability to acquire any necessary regulatory approvals.

We may not be successful in obtaining additional capital for these or other reasons. The failure to obtain additional capital from time to time may have a material adverse effect on our business and operations.

Our business is subject to substantial governmental regulation and permitting requirements and may be adversely affected by liability under, or any future inability to comply with, existing or future regulations or requirements.

Our business is subject to extensive foreign, federal, state and local energy, environmental and other laws and regulations. We generally are required to obtain and comply with a wide variety of licenses, permits and other approvals in order to construct, operate or modify our facilities. We may incur significant additional costs because of our need to comply with these requirements. If we fail to comply with these requirements, we could be subject to civil or criminal liability and the imposition of liens or fines. We could also be required to shut down any facilities that do not comply with these requirements. In addition, we are at risk for liability for past, current or future contamination at our former and existing facilities or with respect to off-site waste disposal sites that we have used in our operations. Existing regulations may be revised or reinterpreted and new laws

and regulations may be adopted or become applicable to us or our facilities in a manner that may have a detrimental effect on our business. With the continuing trend toward stricter standards, greater regulation and more extensive permitting requirements, we expect that our environmental expenditures will be substantial in the future. For more information, see "Business — Environmental Matters."

Our operations are potentially subject to the provisions of various energy laws and regulations, including the PUHCA, the FPA and state and local utility laws and regulations.

Under the FPA, FERC regulates our wholesale sales of electric power (other than sales by our Qualifying Facilities, which are exempt from FERC rate regulation). The ability to sell energy at market-based rates is predicated on the absence of market power in either generation or transmission. The market power analysis includes not only generation and transmission owned by a particular applicant but also assets owned by affiliated companies. FERC has found that we do not possess market power in either generation or transmission outside of the Xcel Energy franchise territories. Once we terminated our Xcel Energy relationship, we were permitted to request FERC to find that we do not possess market power with respect to Xcel Energy franchise territories and request FERC to remove associated restrictions on our ability to make market-based rate sales in such regions. On December 17, 2003, we requested that FERC approve revision to our market based rate tariffs, which in part removed the Xcel Energy sales restrictions. We are waiting for FERC acceptance of the tariff revisions. Holders of market-based rate authority must comply with obligations imposed by FERC and with certain FERC filing requirements such as the requirement to file quarterly reports detailing wholesale sales. Although a number of our direct and indirect subsidiaries have obtained market-based rate authority from FERC, these authorizations could be revoked if we fail in the future to satisfy the applicable criteria, if FERC modifies the criteria, or if FERC eliminates or further restricts the ability of wholesale sellers to make sales at market-based rates. On November 17, 2003, FERC issued an order conditioning all market-based rate sales on behavioral rules intended to prevent market manipulation and other market abuses. All market-based sales will be conditioned on compliance with these behavioral rules and violations of such conditions could result in a seller being subject to refunds, revocation of market-based rate authority and other unspecified remedies for violating the conditions. At this time it is not clear what impact this proposal may have on us.

In addition, under PUHCA, registered holding companies and their subsidiaries (i.e., companies with 10% or more of their voting securities held by registered holding companies) are subject to extensive regulation by the SEC. We were previously a subsidiary of a registered holding company, Xcel Energy. Upon our emergence from bankruptcy, we ceased to be a subsidiary of Xcel Energy and are no longer subject to regulation under PUHCA as a registered holding company or as a subsidiary of such a holding company as long as we do not become a subsidiary of another registered holding company and the projects in which we have an interest (1) qualify as a QF under PURPA, (2) obtain and maintain EWG status under Section 32 of PUHCA, (3) obtain and maintain foreign utility company, (FUCO) status under Section 33 of PUHCA, or (4) are subject to another exemption or waiver. If our projects were to cease to be exempt and we were to become subject to SEC and FERC regulation under PUHCA, it would be difficult for us to comply with PUHCA absent a substantial corporate restructuring.

While we are no longer a subsidiary of a registered holding company after our emergence from bankruptcy, we became an affiliate (as defined by PUHCA, a company with between 5-10% of its voting securities held by a registered holding company) of FirstEnergy, a registered holding company, when FERC approved FirstEnergy's application to acquire 6.5% of our outstanding common stock upon emergence from bankruptcy as part of a settlement. Although becoming an affiliate of FirstEnergy would have subjected us to certain limitations on our transactions with FirstEnergy and other restrictions, these restrictions are less substantial than those applicable to us when we were a subsidiary of Xcel Energy. On February 2, 2004, FirstEnergy announced that it completed the divestiture of the NRG Energy stock in the secondary market. Based on such disclosure, we believe that we are no longer an affiliate of FirstEnergy.

The Energy Bill currently pending before Congress would repeal PUHCA one year after passage and create new rules for holding companies. At this time, the Energy Bill has stalled in Congress and it is unclear whether it will be passed into law. In addition, if the Energy Bill is passed, it is unclear what impact, if any, the

new rules would have on us. See Item 1 — Business — Federal Energy Regulation — Regulatory Developments for a further discussion of the Energy Bill.

Our business faces regulatory risks related to the market rules and regulations imposed by transmission providers, ISOs and RTOs particularly with respect to our Connecticut generating assets.

We face regulatory risk imposed by the various transmission providers, ISOs and RTOs and their corresponding market rules. Transmission providers, ISOs and RTOs have FERC-approved tariffs that govern access to their transmission system. These tariffs may contain provisions that limit access to the transmission grid or allocate scarce transmission capacity in a particular manner.

We presently operate in the following ISO markets: California (through the West Coast Power joint venture and individually), New England, New York and PJM. The chief regulatory risk is the lack of market product that adequately compensates generating units for providing reliability services. The lack of such a properly designed product is one of the reasons we have numerous petitions with the FERC requesting cost based compensation for some of our Connecticut facilities.

Our success will depend on our ability to retain key employees and successfully implement new strategies.

Our future success and the successful implementation of new strategies will be highly dependent upon our new President and Chief Executive Officer, and our new Chief Financial Officer, as well as other members of senior management. The loss of the services of any such individuals or other key personnel could have a material adverse effect upon the implementation of new strategies. Further, there can be no assurance that the implementation of new strategies will be successful or that they will not cause substantial disruption to our ongoing business.

We will be subject to claims made after the date that we filed for bankruptcy and other claims that are not discharged in the bankruptcy proceeding, which could have a material adverse effect on our results of operations and profitability.

The nature of our business subjects us to litigation in the ordinary course of business. In addition, we are from time to time involved in other legal proceedings. Although all claims made against us prior to the date of the bankruptcy filing, except as described in the immediately following paragraph, were satisfied and discharged in accordance with the terms of the NRG plan of reorganization or in connection with settlement agreements that were approved by the bankruptcy court prior to our emergence from bankruptcy, any remaining or future claims may have a material adverse effect on our results of operations and profitability. In addition, claims made against subsidiaries that did not file chapter 11, and claims arising after the date of our bankruptcy filing were not discharged in the bankruptcy proceeding. See Item 3 — Legal Proceedings of this annual report on Form 10-K for a description of the significant legal proceedings and investigations in which we are presently involved.

Claims made against us prior to the date of the bankruptcy filing might not be discharged if the claimant had no notice of the bankruptcy filing. In addition, in other bankruptcy cases, states have challenged whether their claims could be discharged in a federal bankruptcy proceeding if they never made an appearance in the case. The U.S. Supreme Court has not finally settled this issue.

In addition, our West Coast Power subsidiaries are named in a class action suit alleging, among other things, the manipulation of gas price indexes by reporting false and fraudulent trades. We have not been named in this litigation. Dynegy has agreed with us that it will indemnify and hold harmless all of the named defendants in such lawsuit, as well as us. In the event Dynegy is unable or unwilling to satisfy its indemnification obligations, our West Coast Power subsidiaries or we could sustain substantial monetary penalties, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Under the NRG plan of reorganization, we have established disputed claims reserves, which we will utilize to make distributions to holders of disputed claims in our bankruptcy as and when their claims are resolved. If these reserves prove inadequate, we will be required to finance required distributions from other resources, and doing so could have an adverse impact on our financial condition and could require the issuance of new common stock, which would dilute existing shareholders. In particular, the State of California has a disputed claim against us in an amount capped at $1.35 billion. We have made no reserves for this claim because we believe it is without merit; however, if the State of California prevails, then payment of the distributions to which the State of California is entitled under the NRG plan of reorganization could have an adverse impact on our financial condition.

We cannot be certain that the bankruptcy proceeding will not adversely affect our operations going forward.

Although we emerged from bankruptcy in December 2003, we cannot assure you that the bankruptcy proceeding will not adversely affect our operations going forward. Having filed for bankruptcy protection may adversely affect our ability to negotiate favorable terms from suppliers, landlords and others and to attract and retain customers. The failure to obtain such favorable terms and retain customers could adversely affect our financial performance.

Certain of our prepetition creditors have received NRG Energy common stock pursuant to the NRG plan of reorganization and have the right to select our board members and influence certain aspects of our business operations.

Under the NRG plan of reorganization, holders of certain claims have received distributions of shares of our common stock. MatlinPatterson Global Opportunities Partners L.P. and one of its affiliates, collectively "MatlinPatterson", based on its most recent filings with the SEC, own 21.5% of our outstanding common stock. MatlinPatterson could acquire additional claims or shares, or it could divest claims or shares in the future. Our prepetition noteholders and lenders collectively received in excess of 80% of our outstanding common stock.

If any holders of a significant number of the shares of our common stock were to act as a group, such holders could be in a position to control the outcome of actions requiring stockholder approval, such as an amendment to our certificate of incorporation, the authorization of additional shares of capital stock, and any merger, consolidation, or sale of all or substantially all of our assets, and could prevent or cause a change of in our control. Moreover, certain of our prepetition creditors, including MatlinPatterson and lenders under our prepetition credit facility, have designated ten members of our 11-member board of directors.

Acts of terrorism could have a material adverse effect on our financial condition, results of operations and cash flows.

Our generation facilities and the facilities of third parties on which they rely may be targets of terrorist activities, as well as events occurring in response to or in connection with them, that could cause environmental repercussions and/or result in full or partial disruption of their ability to generate, transmit, transport or distribute electricity or natural gas. Strategic targets, such as energy-related facilities, may be at greater risk of future terrorist activities than other domestic targets. Any such environmental repercussions or disruption could result in a significant decrease in revenues or significant reconstruction or remediation costs, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Our international investments face uncertainties.

We have investments in power projects in Australia, the United Kingdom, Germany, South America and Taiwan. International investments are subject to risks and uncertainties relating to the political, social and

economic structures of the countries in which we invest. Risks specifically related to our investments in international projects may include:

- fluctuations in currency valuation;
- currency inconvertibility;
- expropriation and confiscatory taxation;
- increased regulation; and
- approval requirements and governmental policies limiting returns to foreign investors.

Certain of our subsidiaries remain in chapter 11, and we may deem it necessary to put additional subsidiaries through chapter 11.

The following subsidiaries are not covered by either of the two plans of reorganization that were confirmed in November 2003, and remain in chapter 11: NRG McClain LLC, NRG Nelson Turbines LLC and LSP-Nelson Energy LLC. In addition, we anticipate that it may be necessary or advisable to put one or more of our other subsidiaries through chapter 11 as part of our overall restructuring effort. The existence of these ongoing chapter 11 proceedings may adversely affect the way we are perceived by investors, financial markets, customers, suppliers and regulatory authorities, which could adversely affect our operations and financial performance.

Our chapter 11 reorganization has exposed certain of our project subsidiaries to the exercise of rights and remedies by project lenders or shareholders.

At a number of our project subsidiaries, our pre-bankruptcy financial distress, the chapter 11 reorganization or the loss of Xcel Energy as a controlling shareholder could constitute a default under certain project loan agreements or shareholders agreements. Absent a waiver of these defaults from the applicable lenders, we may not be able to prevent the acceleration of the project debt and the exercise of remedies against the project subsidiaries. Likewise, absent a waiver from the affected shareholders, those shareholders may be able to enforce buy-out rights or other remedies against our project subsidiaries. As of the date of this annual report, we have not been able to obtain waivers or make other arrangements with certain of these project lenders and shareholders, and there is no assurance that we will be able to in the future. If we are unable to obtain waivers or make other arrangements, our project subsidiaries may be adversely affected, which may cause adverse effects to us as a whole.

Cautionary Statement Regarding Forward Looking Information

This annual report includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (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 our 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 statement. These factors, risks and uncertainties include, but are not limited to, the following:

- Lack of comparable financial data due to adoption of Fresh Start reporting;
- Hazards customary to the power production industry and the possibility that we may not have adequate insurance to cover losses as a result of such hazards;
- Our inability to enter into intermediate and long-term contracts to sell power and procure fuel on terms and prices acceptable to us;
- Increasing competition in wholesale power markets that may require additional liquidity for us to remain competitive;

- The present condition of the California energy market which may impact the collectibility of certain amounts owed to our California affiliates by the California Department of Water Resources;

- Risks associated with timely completion of capital improvement and re-powering projects, including supply interruptions, work stoppages, labor disputes, social unrest, weather interferences, unforeseen engineering, environmental or geological problems and unanticipated cost overruns;

- Volatility of energy and fuel prices and the possibility that we will not have sufficient working capital and collateral to post performance guarantees or margin calls to mitigate such risks or manage such volatility;

- Failure of customers and suppliers to perform under agreements, including failure to deliver procured commodities and services and failure to remit payment as required and directed, especially in instances where we are relying on single suppliers or single customers at a particular facility;

- Changes in the wholesale power market, including reduced liquidity, which may limit opportunities to capitalize on short-term price volatility;

- Large energy blackouts, such as the blackout that impacted parts of the northeastern United States and Canada during the middle of August 2003, which have the potential to reduce our revenue collection, increase our costs and engender enhanced federal and state regulatory requirements;

- Limitations on our ability to control projects in which we have less than a majority interest;

- The condition of the capital markets generally, which will be affected by interest rates, foreign currency fluctuations and general economic conditions;

- Changes in government regulation, including but not limited to the pending changes of market rules, market structures and design, rates, tariffs, environmental regulations and regulatory compliance requirements imposed by the FERC, state commissions, other state regulatory agencies, the EPA, the NERC, transmission providers, RTOs, ISOs, or other regulatory or industry bodies;

- Price mitigation strategies employed by ISOs that result in a failure to adequately compensate our generation units for all of their costs;

- Employee workforce factors including the hiring and retention of key executives, collective bargaining agreements with union employees and work stoppages;

- Cost and other effects of legal and administrative proceedings, settlements, investigations and claims, including claims which are not discharged in the bankruptcy proceedings and claims arising after the date of our bankruptcy filing;

- The impact of the bankruptcy proceedings on our operations going forward, including the impact on our ability to negotiate favorable terms with suppliers, customers, landlords and others;

- The right of certain of our prepetition creditors who received our common stock upon our emergence from bankruptcy to select our board members and influence certain aspects of our business operations;

- Acts of terrorism both in the United States and internationally;

- Trade, monetary, fiscal, taxation and environmental policies of governments, agencies and similar organizations in geographic areas where we have a financial interest;

- Material developments with respect to and ultimate outcomes of legal proceedings and investigations relating to our past and present activities;

- The fact that certain of our subsidiaries will remain in bankruptcy after our emergence, and the potential that additional subsidiaries may file for bankruptcy in the future;

- The exposure of certain of our project subsidiaries to the exercise of rights and remedies by project lenders or shareholders as a result of our chapter 11 bankruptcy reorganization;

- Factors affecting power generation operations such as unusual weather conditions; catastrophic weather-related or other damage to facilities; unscheduled generation outages, maintenance or repairs; unanticipated changes to fossil 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;

- Our ability to borrow additional funds and access capital markets;

- Our substantial indebtedness and the possibility that we may incur additional indebtedness going forward;

- Significant operating and financial restrictions placed on us by the indenture governing our recent note offerings and our new credit facility;

- Restrictions on the ability to pay dividends, make distributions or otherwise transfer funds to us contained in the debt and other agreements of certain of our subsidiaries and project affiliates generally; and

- Other business or investment considerations that may be disclosed from time to time in our SEC filings or in other publicly disseminated written documents.

We undertake 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 our actual results to differ materially from those contemplated in any forward-looking statements included in this annual report should not be construed as exhaustive.

Item 2 — *Properties*

Listed below are descriptions of our interests in facilities, operations and/or projects owned as of December 31, 2003.

Independent Power Production and Cogeneration Facilities

Name and Location of Facility	Purchaser/Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
Northeast Region:				
Oswego, New York	NYISO	1,700	100%	Oil/Gas
Huntley, New York	NYISO	760	100%	Coal
Dunkirk, New York	NYISO	600	100%	Coal
Arthur Kill, New York	NYISO	842	100%	Gas/Oil
Astoria Gas Turbines, New York	NYISO	600	100%	Gas/Oil
Somerset, Massachusetts	ISO-NE	136	100%	Coal/Oil/Jet Fuel
Middletown, Connecticut	ISO-NE	786	100%	Oil/Gas/Jet Fuel
Montville, Connecticut	ISO-NE	498	100%	Oil/Gas/Diesel
Devon, Connecticut	ISO-NE	401	100%	Gas/Oil/Jet Fuel
Norwalk Harbor, Connecticut	ISO-NE	353	100%	Oil
Connecticut Jet Power, Connecticut	ISO-NE	127	100%	Jet Fuel
Indian River, Delaware	PJM	784	100%	Coal/Oil
Vienna, Maryland	PJM	170	100%	Oil
Conemaugh, Pennsylvania	PJM	64	4%	Coal/Oil
Keystone, Pennsylvania	PJM	63	4%	Coal/Oil

Name and Location of Facility	Purchaser/Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
South Central Region:				
Big Cajun II, Louisiana	SERC-Entergy	1,489	100%	Coal
Big Cajun I, Louisiana	SERC-Entergy	458	100%	Gas
Bayou Cove, Louisiana	SERC-Entergy	320	100%	Gas
Sterlington, Louisiana	SERC-Entergy	202	100%	Gas
West Coast Region:				
El Segundo Power, California	Cal ISO	335	50%	Gas
Encina, California	Cal ISO	483	50%	Gas/Oil
Long Beach Generating, California	Cal ISO	265	50%	Gas
San Diego Combustion Turbines, California	Cal ISO	93	50%	Gas/Oil
Saguaro Power Co., Nevada	WECC	53	50%	Gas/Oil
Chowchilla, California	Cal ISO	49	100%	Gas
Red Bluff, California	Cal ISO	45	100%	Gas
Other North America:				
Ilion, New York	NYISO	60	100%	Gas/Oil
Dover, Delaware	PJM	106	100%	Gas/Coal/Oil
Commonwealth Atlantic	PJM	188	50%	Gas/Oil
James River	PJM	55	50%	Coal
Batesville, Mississippi	SERC-TVA	837	100%	Gas
McClain, Oklahoma(2)	SPP-Southern	400	77%	Gas
Kendall, Illinois	MAIN	1,168	100%	Gas
Rockford I, Illinois	MAIN	342	100%	Gas
Rockford II, Illinois	MAIN	171	100%	Gas
Rocky Road Power, Illinois	MAIN	175	50%	Gas
Other — 3 projects	Various	40	Various	Various
International Projects:				
Asia-Pacific:				
Hsin Yu, Taiwan	Industrials	107	63%	Gas
Australia:				
Flinders, South Australia	South Australian Pool	760	100%	Coal
Gladstone Power Station, Queensland	Enertrade/Boyne Smelters	630	38%	Coal
Loy Yang Power A, Victoria(2)	Victorian Pool	507	25%	Coal
Europe:				
Enfield Energy Centre, UK	UK Electricity Grid	95	25%	Gas/Oil
Schkopau Power Station, Germany	Vattenfall Europe	400	42%	Coal
MIBRAG mbH, Germany	ENVIA/MIBRAG Mines	119	50%	Coal
Latin America:				
Itiquira Energetica, Brazil	COPEL	154	99%	Hydro
COBEE, Bolivia	Electropaz/ELF	219	100%	Hydro/Gas

Name and Location of Facility	Purchaser/Power Market	Net Owned Capacity (MW)	NRG's Percentage Ownership Interest	Fuel Type
NEO Corporation				
NEO Corporation, Various	Various	73	Various	Various

Thermal Energy Production and Transmission Facilities and Resource Recovery Facilities

Name and Location of Facility	Net Owned Capacity(1)	NRG's Percentage Ownership Interest	Purchaser/MSW Supplier
NRG Energy Center Minneapolis, Minnesota	Steam: 1,403 mmBtu/hr. (411 MWt) Chilled water: 42,450 tons (149 MWt)	100%	Approximately 100 steam customers and 40 chilled water customers
NRG Energy Center San Francisco, California	Steam: 490 mmBtu/hr. (144 MWt)	100%	Approximately 170 steam customers
NRG Energy Center Harrisburg, Pennsylvania	Steam: 490 mmBtu/hr. (144 MWt) Chilled water: 1,800 tons (6 MWt)	100%	Approximately 290 steam customers and 2 chilled water customers
NRG Energy Center Pittsburgh, Pennsylvania	Steam: 260 mmBtu/hr. (76 MWt) Chilled water: 12,580 tons (44 MWt)	100%	Approximately 30 steam and 30 chilled water customers
NRG Energy Center San Diego, California	Chilled water: 8,000 tons (28 MWt)	100%	Approximately 20 chilled water customers
NRG Energy Center Rock-Tenn, Minnesota	Steam: 430 mmBtu/hr. (126 MWt)	100%	Rock-Tenn Company
Camas Power Boiler, Washington	Steam: 200 mmBtu/hr. (59 MWt)	100%	Georgia-Pacific Corp.
NRG Energy Center Dover, Delaware	Steam: 190 mmBtu/hr. (56 MWt)	100%	Kraft Foods, Inc.
NRG Energy Center Washco, Minnesota	Steam: 160 mmBtu/hr. (47 MWt)	100%	Andersen Corporation, Minnesota Correctional Facility
Resource Recovery Facilities			
Newport, Minnesota	MSW: 1,500 tons/day	100%	Ramsey and Washington Counties
Elk River, Minnesota	MSW: 1,275 tons/day	85%	Anoka, Hennepin, and Sherburne Counties; Tri-County Solid Waste Management Commission
Penobscot Energy Recovery, Maine	MSW: 590 tons/day	50%	Bangor Hydroelectric Company

(1) Thermal production and transmission capacity is based on 1,000 Btus per pound of steam production or transmission capacity. The unit mmBtu is equal to one million Btus.

(2) Discontinued Operations. See Disposition of Non-Strategic Assets under Item 1.

Other Properties

In addition to the above, we lease our corporate offices at 901 Marquette, Suite 2300, Minneapolis, Minnesota 55402 and various other office spaces. We also own interests in other construction projects in various states of completion, the development of which has been terminated due to our liquidity situation, as well as other properties not used for operational purposes.

Item 3 — *Legal Proceedings*

California Wholesale Electricity Litigation and Related Investigations

People of the State of California ex. rel. Bill Lockyer, Attorney General, v. Dynegy, Inc. et al., United States District Court, Northern District of California, Case No. C-02-O1854 VRW; United States Court of Appeals for the Ninth Circuit, Case No. 02-16619.

This action was filed in state court on March 11, 2002 against us, Dynegy, Dynegy Power Marketing, Inc., Xcel Energy, West Coast Power and four of West Coast Power's operating subsidiaries. Through our subsidiary, NRG West Coast LLC, we are a 50 percent beneficial owner with Dynegy of West Coast Power, which owns, operates, and markets the power of four California plants. Dynegy and its affiliates and subsidiaries are responsible for gas procurement and marketing and trading activities on behalf of West Coast Power. It alleges that the defendants violated California Business & Professions Code § 17200 by selling ancillary services to the Cal ISO, and subsequently selling the same capacity into the spot market. The California Attorney General seeks injunctive relief as well as restitution, disgorgement and civil penalties.

On April 17, 2002, the defendants removed the case to the United States District Court in San Francisco. Thereafter, the case was transferred to Judge Vaughn Walker, who is also presiding over various other "ancillary services" cases brought by the California Attorney General against other participants in the California market, as well as other lawsuits brought by the Attorney General against these other market participants. We have tolling agreements in place with the Attorney General with respect to such other proposed claims against us.

The Attorney General filed motions to remand, which the defendants opposed in July of 2002. In an Order filed in early September 2002, Judge Walker denied the remand motions. The Attorney General has appealed that decision to the United States Court of Appeal for the Ninth Circuit, and the appeal is pending. The Attorney General also sought a stay of proceedings in the district court pending the appeal, and this request was also denied. In a lengthy opinion filed March 25, 2003, Judge Walker dismissed the Attorney General's action against Dynegy and us with prejudice, finding it was barred by the filed-rate doctrine and preempted by federal law. The Attorney General filed a Notice of Appeal, and the appeal was argued in August 2003 and also is pending.

Public Utility District of Snohomish County v. Dynegy Power Marketing, Inc et al., Case No. 02-CV-1993 RHW, United States District Court, Southern District of California (part of MDL 1405).

This action was filed against us, Dynegy, Xcel Energy and several other market participants in the United States District Court in Los Angeles on July 15, 2002. The complaint alleges violations of the California Business & Professions Code § 16720 (the Cartwright Act) and Business & Professions Code § 17200. The basic claims are price fixing and restriction of supply, and other market "gaming" activities.

The action was transferred from Los Angeles to the United States District Court in San Diego and was made a part of the Multi-District Litigation proceeding described below. All defendants filed motions to dismiss and to strike in the fall of 2002. In an Order dated January 6, 2003, Judge Robert Whaley, a federal judge from Spokane sitting in the United States District Court in San Diego, pursuant to the Order of the Multi-District Litigation Panel, granted the motions to dismiss on the grounds of federal preemption and filed-rate doctrine. The plaintiffs have filed a notice of appeal, and the appeal is pending.

In re: Wholesale Electricity Antitrust Litigation, MDL 1405, United States District Court, Southern District of California, pending before Judge Robert H. Whaley. The cases included in this proceeding are as follows:

Pamela R Gordon, on Behalf of Herself and All Others Similarly Situated v Reliant Energy, Inc. et al., Case No. 758487, Superior Court of the State of California, County of San Diego (filed on November 27, 2000).

Ruth Hendricks, On Behalf of Herself and All Others Similarly Situated and On Behalf of the General Public v. Dynegy Power Marketing, Inc. et al., Case No. 758565, Superior Court of the State of California, County of San Diego (filed November 29, 2000).

The People of the State of California, by and through San Francisco City Attorney Louise H. Renne v. Dynegy Power Marketing, Inc. et al., Case No. 318189, Superior Court of California, San Francisco County (filed January 18, 2001).

Pier 23 Restaurant, A California Partnership, On Behalf of Itself and All Others Similarly Situated v PG&E Energy Trading et al., Case No. 318343, Superior Court of California, San Francisco County (filed January 24, 2001).

Sweetwater Authority, et al. v. Dynegy, Inc. et al., Case No. 760743, Superior Court of California, County of San Diego (filed January 16, 2001).

Cruz M Bustamante, individually, and Barbara Matthews, individually, and on behalf of the general public and as a representative taxpayer suit, v. Dynegy Inc. et al., inclusive. Case No. BC249705, Superior Court of California, Los Angeles County (filed May 2, 2001).

All of West Coast Power's operating subsidiaries are defendants in at least one of these six coordinated cases, which were all filed in late 2000 and 2001 in various state courts throughout California. We are also a defendant in all of them. The cases allege unfair competition, market manipulation and price fixing. All the cases were removed to the appropriate United States District Courts, and were thereafter made the subject of a petition to the Multi-District Litigation Panel (Case No. MDL 1405). The cases were ultimately assigned to Judge Whaley. Judge Whaley entered an order in 2001 remanding the cases to state court, and thereafter the cases were coordinated pursuant to state court coordination proceedings before a single judge in San Diego Superior Court. Thereafter, Reliant Energy and Duke Energy filed cross-complaints naming various Canadian, Mexican and United States government entities. Some of these defendants once again removed the cases to federal court, where they were again assigned to Judge Whaley. The defendants filed motions to dismiss and to strike under the filed-rate and federal preemption theories, and the plaintiffs challenged the district court's jurisdiction and sought to have the cases remanded to state court. In December 2002, Judge Whaley issued an opinion finding that federal jurisdiction was absent in the district court, and remanding the cases to state court. Duke Energy and Reliant Energy then filed a notice of appeal with the Ninth Circuit, and also sought a stay of the remand pending appeal. The stay request was denied by Judge Whaley. On February 20, 2003, however, the Ninth Circuit stayed the remand order and accepted jurisdiction to hear the appeal of Reliant Energy and Duke Energy on the remand order. We anticipate that filed-rate/federal preemption pleading challenges will be renewed once the remand appeal is decided.

"Northern California" cases against various market participants, not including us (part of MDL 1405). These include the *Millar, Pastorino, RDJ Farms, Century Theatres, El Super Burrito, Leo's, J&M Karsant,* and *Bronco Don* cases. We were not named in any of these cases, but in virtually all of them, either West Coast Power or one or more of its operating subsidiaries is named as a defendant. These cases all allege violation of Business & Professions Code § 17200, and are similar to the various allegations made by the Attorney General. Dynegy is named as a defendant in all these actions, and Dynegy's outside counsel is representing both Dynegy and the West Coast Power entities in each of these cases. These cases all were removed to federal court, made part of the Multi-District Litigation, and denied remand to state court. In late August 2003, Judge Whaley granted the defendants' motions to dismiss in these various cases, which are now the subject of the plaintiff's appeal to the Ninth Circuit Court of Appeals.

Bustamante v. McGraw-Hill Companies, Inc., et al., No. BC 235598, California Superior Court, Los Angeles County.

This putative class action lawsuit was filed on November 20, 2002. The complaint generally alleges that the defendants attempted to manipulate gas indexes by reporting false and fraudulent trades. Named defendants in the suit include numerous industry participants unrelated to us, as well as the operating subsidiaries established by West Coast Power for each of its four plants: El Segundo Power, LLC; Long Beach Generation, LLC; Cabrillo Power I LLC; and Cabrillo Power II LLC. The complaint seeks restitution and disgorgement of "ill-gotten gains," civil fines, compensatory and punitive damages, attorneys' fees and declaratory and injunctive relief. The plaintiff filed an amended complaint in 2003.

Jerry Egger, et al. v. Dynegy, Inc., et al., Case No. 809822, Superior Court of California, San Diego County (filed May 1, 2003). This class action complaint alleges violations of California's Antitrust Law and Business and Professional Code, as well as unlawful and unfair business practices. The named defendants include "West Coast Power, Cabrillo II, El Segundo Power, Long Beach Generation." We are not named. This case now has been removed to the United States District Court, and the defendants have moved to have this case included as Multi-District Litigation along with the above referenced cases before Judge Walker. Plaintiffs have filed a motion to remand to state court, which was heard on February 19, 2004. At the hearing, the court decided to stay the case pending a decision from the Ninth Circuit Court of Appeals in the Pastorino appeal, referenced above.

Texas-Ohio Energy, Inc., on behalf of Itself and all others similarly situated v. Dynegy, Inc. Holding Co., West Coast Power, LLC, et al., Case No. CIV.S-03-2346 DFL GGH. This putative class action was filed on November 10, 2003, in the United States District Court for the Eastern District of California. The complaint alleges violations of the federal Sherman and Clayton Acts and California's Cartwright Act and Business and Professions Code. In addition to naming West Coast Power and Dynegy, Inc. Holding Co., the complaint names numerous industry participants, as well as "unnamed co-conspirators." The complaint alleges that defendants conspired to manipulate the spot price and basis differential of natural gas with respect to the California market allegedly enabling defendants to reap exorbitant and illicit profits by gouging natural gas purchasers. Specifically, the complaint alleges that defendants and their co-conspirators employed a variety of false reporting techniques to manipulate the published natural gas price indices. The complaint seeks unspecified amounts of damages, including a trebling of plaintiff's and the putative class's actual damages. We are unable at this time to predict the outcome of this dispute or the ultimate liability, if any, of West Coast Power.

California Investigations

FERC — California Market Manipulation

The FERC has an ongoing "Investigation of Potential Manipulation of Electric and Natural Gas Prices," which involves hundreds of parties (including our affiliate, West Coast Power) and substantial discovery. In June 2001, FERC initiated proceedings related to California's demand for $8.9 billion in refunds from power sellers who allegedly inflated wholesale prices during the energy crisis. Hearings have been conducted before an administrative law judge who issued an opinion in late 2002. The administrative law judge stated that after assessing a refund of $1.8 billion for "unjust and unreasonable" power prices between October 2, 2000 and June 20, 2001, power suppliers were owed $1.2 billion because the State was holding funds owed to suppliers.

In August 2002, the United States Circuit Court of Appeals for the Ninth Circuit granted a request by the Electricity Oversight Board, the California Public Utilities Commission and others, to seek out and introduce to FERC additional evidence of market manipulation by wholesale sellers. This decision resulted in FERC ordering an additional 100 days of discovery in the refund proceeding, and also allowing the relevant time period for potential refund liability to extend back an additional nine months, to January 1, 2000.

On December 12, 2002, FERC Administrative Law Judge Birchman issued a Certification of Proposed Findings on California Refund Liability in Docket No. EL00-95-045 et al., which determined the method for calculating the mitigated energy market clearing price during each hour of the refund period. On March 26,

2003, FERC issued an Order on Proposed Findings on Refund Liability in Docket No. EL00-95-045, or the "Refund Order," adopting, in part, and modifying, in part, the Proposed Findings issued by Judge Birchman on December 12, 2002. In the Refund Order, FERC adopted the refund methodology in the Staff Final Report on Price Manipulation in Western Markets issued contemporaneously with the Refund Order in Docket No. PA02-2-000. This refund calculation methodology makes certain changes to Judge Birchman's methodology, because of FERC Staff's findings of manipulation in gas index prices. This could materially increase the estimated refund liability. The Refund Order directed generators wanting to recover any fuel costs above the mitigated market clearing price during the refund period to submit cost information justifying such recovery within 40 days of the issuance of the Refund Order, which West Coast Power did. Dynegy and the West Coast Power entities are currently engaged in settlement negotiations with FERC Staff, the California Attorney General, the California Public Utility Commission, the California Electricity Oversight Board, PG&E, and Southern California Edison.

Other FERC Proceedings

There are a number of additional, related proceedings in which West Coast Power entities are parties, which are either pending before FERC or on appeal from FERC to various United States Courts of Appeal. These cases involve, among other things, allegations of physical withholding, a FERC-established price mitigation plan determining maximum rates for wholesale power transactions in certain spot markets, and the enforceability of, and obligations under, various contracts with, among others, the California ISO and the State of California and certain of its agencies and departments.

CFTC — Dynegy/ West Coast Power Natural Gas Futures Index Manipulation

On December 18, 2002, a Dynegy subsidiary, Dynegy Marketing & Trade, or "DMT," and West Coast Power, collectively "the Respondents," entered into a consent Offer of Settlement and Order, "the Consent Order", with the Commodity Futures and Trading Commission, or "CFTC." The action is captioned In re Dynegy Marketing & Trade and West Coast Power LLC, CFTC Docket No. 03-03. The CFTC asserted various violations of the Commodity Exchange Act, as well as CFTC regulations.

The CFTC alleged in the Consent Order that DMT natural gas traders reported false natural gas trading information, including price and volume information, to certain industry publications that establish and publish indexes for natural gas prices. The CFTC alleged that DMT submitted the false information in an attempt to manipulate the indexes for DMT's benefit. The CFTC further alleged that DMT traders directed other Dynegy personnel to report each of the same false trades in the name of West Coast Power, as counterparty, in an effort to lend credence to the trades' validity. The Respondents to the Consent Order did not admit or deny the allegations or findings made by the CFTC, but agreed to an Offer of Settlement, and agreed to pay a civil monetary fine of $5 million. The Respondents also agreed to undertakings regarding further cooperation with the CFTC and public statements concerning the Consent Order. Dynegy agreed to pay and be entirely responsible for the $5 million fine imposed by the CFTC.

U.S. Attorney — Houston

The U.S. Attorney indicted two fired Dynegy traders in connection with the index reporting scheme, and is reportedly investigating other Dynegy activity and employees.

U.S. Attorney — San Francisco

According to press reports, the U.S. Attorney in San Francisco has assembled an "energy crisis" task force. While Dynegy received a grand jury subpoena in November 2002, the scope and targets of this investigation are unknown to us. We did not receive a subpoena.

California State Senate Select Committee

This Committee, chaired by Senator Dunn, subpoenaed records from us during the Summer of 2001. We produced about 5,000 pages of documents; Dynegy produced a much larger volume of documents. The Committee has apparently concluded its activities without issuing any reports or findings.

CPUC

The CPUC continues to request data and documents in several settings. First, it is one of the parties in the FERC proceeding mentioned above. Second, inspectors have visited West Coast Power plants, usually unannounced and usually immediately following an unplanned outage. They have demanded documentation concerning the reason for the outage. Third, the CPUC has demanded documents to allow it to prepare "reports," one of which was issued in the fall of 2002, and another of which was issued January 30, 2003. The FERC's above-referenced March 26 Refund Order undercut the accuracy and reliability of these CPUC reports. Dynegy has made extensive productions to the CPUC of plant-related materials as well as trading data.

California Attorney General

In addition to the litigation it has undertaken described above, the California Attorney General has undertaken an investigation entitled "In the Matter of the Investigation of Possibly Unlawful, Unfair, or Anti-Competitive Behavior Affecting Electricity Prices in California." In this connection, the Attorney General has issued subpoenas to Dynegy, served interrogatories on Dynegy and us, and informally requested documents and interviews from Dynegy and Dynegy employees as well as us and our employees. We responded to the interrogatories in the summer of 2002, with the final set of responses being served on September 3, 2002. We have also produced a large volume of documentation relating to the West Coast Power plants. In addition, our employees in California have sat for informal interviews with representatives of the Attorney General's office. Dynegy employees have also been interviewed.

NRG Bankruptcy Cap on California Claims

On November 21, 2003, in conjunction with confirmation of the NRG plan of reorganization, we reached an agreement with the Attorney General and the State of California, generally, whereby for purposes of distributions, if any, to be made to the State of California under the NRG plan of reorganization, the liquidated amount of any and all allowed claims shall not exceed $1.35 billion in the aggregate. The agreement neither affects our right to object to these claims on any and all grounds nor admits any liability whatsoever. We further agreed to waive any objection to the liquidation of these claims in a non-bankruptcy forum having proper jurisdiction.

Although any evaluation of the likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss in the above-referenced private actions and various investigations cannot be made at this time, we note that the Gordon complaint alleges that the defendants, collectively, overcharged California ratepayers during 2000 by $4.0 billion. We cannot predict the outcome of these cases and investigations at this time.

Electricity Consumers Resource Council v. Federal Energy Regulatory Commission, Docket No. 03-1449

On December 19, 2003, the Electricity Consumers Resource Council, or "ECRC," appealed to the United States Court of Appeals for the District of Columbia Circuit a recent decision by FERC approving the implementation of a demand curve for the New York installed capacity, or "ICAP," market. ECRC claims that the implementation of the ICAP demand curve violates section 205 of the Federal Power Act because it constitutes unreasonable ratemaking. We are a party to this appeal and will contest ECRC's assertions, but at this time cannot assess the eventual outcome.

Connecticut Light & Power Company v. NRG Power Marketing, Inc., **Docket No. 3:01-CV-2373 (AWT), pending in the United States District Court, District of Connecticut**

This matter involves a claim by CL&P for recovery of amounts it claims are owing for congestion charges under the terms of a SOS contract between the parties, dated October 29, 1999. CL&P has served and filed its motion for summary judgment to which PMI filed a response on March 21, 2003. CL&P has withheld approximately $30 million from amounts owed to PMI, claiming that it has the right to offset those amounts under the contract. PMI has counterclaimed seeking to recover those amounts, arguing among other things that CL&P has no rights under the contract to offset them. By reason of the previous bankruptcy stay, the court has not ruled on the pending motion. On November 6, 2003, the parties filed a joint stipulation for relief from the automatic stay in order to allow the proceeding to go forward. PMI cannot estimate at this time the likelihood of an unfavorable outcome in this matter, or the overall exposure for congestion charges for the full term of the contract.

Connecticut Light & Power Company, **Docket No. EL03-135, pending at the Federal Energy Regulatory Commission**

This matter involves a dispute between CL&P and PMI concerning which of party is responsible, under the terms of the October 29, 1999 SOS contract, for costs related to congestion and losses associated with the implementation of standard market design, or "SMD-Related Costs." CL&P has withheld, in addition to the $30 million discussed above, approximately $79 million from amounts owed to PMI, claiming that it is entitled under the contract to offset those additional amounts for SMD-Related Costs. The parties have now reached a settlement which was filed with FERC on March 3, 2004, whereby CL&P will pay PMI $38.4 million plus interest, and subject to adjustments and true-ups upon final approval by FERC.

The State of New York and Erin M. Crotty, as Commissioner of the New York State Department of Environmental Conservation v. Niagara Mohawk Power Corporation et al., **United States District Court for the Western District of New York, Civil Action No. 02-CV-002S**

In January 2002, the New York Department of Environmental Conservation, or "DEC," sued Niagara Mohawk Power Corporation, or "NiMo," and us in federal court in New York. The complaint asserted that projects undertaken at our Huntley and Dunkirk plants by NiMo, the former owner of the facilities, required preconstruction permits pursuant to the Clean Air Act and that the failure to obtain these permits violated federal and state laws. In July, 2002, we filed a motion to dismiss. On March 27, 2003, the court dismissed the complaint against us with prejudice as to the federal claims and without prejudice as to the state claims. It is possible the state will appeal this dismissal to the Second Circuit Court of Appeals. In the meantime, on December 31, 2003, the trial court granted the state's motion to amend the complaint to again sue us and various affiliates in this same action in the federal court in New York, asserting against us violations of operating permits and deficient operating permits at the Huntley and Dunkirk plants. If the case ultimately is litigated to an unfavorable outcome that could not be addressed otherwise, we have estimated that the total investment that would be required to install pollution control devices could be as high as $300 million over a ten to twelve-year period. We also could be found responsible for payment of certain penalties and fines.

Niagara Mohawk Power Corporation v. NRG Energy, Inc., Huntley Power, LLC, and Dunkirk Power, LLC, **Supreme Court, State of New York, County of Onondaga, Case No. 2001-4372**

We have asserted that NiMo is obligated to indemnify it for any related compliance costs associated with resolution of the above enforcement action. NiMo has filed suit in state court in New York seeking a declaratory judgment with respect to its obligations to indemnify us under the asset sales agreement. We have pending a summary judgment motion on its entitlement to be reimbursed by NiMo for the attorneys' fees we have incurred in the enforcement action.

Huntley Power LLC, Dunkirk Power LLC and Oswego Power LLC

The DEC has alleged violations by the Huntley Generating Station, the Dunkirk Generating Station and the Oswego Generating Station with respect to opacity exceedances. The above entities have been engaged in consent order negotiations with the DEC relative to such opacity issues affecting all three facilities since the plants were acquired. In late February, 2004 we signed a proposed final version of the consent order, which, if executed and thereby issued by the DEC, would quantify the number of opacity exceedances at the three facilities through the second quarter of 2003 and assess a cumulative penalty of $1 million. In addition, among other provisions, the consent order would establish stipulated penalties for future violations of opacity requirements and of the consent order and would impose a Schedule of Compliance. In the event that the consent order is not issued by DEC in the form to which we agreed to by the six entities and any subsequent negotiations prove unsuccessful, it is not known what relief the DEC will seek through an enforcement action and what the result of such action will be.

Huntley Power LLC

On April 30, 2003, the Huntley Station submitted a self-disclosure letter to the DEC reporting violations of applicable sulfur in fuel limits, which had occurred during 6 days in March, 2003 at the chimney stack serving Huntley Units 63-66. The Huntley Station self-disclosed that the average sulfur emissions rates for those days had been 1.8 lbs/mm BTU, rather than the maximum allowance of 1.7 lbs/mm BTU. NRG Huntley Operations discontinued use of Unit 65 (the only unit utilizing the subject stack at the time) and has kept the remaining three units off line until adherence with the applicable standard is assured. On May 19, 2003, the DEC issued Huntley Power LLC a Notice of Violation. Huntley Power LLC has met with the DEC to discuss the circumstances surrounding the event and the appropriate means of resolving the matter. Huntley Power LLC does not know what relief the DEC will seek through an enforcement action. Under applicable provisions of the Environmental Conservation Law, the DEC asserts that it may impose a civil penalty up to $10,000, plus an additional penalty not to exceed $10,000 for each day that a violation continues and may enjoin continuing violations.

Niagara Mohawk Power Corporation v. Dunkirk Power LLC, NRG Dunkirk Operations, Inc., Huntley Power LLC, NRG Huntley Operations, Inc., Oswego Power LLC and NRG Oswego Operations, Inc., **Supreme Court, Erie County, Index No. 1-2000-8681 — Station Service Dispute**

On October 2, 2000, plaintiff NiMo commenced this action against us to recover damages plus late fees, less payments received through the date of judgment, as well as any additional amounts due and owing, for electric service provided to the Dunkirk Plant after September 18, 2000. Plaintiff NiMo claims that we have failed to pay retail tariff amounts for utility services commencing on or about June 11, 1999 and continuing to September 18, 2000 and thereafter. Plaintiff has alleged breach of contract, suit on account, violation of statutory duty and unjust enrichment claims. On or about October 23, 2000, we served an answer denying liability and asserting affirmative defenses.

After proceeding through discovery, and prior to trial, the parties and the court entered into a Stipulation and Order filed August 9, 2002 consolidating this action with two other actions against Our Huntley and Oswego subsidiaries, both of which cases assert the same claims and legal theories for failure to pay retail tariffs for utility services at those plants.

On October 8, 2002, a Stipulation and Order was filed in the Erie County Clerk's Office staying this action pending submission to FERC of some or all of the disputes in the action. We cannot make an evaluation of the likelihood of an unfavorable outcome. The cumulative potential loss could exceed $35 million.

Niagara Mohawk Power Corporation v. Huntley Power LLC, NRG Huntley Operations, Inc., NRG Dunkirk Operations, Inc., Dunkirk Power LLC, Oswego Harbor Power LLC, and NRG Oswego

***Operations, Inc.,* Case Filed November 26, 2002 in Federal Energy Regulatory Commission Docket No. EL 03-27-000**

This is the companion action filed by NiMo at FERC, similarly asserting that NiMo is entitled to receive retail tariff amounts for electric service provided to the Huntley, Dunkirk and Oswego plants. On October 31, 2003, the FERC Trial Staff, a party to the proceedings, filed a reply brief in which it supported and agreed with each position taken by our facilities. In short, the staff argued that our facilities: (1) self-supply station power under the NYISO tariff (which took effect on April 1, 2003) in any month during which they produce more energy than they consume and, as such, should not be assessed a retail rate; (2) are connected only to transmission facilities and, as such, at most should only pay NiMo a FERC-approved transmission rate; and (3) should be allowed to net consumption and output even if power is injected into the grid at a different point from which it is drawn off. We are presently awaiting a ruling by FERC. At this stage of the proceedings, we cannot estimate the likelihood of success on this action. As noted above, the cumulative potential loss could exceed $35 million.

***In the Matter of Louisiana Generating, LLC,* Adversary Proceeding No. 2002-1095 1-EQ on the docket of the Louisiana Division of Administrative Law**

During 2000, DEQ issued a Part 70 Air Permit modification to Louisiana Generating to construct and operate two 240 MW natural gas-fired turbines. The Part 70 Air Permit set emissions limits for the criteria air pollutants, including NO_x, based on the application of Best Available Control Technology, or "BACT." The BACT limitation for NO_x was based on the guarantees of the manufacturer, Siemens-Westinghouse. Louisiana Generating sought an interim emissions limit to allow Siemens-Westinghouse time to install additional control equipment. To establish the interim limit, DEQ issued a Compliance Order and Notice of Potential Penalty, No. AE-CN-02-0022, on September 8, 2002, which is, in part, subject to the referenced administrative hearing. DEQ alleged that Louisiana Generating did not meet its NO_x emissions limit on certain days, did not conduct all opacity monitoring and did not complete all record keeping and certification requirements. Louisiana Generating intends to vigorously defend certain claims and any future penalty assessment, while also seeking an amendment of its limit for NO_x. An initial status conference was held with the Administrative Law Judge and quarterly reports are being submitted to that judge to describe progress, including settlement and amendment of the limit. In late February 2004, we timely submitted to the DEQ an amended BACT analysis and amended Prevention of Significant Deterioration and Title V permit application to amend the NO_x limit. In addition, Louisiana Generating may assert breach of warranty claims against the manufacturer. With respect to the administrative action described above, at this time we are unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which we may be subject.

NRG Sterlington Power, LLC

During 2002, NRG Sterlington conducted a review of the Sterlington Power Facility's Part 70 Air Permit obtained by the facility's former owner and operator, Koch Power, Inc. Koch had outlined a plan to install eight 25 MW capacity turbines to reach a 200 MW capacity limit in the permit. Due to the inability of several units to reach their nameplate capacity, Koch determined that it would need additional units to reach the electric output target. In August 2000, NRG Sterlington acquired the remaining interests in the facility not originally held on a passive basis and sought the transfer of the Part 70 Air Permit along with a modification to incorporate two 17.5 MW turbines installed by Koch and to increase the total number of turbines to ten. The permit modification was issued February 13, 2002. During further review, NRG Sterlington determined that a ninth unit had been installed prior to issuance of the permit modification. In keeping with its environmental policy, it disclosed this matter to DEQ in April, 2002. NRG Sterlington provided to DEQ additional information during July 2002. A Consolidated Compliance Order & Notice of Potential Penalty, No. AE-CN-01-0393, was issued by DEQ on September 10, 2003, wherein DEQ formally alleged that NRG Sterlington did not complete all certification requirements, and installed a ninth unit prior to issuance of its permit modification. We met with DEQ on November 19, 2003 to discuss mitigating circumstances and a settlement has been agreed to between the parties. Under the settlement agreement, without admitting any

liability, NRG Sterlington has agreed to pay DEQ the sum of $4,500. The agreement is subject to a public comment period and review by the Louisiana attorney general.

United States Environmental Protection Agency Request for Information under Section 114 of the Clean Air Act

On January 27, 2004, Louisiana Generating, LLC and Big Cajun II received a request for information under Section 114 of the Clean Air Act from the EPA seeking information primarily relating to physical changes made at Big Cajun II in 1994 and 1995 by the predecessor owner of that facility. Louisiana Generating, LLC and Big Cajun II intend to respond to the EPA request in an appropriate and cooperative manner. At the present time, we cannot predict the probable outcome in this matter.

General Electric Company and Siemens Westinghouse Turbine Purchase Disputes

We and/or our affiliates have entered into several turbine purchase agreements with affiliates of General Electric Company, or "GE," and Siemens Westinghouse Power Corporation, or "Siemens." GE and Siemens have notified us that we are in default under certain of those contracts, terminated such contracts, and demanded that we pay the termination fees set forth in such contracts. GE's claim amounts to approximately $113 million and Siemens' approximately $45 million in cumulative termination charges. We cannot estimate the likelihood of unfavorable outcomes in these disputes.

Itiquira Energetica, S.A.

Our indirectly controlled Brazilian project company, Itiquira Energetica S.A., the owner of a 156 MW hydro project in Brazil, is currently in arbitration with the former EPC contractor for the project, Inepar Industria e Construcoes, or "Inepar." The dispute was commenced by Itiquira in September of 2002 and pertains to certain matters arising under the former EPC contract. Itiquira principally asserts that Inepar breached the contract and caused damages to Itiquira by (i) failing to meet milestones for substantial completion; (ii) failing to provide adequate resources to meet such milestones; (iii) failing to pay subcontractors amounts due; and (iv) being insolvent. Itiquira's arbitration claim is for approximately U.S. $40 million. Inepar has asserted in the arbitration that Itiquira breached the contract and caused damages to Inepar by failing to recognize events of force majeure as grounds for excused delay and extensions of scope of services and material under the contract. Inepar's damage claim is for approximately U.S. $10 million. The parties submitted their respective statements of claims, counterclaims and responses, and a preliminary arbitration hearing was held on March 21, 2003. In lieu of taking expert testimony at hearing, the court of arbitration ordered an expert investigation process to cover technical and accounting issues. We anticipate that the final report from the expert investigation process will be delivered to the court of arbitration in the last week of March, 2004. After reviewing the final report, the court of arbitration may, if it deems it necessary, require expert testimony on technical and accounting issues, which we anticipate would commence on approximately May 15, 2004. We expect the arbitration panel to issue its decision no later than July 31, 2004. We cannot estimate the likelihood of an unfavorable outcome in this dispute.

CFTC Trading Inquiry

On June 17, 2002, the CFTC served Xcel Energy, on behalf of its affiliates, which then included us and PMI, with a subpoena requesting certain information regarding "round trip" or "wash" trading and general trading practices in its investigation of several energy trading companies. The CFTC now appears focused on possible efforts by traders to submit false reports to index publications in an attempt to manipulate the index. In January, 2004, the CFTC and Xcel Energy's subsidiary, e prime, inc., reached a settlement in connection with this investigation, which included the payment of a $16 million fine and the entry of a cease and desist order. Other industry participants that have settled with the CFTC have paid fines of between $1.5 million and $30 million and have agreed to the terms of cease and desist orders. The CFTC has requested additional related information from us and has subpoenaed to appear for testimony a number of our present and former employees. We have sought to cooperate with the CFTC and have submitted materials responsive to the

CFTC's requests, while vigorously denying that we engaged in any improper conduct. We cannot at this time predict the outcome or financial impact of this investigation.

Additional Litigation

In addition to the foregoing, we are parties to other litigation or legal proceedings, which may or may not be material. There can be no assurance that the outcome of such matters will not have a material adverse effect on our business, financial condition or results of operations.

Disputed Claims Reserve

As part of the NRG plan of reorganization, we have funded a disputed claims reserve for the satisfaction of certain general unsecured claims that were disputed claims as of the effective date of the plan. Under the terms of the plan, to the extent such claims are resolved now that we have emerged from bankruptcy, the claimants will be paid from the reserve on the same basis as if they had been paid out in the bankruptcy. That means that their allowed claims will be reduced to the same recovery percentage as other creditors would have received and will be paid in pro rata distributions of cash and common stock. We believe we have funded the disputed claims reserve at a sufficient level to settle the remaining unresolved proofs of claim we received during the bankruptcy proceedings. However, to the extent the aggregate amount of these payouts of disputed claims ultimately exceeds the amount of the funded claim reserve, we are obligated to provide additional cash and common stock to the claimants. We will continue to monitor our obligation as the disputed claims are settled. However, if excess funds remain in the disputed claims reserve after payment of all obligations, such amounts will be reallocated to the Creditor Pool. We have provided our common stock and cash contribution to an escrow agent to complete the distribution and settlement process. Since we have surrendered control over the common stock and cash provided to the disputed claims reserve, we recognized the issuance of the common stock as of December 5, 2003 and removed the cash amounts from our balance sheet. Similarly, we have moved the obligations relevant to the claims from our balance sheet when the common stock was issued and cash contributed.

Item 4 — *Submission of Matters to a Vote of Security Holders*

No matters were considered during the fourth quarter of 2003.

PART II

Item 5 — *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information and Holders

In connection with the consummation of the NRG plan of reorganization, on December 5, 2003 all shares of our old common stock were canceled and 100,000,000 shares of new common stock of NRG Energy were distributed pursuant to such plan to the holders of certain classes of claims. A certain number of shares of common stock was issued for distribution to holders of disputed claims as such claims are resolved or settled. In the event our disputed claims reserve is inadequate, it is possible we would have to issue additional shares of our common stock to satisfy such pre-petition claims or contribute additional cash proceeds. See Item 3 — Legal Proceedings — Disputed Claims Reserve. Our authorized capital stock consists of 500,000,000 shares of NRG Energy common stock and 10,000,000 shares of Serial Preferred Stock. Further, a total of 4,000,000 shares of our common stock, representing approximately 4% of our outstanding common stock, are available for issuance under our long-term incentive plan.

Our new common stock currently trades in the over-the-counter market and has been assigned the symbol NRGE.OB. The high and low sales prices for our new common stock since issuance on December 5, 2003 through March 9, 2004, are:

New Common Stock Price	Since December 5, 2003
High	$ 23.05
Low	$ 18.10

Over-the-counter market quotations reflect inter-dealer prices, without retail markup, mark-down or commission and may not necessarily represent actual transactions.

From June 2, 2002 through December 5, 2003, Xcel Energy Wholesale Group, Inc. held all shares of our old common stock. During the period from May 31, 2000 through June 3, 2002, our then outstanding common stock was traded principally on the New York Stock Exchange.

Dividends

We have not declared or paid dividends on our new common stock, and the payment of dividends is currently prohibited by our credit agreements.

Securities Authorized for Issuance Under Equity Compensation Plans

Plan Category	(a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	(c) Number of Securities Remaining Available for Future Issuance Under Compensation Plans (Excluding Securities Reflected in Column (a))
Equity compensation plans approved by security holders	—	n/a	—
Equity compensation plans not approved by security holders	806,145	$ 24.03	3,193,855*
Total	806,145	$ 24.03	3,193,855*

* The NRG Energy, Inc. long-term incentive plan became effective upon our emergence from bankruptcy. The Long-Term Incentive Plan was not approved by security holders as it was adopted in connection with the NRG plan of reorganization. The long-term incentive plan provides for grants of stock options, stock appreciation rights, restricted stock, performance awards, deferred stock units and dividend equivalent rights. Our directors, officers and employees, as well as other individuals performing services for, or to whom an offer of employment has been extended by us, are eligible to receive grants under the long-term incentive plan. A total of 4,000,000 shares of our common stock, representing approximately 4% of our outstanding common stock, are available for issuance under the long-term incentive plan. The purpose of the long-term incentive plan is to promote our long-term growth and profitability by providing these individuals with incentives to maximize stockholder value and otherwise contribute to our success and to enable us to attract, retain and reward the best available persons for positions of responsibility. The compensation committee of our board of directors will administer the long-term incentive plan.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

All of our outstanding common stock was issued pursuant to the NRG plan of reorganization on December 5, 2003 in accordance with Section 1145 of the bankruptcy code. We received no proceeds from such issuance.

Item 6 — *Selected Financial Data*

The following table presents our selected financial data. The data included in the following table has been restated to reflect the assets, liabilities and results of operations of certain projects that have met the criteria for treatment as discontinued operations. For additional information refer to Item 15 — Note 6 to the Consolidated Financial Statements. This historical data should be read in conjunction with the Consolidated Financial Statements and the related notes thereto in Item 15 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7. Due to the adoption of Fresh Start reporting as of December 5, 2003, the Successor Company's post Fresh Start balance sheet and statement of operations have not been prepared on a consistent basis with the Predecessor Company's financial statements and are not comparable in certain respects to the financial statements prior to the application of Fresh Start reporting. A black line has been drawn to separate and distinguish between Reorganized NRG and the Predecessor Company.

	Predecessor Company					Reorganized NRG
	Year Ended December 31,				January 1 - December 5,	December 6 - December 31,
	1999	2000	2001	2002	2003	2003
	(In thousands, except per share amounts)					
Revenues from majority-owned operations	$ 422,862	$1,669,339	$ 2,208,181	$ 2,119,385	$ 1,968,579	**$ 152,108**
Legal settlement	—	—	—	—	462,631	**—**
Fresh start reporting adjustments	—	—	—	—	(3,895,541)	**—**
Reorganization, restructuring and impairment charges	—	—	—	2,749,630	435,400	**2,461**
Total operating costs and expenses	374,953	1,315,301	1,785,242	4,656,954	(1,126,243)	**135,609**
Other income (expense)						
Write downs and losses on equity method investments	—	—	—	(200,472)	(147,124)	**—**
Income/(loss) from continuing operations	53,529	149,665	221,993	(2,963,496)	2,750,767	**10,481**
Income/(loss) from discontinued operations, net	3,666	33,270	43,211	(500,786)	15,678	**544**
Net income/(loss)	57,195	182,935	265,204	(3,464,282)	2,766,445	**11,025**
Net income per weighted average share — basic						**$ 0.11**
Net income per weighted average share — diluted						**$ 0.11**
Total assets	3,435,304	5,978,992	12,916,123	10,894,004	N/A	**9,260,613**
Long-term debt, including current maturities	$1,705,634	$3,194,340	$ 7,354,232	$ 8,253,400	N/A	**$4,518,478**

N/A — Not Applicable.

The following table provides the detail of our revenues from majority-owned operations:

	Predecessor Company					Reorganized NRG
	Year Ended December 31,				January 1 - December 5,	December 6 - December 31,
	1999	2000	2001	2002	2003	2003
	(In thousands)					
Energy and energy related	$ 6,979	$ 1,091,115	$1,377,703	$1,185,280	$1,022,083	**$ 87,992**
Capacity	4,288	405,697	525,167	603,727	609,111	**39,955**
Alternative energy	83,343	96,459	162,125	189,016	177,698	**15,112**
O&M Fees	9,785	10,363	16,438	15,386	13,698	**1,568**
Other	318,467	65,705	126,748	125,976	145,989	**7,481**
Total revenues from majority-owned operations	$422,862	$1,669,339	$2,208,181	$2,119,385	$1,968,579	**$152,108**

Energy and energy related revenue consists of revenues received upon the physical delivery of electrical energy to a third party at both spot (merchant sales) and contracted rates. In addition, we also generate revenues from the sale of ancillary services and by entering into certain financial transactions. Ancillary revenues are derived from the sale of energy related products associated with the generation of electrical energy such as spinning reserves, reactive power and other similar products. Revenues derived from financial transactions are generally received upon the settlement of transactions relating to the sale of energy or fuel which do not require the physical delivery of the underlying commodity.

Capacity revenue consists of revenues received from a third party at either spot (merchant sales) or negotiated contract rates for making installed generation capacity available upon demand in order to satisfy system integrity and reliability requirements. In addition, capacity revenues includes revenues received under tolling arrangements which entitle third parties to dispatch our facilities and assume title to the electrical generation produced from that facility.

Alternative revenues consists of revenues received from the sale of steam, hot and chilled water generally produced at a central district energy plant and sold to commercial, governmental and residential buildings for space heating, domestic hot water heating and air conditioning. Alternative revenue includes the sale of high-pressure steam produced and delivered to industrial customers that is used as part of an industrial process. In addition, alternative revenues includes revenues received from the processing of municipal solid waste into refuse derived fuel that is sold to a third party to be used as fuel in the generation of electricity.

O&M fees consist of revenues received from providing certain unconsolidated affiliates with management and operational services generally under long-term operating agreements.

Other revenues consist of miscellaneous other revenues derived from the sale of natural gas, recovery of incurred costs under reliability agreements and revenues received under leasing arrangements.

Item 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Overview

We are a wholesale power generation company, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products in the United States and internationally. We have a diverse portfolio of electric generation facilities in terms of geography, fuel type and dispatch levels, which help us mitigate risk. We intend to maximize operating income through the efficient procurement and management of fuel supplies and maintenance services, and the sale of energy, capacity and ancillary services into attractive spot, intermediate and long-term markets.

We do not anticipate any significant new acquisitions or construction in the near future, and instead will focus on operational performance, asset management and debt reduction. We have already made significant reductions in capital expenditures, business development activities and personnel. Power sales, fuel procure-

ment and risk management will remain key strategic elements of our operations. Our objective will be to optimize the operating income of our facilities within an appropriate risk and liquidity profile.

Industry Trends. In this "Management's Discussion and Analysis of Financial Condition and Results of Operations," we discuss our historical results of operations and expected financial condition. During 2002 and 2003, the following factors, among others, have negatively affected our results of operations:

- weak markets for electric energy, capacity and ancillary services;
- a narrowing of the "spark spread" (the difference between power prices and fuel costs) in most regions of the United States in which we operate power generation facilities;
- mild weather during peak seasons in regions where we have significant merchant capacity;
- reduced liquidity in the energy trading markets as a result of fewer participants trading lower volumes;
- the imposition of price caps and other market mitigation in markets where we have significant merchant capacity;
- regulatory and market frameworks in certain regions where we operate that prevent us from charging prices that will enable us to recover our operating costs and to earn acceptable returns on capital;
- the obligation to perform under certain long-term contracts that are not profitable;
- physical, regulatory and market constraints on transmission facilities in certain regions that limit or prevent us from selling power generated by certain of our facilities; and
- limited access to capital due to our financial condition since July 2002 and the resulting contraction of our ability to conduct business in the merchant energy markets.

We expect that these generally weak market conditions will continue for the foreseeable future in some markets. Historically, we have believed that, as supply surpluses begin to tighten and as market rules and regulatory conditions stabilize, prices will improve for energy, capacity and ancillary services. This view is consistent with our belief that in the long run market prices will support an adequate rate of return on the construction of new power generation assets needed to meet increasing demand. This view is currently being challenged in certain markets as regulatory actions and market rules unfold that limit the ability of merchant power companies to earn favorable returns on existing and new investments. To the extent unfavorable regulatory and market conditions exist in the long term, we could have significant impairments of our property, plant and equipment, which, in turn, could have a material adverse effect on our results of operations. Further, this could lead to us closing certain of our facilities resulting in additional economic losses and liabilities.

Asset Sales. As part of our strategy, we plan to continue the selective divestment of certain assets. Since July 2002, we have sold or made arrangements to sell a number of assets and equity investments. In addition, we are currently marketing our interest in certain other non strategic assets.

Discontinued Operations. We have classified certain business operations, and gains/losses recognized on sale, as discontinued operations for projects that were sold or have met the required criteria for such classification pending final disposition. Accounting regulations require that continuing operations are reported separately in the income statement from discontinued operations, and that any gain or loss on the disposition of any such business be reported along with the operating results of such business. Assets classified as "discontinued operations" on our balance sheet as of December 31, 2003 include McClain. For the periods January 1, 2003 through December 5, 2003, discontinued results of operations include our Killingholme, McClain, NEO Landfill Gas, Inc., NEO Fort Smith LLC, NEO Woodville LLC, NEO Phoenix LLC, Timber Energy Resources, Inc., Cahua and Energia Pacasmayo projects. All prior periods presented have been restated accordingly. For the period December 6, 2003 through December 31, 2003, discontinued results of operations included McClain.

New Management. On October 21, 2003, we announced the appointment of David Crane as our new President and Chief Executive Officer, effective December 1, 2003. Before joining us, Mr. Crane served as the Chief Executive Officer of London-based International Power PLC and has over 12 years of energy industry

experience. On March 11, 2004 we announced the appointment of Robert Flexon as Executive Vice President and Chief Financial Officer, effective March 29, 2004. Before joining us Mr. Flexon served as Vice President, Work Processes, Corporate Resources and Development at Hercules, Inc. In addition, we have filled several other senior and middle management positions over the last 12 months. Our board of directors currently is comprised of Mr. Crane and ten other independent individuals, three of whom have been designated by MatlinPatterson.

Independent Public Accountants; Audit Committee. PricewaterhouseCoopers LLP has been our independent auditor since 1995. Our new board of directors has appointed an audit committee consisting entirely of independent directors. Pursuant to the charter, the committee appoints, retains, oversees, evaluates, compensates and terminates on its sole authority our independent auditors and approves all audit engagements, including the scope, fees and terms of each engagement. The audit committee's oversight process is intended to ensure that we will continue to have high-quality, cost-efficient independent auditing services.

Results of Operations

Due to the adoption of Fresh Start as of December 5, 2003, Reorganized NRG's balance sheet, statement of operations and statement of cash flows have not been prepared on a consistent basis with, and are therefore generally not comparable to those of the Predecessor Company prior to the application of Fresh Start. In accordance with SOP 90-7, Reorganized NRG's balance sheet, statement of operations and statement of cash flows have been presented separately from those of the Predecessor Company.

Reorganized NRG's revenues from majority-owned operations, operating costs and expenses, general, administrative and development expenses, write-downs and losses on sales of equity method investments, restructuring and impairment charges and legal settlement costs were not significantly affected by the adoption of Fresh Start. Therefore, the Predecessor Company's 2003 amounts have been combined with Reorganized NRG's 2003 amounts for comparison and analysis purposes herein.

	Predecessor Company			Reorganized NRG	
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,	
	2001	2002	2003	2003	Total 2003
			(In thousands)		
Revenues from majority-owned operations	$ 2,208,181	$ 2,119,385	$ 1,968,579	**$ 152,108**	**$ 2,120,687**
Cost of majority-owned operations	1,429,246	1,440,434	1,448,268	**105,182**	**1,553,450**
General, administrative and development	192,087	226,168	177,112	**14,925**	**192,037**

Reorganized NRG's net loss, equity in earnings of unconsolidated affiliates, depreciation and amortization, other income (expense), income taxes and discontinued operations were affected by the adoption of

Fresh Start. Therefore, the Predecessor Company's 2003 and the Reorganized NRG's 2003 amounts are discussed separately for comparison and analysis purposes herein.

	Predecessor Company			Reorganized NRG
	Year Ended December 31		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
	(In thousands)			
Net (loss) income	$ 265,204	$(3,464,282)	$ 2,766,445	**$ 11,025**
Depreciation and amortization	163,909	240,722	245,887	**13,041**
Other (expense)/income	(161,885)	(590,325)	(327,434)	**(6,669)**
Other charges (credits)	—	2,749,630	(2,997,510)	**2,461**
Income tax (benefit)/expense	39,061	(164,398)	16,621	**(651)**
Income/(loss) from discontinued operations	43,211	(500,786)	15,678	**544**

For the Year Ended December 31, 2003 Compared to the Year Ended December 31, 2002

Net Income

Predecessor Company

During the period January 1, 2003 through December 5, 2003, we recorded net income of $2.8 billion. Net income for the period is directly attributable to our emerging from bankruptcy and adopting the Fresh Start provisions of SOP 90-7. Upon the confirmation of our Plan of Reorganization and our emergence from bankruptcy we were able to remove significant amounts of long-term debt and other prepetition obligations from our balance sheet. Accordingly, as part of net income from continuing operations, we recorded a net gain of $3.9 billion as the impact of our adopting Fresh Start in our statement of operations, $6.0 billion of this amount is directly related to the forgiveness of debt and settlement of substantial amounts of our pre-petition obligations upon our emergence from bankruptcy. In addition to the removal of substantial amounts of pre-petition debt and other obligations from our balance sheet, we have also revalued our assets and liabilities to fair value, accordingly we have substantially written down the value of our fixed assets. We have recorded a net $1.7 billion charge related to the revaluation of our assets and liabilities within the Fresh Start Reporting adjustment line of our consolidated statement of operations. In addition to our recording adjustments related to our emergence from bankruptcy, we also recorded substantial charges related to other items such as the settlement of certain outstanding litigation in the amount of $462.6 million, write downs and losses on the sale of equity investments of $147.1 million, advisor cost and legal fees directly attributable to our being in bankruptcy of $197.8 million and $237.6 million of other asset impairment and restructuring costs incurred prior to our filing for bankruptcy. Net income for the period January 1, 2003 through December 5, 2003 was also favorably impacted by our not recording interest expense on substantial amounts of corporate level debt while we were in bankruptcy and by the continued favorable results experienced by our equity investments.

During the year ended December 31, 2002, we recognized a net loss of $3.5 billion. The loss from continuing operations incurred during 2002 primarily consisted of $2.7 billion of other charges consisting primarily of asset impairments.

Reorganized NRG

During the period December 6, 2003 through December 31, 2003, we recognized net income of $11.0 million or $0.11 per share of common stock. Net income was directly attributable to a number of factors some of which are discussed below. From an overall operational perspective our facilities were profitable during this period. Our results were adversely impacted by our having to continue to satisfy the standard offer service contract that we entered into with Connecticut Light & Power, or "CL&P" in 2000. As a result of our inability to terminate this contract during our bankruptcy proceeding we continued to be exposed to losses under this contract. These losses were incurred, as we were unable to satisfy the requirements of this contract

at a price/cost below the contracted sales price. Upon our adoption of Fresh Start, we recorded at fair value, all assets and liabilities on our opening balance sheet and accordingly we recorded as an obligation the fair value of the CL&P contract. During the period December 6, 2003 through December 31, 2003, we recognized as revenues, the entire fair value of this contract effectively offsetting the actual losses incurred under this contract. The CL&P contract terminated on December 31, 2003.

Revenues from Majority Owned Operations

Our operating revenues from majority owned operations were $2.1 billion in 2003, compared to $2.1 billion in the prior year, an increase of $1.3 million or less than 1%.

Revenues from majority owned operations of $2.1 billion for the year 2003, includes $1.1 billion of energy revenues, $649.1 million of capacity revenues, $192.8 million of alternative energy, $15.3 of O&M fees and $153.5 million of other revenues which include financial and physical gas sales, sales from our Schkopau facility and NEPOOL expense reimbursements. The increase of $1.3 million is due to increased capacity revenues resulting from additional projects becoming operational in the later part of 2002, higher sales in New York, and by our recognizing, as additional revenues, the fair value of the out-of-market CL&P contract upon our emergence from bankruptcy. Offsetting these increases, we continued to recognize losses on the CC&P contract throughout 2003 resulting from higher market prices and lower generation.

Cost of Majority-Owned Operations

Our cost of majority owned operations related to continuing operations was $1.6 billion in 2003, compared to $1.4 billion for 2002, an increase of $113.0 million or 7.8%. For 2003 and 2002, cost of majority owned operations represented 73.3% and 68.0% of revenues from majority owned operations, respectively. Cost of majority owned operations, consists primarily of cost of energy (primarily fuel costs), labor, operating and maintenance costs and non income based taxes related to our majority owned operations.

For the year 2003, cost of energy was $956.4 million compared to $965.7 million for 2002, representing a decrease of $9.3 million. As a percent of revenue from majority owned operations, cost of energy was 45.1% and 45.6%, for 2003 and 2002, respectively. This decrease was a result of an overall decrease in the cost of fuel during 2003 and a favorable change in the fair value of our energy related derivatives resulting from contract terminations. Offsetting this decrease are liquidated damages of $72.9 million triggered from our financial condition.

Depreciation and Amortization

Predecessor Company

Our depreciation and amortization expense related to continuing operations was $245.9 million for the period January 1, 2003 through December 5, 2003 and $240.7 for the year ended December 31, 2002. Depreciation and amortization consists of the allocation of our historical depreciable fixed asset costs over the remaining lives of such property as well as the amortization of certain contract based intangible assets.

Reorganized NRG

Our depreciation and amortization expense related to continuing operations was $13.0 million for the period December 6, 2003 through December 31, 2003. Depreciation and amortization consists of the allocation of our newly valued basis in our fixed assets over newly determined remaining fixed asset lives. As part of adopting the Fresh Start concepts of SOP 90-7 our tangible fixed assets were recorded at fair value as determined by a third party valuation expert who we also consulted with in determining the appropriate remaining lives for our tangible depreciable property. Depreciation expense for this period was based on preliminary depreciable lives and asset balances.

General, Administrative and Development

Our general, administrative and development costs for 2003 were $192.0 million compared to $226.2 million for 2002, a decrease of $34.1 million or 15.1%. For 2003 and 2002, general, administrative and development costs represent 9.1% and 10.7% of revenues from majority owned operations, respectively. This decrease is due to decreased costs related to work force reduction efforts, cost reductions due to the closure of certain international offices and reduced legal costs. Outside services also decreased, due to less non-restructuring legal activities.

Other Charges (Credits)

During the year 2003, we recorded other credits of $3.0 billion, which consisted primarily of $228.9 million related to asset impairments, $462.6 million related to legal settlements and $197.8 million related to reorganization charges and $8.7 million related to restructuring charges. We also incurred a $3.9 billion credit related to Fresh Start adjustments. During 2002, we recorded other charges of $2.7 billion, which consisted primarily of $2.6 billion related to asset impairments and $111.3 million related to restructuring charges.

We review the recoverability of our long-lived assets on a periodic basis and if we determined that an asset was impaired, we compared asset-carrying values to total future estimated undiscounted cash flows. Separate analyses are completed for assets or groups of assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The estimates of future cash flows included only future cash flows, net of associated cash outflows, directly associated with and expected to arise as a result of our assumed use and eventual disposition of the asset. Cash flow estimates associated with assets in service are based on the asset's existing service potential. The cash flow estimates may include probability weightings to consider possible alternative courses of action and outcomes, given the uncertainty of available information and prospective market conditions.

If an asset was determined to be impaired based on the cash flow testing performed, an impairment loss was recorded to write down the asset to its fair value. Estimates of fair value were based on prices for similar assets and present value techniques. Fair values determined by similar asset prices reflect our current estimate of recoverability from expected marketing of project assets. For fair values determined by projected cash flows, the fair value represents a discounted cash flow amount over the remaining life of each project that reflects project-specific assumptions for long-term power pool prices, escalated future project operating costs, and expected plant operation given assumed market conditions.

Impairment charges (credits) included the following for the year ended December 31, 2002 and for the period January 1, 2003 to December 5, 2003 and the period December 6, 2003 through December 31, 2003.

		Predecessor Company		Reorganized NRG	
Project Name	Project Status	Year Ended December 31, 2002	For the Period January 1 - December 5, 2003	For the Period December 6 - December 31, 2003	Fair Value Basis
Devon Power LLC	Operating at a loss	$ —	$ 64,198	$ —	Projected cash flows
Middletown Power LLC	Operating at a loss	—	157,323	—	Projected cash flows
Arthur Kill Power, LLC	Terminated construction project	—	9,049	—	Projected cash flows
Langage (UK)	Terminated	42,333	(3,091)	—	Estimated market price/ Realized gain
Turbine	Sold	—	(21,910)	—	Realized gain
Berrians Project	Terminated	—	14,310	—	Realized loss
Termo Rio	Terminated	—	6,400	—	Realized loss
Nelson	Terminated	467,523	—	—	Similar asset prices
Pike	Terminated	402,355	—	—	Similar asset prices
Bourbonnais	Terminated	264,640	—	—	Similar asset prices
Meriden	Terminated	144,431	—	—	Similar asset prices
Brazos Valley	Foreclosure completed in January 2003	102,900	—	—	Projected cash flows
Kendall, Batesville & other expansion Projects	Terminated	120,006	—	—	Projected cash flows
Turbines & other costs	Equipment being marketed	701,573	—	—	Similar asset prices
Audrain	Operating at a loss	66,022	—	—	Projected cash flows
Somerset	Operating at a loss	49,289	—	—	Projected cash flows
Bayou Cove	Operating at a loss	126,528	—	—	Projected cash flows
Hsin Yu	Operating at a loss	121,864	—	—	Projected cash flows
Other		28,851	2,617	—	
Total impairment charges (credits)		$ 2,638,315	$ 228,896	$ —	

Reorganization Items

For the period from January 1, 2003 to December 5, 2003, we incurred $197.8 million in reorganization costs and for the period from December 6, 2003 to December 31, 2003 we incurred $2.5 million in reorganization costs. All reorganization costs have been incurred since we filed for bankruptcy in May 2003. The following table provides the detail of the types of costs incurred (in thousands):

	Predecessor Company	Reorganized NRG
	For the Period January 1 - December 5, 2003	For the Period December 6 - December 31, 2003
Reorganization items		
Professional fees	$ 82,186	**$ 2,461**
Deferred financing costs	55,374	**—**
Pre-payment settlement	19,609	**—**
Interest earned on accumulated cash	(1,059)	**—**
Contingent equity obligation	41,715	**—**
Total reorganization items	$ 197,825	**$ 2,461**

Restructuring Charges

We incurred total restructuring charges of approximately $111.3 million for the year ended December 31, 2002. These costs consisted of employee separation costs and advisor fees. We incurred an additional $8.7 million of employee separation costs and advisor fees during 2003 until we filed for bankruptcy in May 2003. Subsequent to that date we recorded all advisor fees as reorganization costs.

Legal Settlement Costs

During 2003, we recorded $396.0 million in connection with the resolution of the FirstEnergy Arbitration Claim. As a result of this resolution, FirstEnergy retained ownership of the Lake Plant Assets and received an allowed general unsecured claim of $396 million under the NRG plan of reorganization submitted to the bankruptcy court.

In November 2003, we settled various litigation with Fortistar Capital in which Fortistar Capital released us from all litigation claims in exchange for a $60.0 million pre-petition claim and an $8.0 million post-petition claim. We had previously recorded $10.8 million in connection with various legal disputes with Fortistar Capital; accordingly, we recorded an additional $57.2 million during November 2003.

In August of 1995, we entered into a Marketing, Development and Joint Proposing Agreement or “the Marketing Agreement”, with Cambrian Energy Development LLC, or “Cambrian.” Various claims had arisen in connection with this Marketing Agreement. In November 2003, we entered into a Settlement Agreement with Cambrian where we agreed to transfer our 100% interest in three gasco projects (NEO Ft. Smith, NEO Phoenix and NEO Woodville) and our 50% interest in two genco projects (MM Phoenix and MM Woodville) to Cambrian. In addition, we agreed to pay approximately $1.8 million in settlement of royalties incurred in connection with the Marketing Agreement. We had previously recorded a liability for royalties owed to Cambrian, therefore, we recorded an additional $1.4 million during November 2003.

In November 2003, we settled our dispute with Dick Corporation in connection with Meriden Gas Turbines, which resulted in our recording an additional liability of $8.0 million in November, 2003.

Fresh Start Adjustments

During the fourth quarter of 2003, we recorded a credit of $3.9 billion in connection with fresh start adjustments as discussed in Item 15 — Note 3. Following is a summary of the significant effects of the reorganization and Fresh Start:

	(In millions)
Discharge of corporate level debt	$ 5,162
Discharge of other liabilities	811
Establishment of creditor pool	(1,040)
Receivable from Xcel	640
Revaluation of fixed assets	(1,392)
Revaluation of equity investments	(207)
Valuation of SO_2 emission credits	374
Valuation of out of market contracts, net	(400)
Fair market valuation of debt	108
Valuation of pension liabilities	(61)
Other valuation adjustments	(100)
Total Fresh Start adjustments	$ 3,895

Other Income (Expense)

Predecessor Company

During the period January 1, 2003 through December 5, 2003, we recorded other expense of $327.4 million. Other expense consisted primarily of $360.4 million of interest expense and $147.1 million of write downs and losses on sales of equity method investments, partially offset by equity in earnings of unconsolidated affiliates of $170.9 million and $11.4 million of other income.

For the year ended December 31, 2002, other expenses was $590.3 million, which consisted primarily of $487.2 million of interest expense and $200.5 million of write downs and losses on sales of equity method investments.

Interest expense for the period January 1, 2003 through December 5, 2003 of $360.4 million consisted of interest expense on both our project and corporate level interest bearing debt. In addition, interest expense includes the amortization of debt issuance costs and any interest rate swap termination costs. Subsequent to our entering into bankruptcy we ceased the recording of interest expense on our corporate level debt as these prepetition claims were deemed to be impaired and subject to compromise. We did not however cease to record interest expense on the project level debt outstanding at our Northeast Generating and South Central Generating facilities even though these entities were also in bankruptcy as these claims were deemed to be most likely not impaired and not subject to compromise. We also recorded substantial amounts of fees and costs related to our acquiring a debtor in possession financing arrangement while we were in bankruptcy. In addition, upon our emergence from bankruptcy we wrote off any remaining deferred finance costs related to our corporate and project level debt including our Northeast and South Central project level debt as it was probable that they would be refinanced upon our emergence from bankruptcy.

Write-Downs and Losses on Sales of Equity Method Investments

As we periodically review our equity method investments for impairments we have taken substantial write-downs and losses on sales of equity method investments during the period January 1, 2003 through December 5, 2003 and for the year 2002. In 2003 we recorded impairments and losses on the sales of investments of $147.1 million compared to $200.5 million in 2002. The $147.1 million recorded in 2003 consists of the write down of our investment in the Loy Yang project of $146.4 million and our investment in the NEO Corporation — Minnesota Methane project of $12.3 million during 2003. These losses were partially

offset by gains on the sale of our investment in the ECKG and Mustang projects. During 2002 we recorded write-downs and losses on sales of equity method investments of $200.5 million. The $200.5 million recorded in 2002 consists of a write down of our investment in the Loy Yang project of $111.4 million, a loss of $48.4 million on the transfer of our interest in the Sabine River Works project to our partner, a $14.2 million write down related to our investment in our EDL project, a write down of our investment in our Kondapalli project of $12.7 million and a write down of our investment in NEO Corporation — Minnesota Methane and MM Biogas of $12.3 million and $3.3 million, respectively among others. See Item 15 — Note 7 to the Consolidated Financial Statements for additional information.

During the period January 1, 2003 through December 5, 2003, minority interest in (earnings)/losses of consolidated subsidiaries was $(2.2) million, compared to $20.3 million, an increase of $22.5 million, as compared to 2002. The increase is primarily due to favorable results at PERC.

Reorganized NRG

Other income (expense) for the period December 6, 2003 through December 31, 2003, was an expense of $6.7 million and consisted primarily of $21.6 million of interest expense, partially offset by $13.5 million of equity earnings from unconsolidated subsidiaries.

Interest expense for the period December 6, 2003 through December 31, 2003 of $21.6 million consists primarily of interest expense at the corporate level, primarily related to the newly issued high yield notes, term loan facility and revolving line of credit used to refinance certain project level financings. In addition, interest expense includes the amortization of deferred financing costs incurred as a result of our refinancing efforts and the amortization of discounts and premiums recorded upon the marking of our debt to fair value upon our adoption of the Fresh Start provision of SOP 90-7.

Equity Earnings from Unconsolidated Affiliates

Predecessor Company

During the period January 1, 2003 through December 5, 2003, we recorded $170.9 million of equity earnings from investments in unconsolidated affiliates. Our 50% investment in West Coast Power comprised $98.7 million of this amount with our investments in the Mibrag, Loy Yang, Gladstone and Rocky Road projects comprising $21.8 million, $17.9 million, $12.4 million and $6.9 million, respectively, with the remaining amounts attributable to various domestic and international equity investments. Our investment in West Coast Power continues to generate favorable earnings as well as our investments in Mibrag, Loy Yang, Gladstone and Rocky Road. For the year ended December 31, 2002, equity earnings from investments in unconsolidated affiliates was $69.0 million.

Reorganized NRG

Equity in earnings of unconsolidated affiliates of $13.5 million consists primarily of equity earnings from our 50% ownership in West Coast Power of $9.3 million.

Discontinued Operations

Predecessor Company

As of December 5, 2003, we classified as discontinued operations the operations and gains/losses recognized on the sales of projects that were sold or were deemed to have met the required criteria for such classification pending final disposition. For the period January 1, 2003 through December 5, 2003, discontinued operations consist of the historical operations and net gains/losses related to our Killingholme, McClain, NLGI, NEO Corporation projects, TERI, Cahua and Energia Pacasmayo projects. Discontinued operations for the year ended December 31, 2002 consisted of our Crockett Cogeneration, Entrade, Killingholme, Csepel, Bulo Bulo, McClain, NLGI and TERI, Cahua and Energia Pacasmayo projects.

For the period January 1, 2003 through December 5, 2003, the results of operations related to such discontinued operations was a net gain of $15.7 million. The reason for the gain recognized during the period January 1, 2003 through December 5, 2003, was the completion of the sale of our interest in Killingholme resulting in a net gain of $191.2 million, offset by the loss on the sale of our Peru projects, impairment charges recorded at McClain and NLGI.

During 2002 we recognized a loss on discontinued operations of $500.8 million due to asset impairments recorded at Killingholme, NLGI and TERI projects.

Reorganized NRG

Discontinued operations for the period December 6, 2003 through December 31, 2003 is comprised of a gain of $0.5 million attributable to the on going operations of our McClain project.

Income Tax

Predecessor Company

Income tax (benefit)/expense for the period January 1, 2003 through December 5, 2003 was a tax expense of $16.6 million as compared to a tax benefit of ($164.4) million for the year ended December 31, 2002. The income tax expense for the period ended December 5, 2003 was primarily due to separate company income tax liabilities and an increase in the valuation allowance against deferred tax assets. An additional valuation allowance of $33 million was recorded against deferred tax assets of NRG West Coast as a result of its conversion from a corporation to a single member limited liability company (a disregarded entity for federal income tax purposes).

The effective income tax rate for the period January 1, 2003 through December 5, 2003 is relatively low since the U.S. net operating loss carryforwards are offset by the cancellation of debt income resulting from the Bankruptcy. The income tax benefit for the year ended December 31, 2002 was primarily due to the increase in deferred tax assets relating to impairments recognized for financial reporting purposes. A valuation allowance was increased limiting the recognition of deferred tax assets to the extent of previously-recorded deferred tax liabilities.

Income taxes have been recorded on the basis that our U.S. subsidiaries and we will file separate federal income tax returns for the period January 1, 2003 through December 5, 2003. Since our U.S. subsidiaries and we will not be included in the Xcel Energy consolidated tax group, each of our U.S. subsidiaries that is classified as a corporation for U.S. income tax purposes must file a separate federal income tax return. It is uncertain if, on a stand-alone basis, we would be able to fully realize deferred tax assets related to net operating losses and other temporary differences, therefore a full valuation allowance has been established.

Reorganized NRG

Income tax (benefit)/expense for the period December 6, 2003 through December 31, 2003 was a tax benefit of ($0.7) million which consists of a U.S. tax benefit of ($1.5) million and foreign tax expense of $0.8 million. The foreign tax expense for the period is due to earnings in the foreign jurisdictions.

Our U.S. subsidiaries and we will file a consolidated federal income tax return for the period December 6, 2003 through December 31, 2003. With the exception of alternative minimum tax, or “AMT”, we anticipate that our cash tax rate for the next 5 years will be relatively low as we realize the cash tax benefits from using our net operating loss carryforwards. For AMT purposes, utilization of net operating losses is limited on an annual basis.

Due to the uncertainty of realization of deferred tax assets related to net operating losses and other temporary differences, the change in U.S. current and deferred income taxes has been fully offset by a change in the valuation allowance and our U.S. net deferred tax assets at December 31, 2003 were offset by a full valuation allowance in accordance with SFAS 109. Regarding the valuation allowance as of December 5, 2003, SOP 90-7 requires any future benefits from reducing the valuation allowance from preconfirmation net

operating loss carryforwards be reported as a direct addition to paid-in-capital versus a benefit on our income statement. Consequently, our effective tax rate in post Bankruptcy emergence years will not benefit from utilization of our net operating loss carryforwards which were fully valued as of the date of our emergence from Bankruptcy.

As of December 31, 2003, our management intends to indefinitely reinvest the earnings from our foreign operations. Accordingly, U.S. income taxes and foreign withholding taxes were not provided on the earnings of our foreign subsidiaries.

For the Year Ended December 31, 2002 Compared to the Year Ended December 31, 2001

Net Loss

During the year ended December 31, 2002, we recognized a net loss of $3.5 billion. This loss represented a decrease in earnings of $3.7 billion compared to net income of $265.2 million for the same period in 2001. Our loss from continuing operations was $3.0 billion for the year ended December 31, 2002 compared to net income of $222.0 million from continuing operations for the same period in 2001. The loss from continuing operations incurred during 2002 primarily consists of $2.7 billion of other charges consisting primarily of asset impairments.

During 2002, our continuing operations experienced less favorable results than those experienced during the same period in 2001. Overall, our domestic power generation operations performed poorly compared to the same period in 2001. Our domestic operations experienced reductions in domestic energy and capacity sales and an overall decrease in power pool prices and related spark spreads (the monetary difference between the price of power and fuel cost). During the fourth quarter of 2002, an additional reserve for uncollectible receivables in California was established by West Coast Power, the California joint venture of which we own 50%, which reduced our equity in the earnings of that joint venture by approximately $58.5 million on a pre-tax basis. In addition, West Coast Power's results were already less than those recorded in 2001 due to less favorable contracts and reductions in sales of energy and capacity. In addition, increased administrative costs, depreciation and interest expense from completed construction costs also contributed to the less than favorable results in 2002. Partially offsetting these earnings reductions was the recognition, in the fourth quarter of 2002, of approximately $51.0 million of additional revenues related to the contractual termination of a power purchase agreement with our Indian River project.

During the third quarter of 2002, we experienced credit rating downgrades, defaults under certain credit agreements, increased collateral requirements and reduced liquidity. These events led to impairments of a number of our assets, resulting in pre-tax charges related to continuing operations of approximately $2.6 billion during 2002. In addition, approximately $200.5 million of net losses on sales and write-downs of equity method investments were recorded in 2002.

Operating results of majority-owned projects that were sold or have met the criteria to be considered as held-for-sale have been classified as discontinued operations. The period ended December 31, 2002, consisted of the historical operations and net gains/losses related to our Crockett Cogeneration, Entrade, Killingholme, Csepel, Bulo Bulo, McClain, NLGI, NEO Fort Smith LLC, NEO Woodville LLC, NEO Phoenix LLC, TERI, Cahua and Energia Pacasmayo.

During 2002, we expensed approximately $111.3 million for costs related to our financial restructuring. These costs include expenses for financial and legal advisors, contract termination costs, employee separation and other restructuring activities.

Revenues from Majority-Owned Operations

Our operating revenues from majority-owned operations were $2.1 billion in 2002 compared to $2.2 billion in the prior year, a decrease of $88.8 million or approximately 4.0%. Revenues from majority-owned operations for the year ended December 31, 2002, consisted primarily of power generation revenues from domestic operations of approximately $1.6 billion in 2002 compared with $1.7 billion in 2001, a decrease

of $132.8 million. This decrease in domestic generation revenue is due to reductions in energy and capacity sales and an overall decrease in power pool prices.

The Northeast region experienced decreased revenues, as they were significantly affected by a combination of lower capacity revenues and a decline in megawatt hour generation compared with 2001. This decline in generation is attributable to an unseasonably warm winter and cooler spring and a slowing economy, which reduced demand for electricity, together with new regulation, which reduced price volatility, particularly in New York City. The South Central region generated increased revenues primarily due to a full year of operations compared to plants acquired and completed in 2001.

Our International revenues from majority-owned operations increased by $36.3 million or 10.9% from 2001 to 2002. The Asia Pacific region reported a reduction in revenues of $9.8 million while increases were reported from Europe of $34.9 million and Latin America of $11.2 million. The reduction in Asia Pacific revenue is primarily due to a decline in energy prices and the loss of a significant contract at Flinders. The increase in Europe and Latin America revenue is primarily due to a full year of operations for acquisitions made in 2001.

Operating Costs and Expenses

For the year ended December 31, 2002, cost of majority-owned operations related to continuing operations was $1.4 billion compared to $1.4 billion for 2001, an increase of $11.2 million or approximately 0.8%. For the years ended December 31, 2002 and 2001, cost of majority-owned operations represented approximately 68.0% and 64.7% of revenues from majority-owned operations, respectively. Cost of majority-owned operations consists primarily of cost of energy (primarily fuel costs), labor, operating and maintenance costs and non-income based taxes related to our majority-owned operations.

For the year ended December 31, 2002, cost of energy was $965.7 million compared to $995.0 million for the year ended December 31, 2001. This represents a decrease of $29.3 million or 2.9%. As a percent of revenue from majority-owned operations cost of energy was 45.1% and 45.1% for the years ended December 31, 2002 and 2001, respectively.

For the year ended December 31, 2002, operating and maintenance costs were $399.0 compared to $347.4 million for the year ended December 31, 2001. This represents an increase of $51.6 million or 14.9%. As a percent of revenue from majority-owned operations, operating and maintenance costs represented 18.8% and 15.7%, for the years ended December 31, 2002 and 2001, respectively. The increase in operating and maintenance expense is primarily due to a full year of expense in 2002 related to assets acquired during 2001.

Depreciation and Amortization

For the year ended December 31, 2002, depreciation and amortization related to continuing operations was $240.7 million, compared to $163.9 million for the year ended December 31, 2001, an increase of $76.8 million or approximately 46.9%. This increase is primarily due to the addition of property, plant and equipment related to our acquisitions of electric generating facilities completed during 2002.

General, Administrative and Development

For the year ended December 31, 2002, general, administrative and development costs were $226.2 million, compared to $192.1 million for the year ended December 31, 2001, an increase of $34.1 million or approximately 17.7%. For the year ended December 31, 2002 and 2001, general, administrative and development costs represent 10.7% and 8.7% of revenues from majority-owned operations, respectively. This increase is primarily due to an increase in bad debt expense. Additionally there was an increase in other general administrative expenses due to 2001 acquisitions and newly constructed facilities coming on line. These increases were partially offset by decreases in business development expenses and other reductions to costs previously incurred to support international and expanded operations.

Other Charges

During the third quarter of 2002, we experienced credit rating downgrades, defaults under certain credit agreements, increased collateral requirements and reduced liquidity. We applied the provisions of SFAS No. 144 to our construction and operational projects. We completed an analysis of the recoverability of the asset carrying values of our projects factoring in the probability of different courses of action available to us given our financial position and liquidity constraints. As a result, we determined during the third quarter that many of our construction projects and certain operational projects were impaired and should be written down to fair market value. To estimate fair value, our management considered discounted cash flow analyses, bids and offers related to those projects and prices of similar assets. During 2002, we recorded asset impairment and other special charges related to continuing operations of $2.7 billion. See Item 15 — Note 8 to the Consolidated Financial Statements for additional information.

Other Income (Expense)

For the year ended December 31, 2002, total other expense was $590.3 million, compared to $161.9 million for the year ended December 31, 2001, an increase of $428.4 million or approximately 264.7%. The increase in total other expense from 2001 consisted primarily of an increase in interest expense and $200.5 million of write downs and losses on sales of equity method investments combined with lower equity earnings of unconsolidated affiliates.

For the year ended December 31, 2002, we had equity in earnings of unconsolidated affiliates of $69.0 million, compared to $210.0 million for 2001, a decrease of $141.0 million or approximately 67.1%. The $141.0 million decrease in equity earnings from unconsolidated affiliates is due primarily to unfavorable results at West Coast Power in 2002 as compared to the same period in 2001. During 2002, West Coast Power had long-term contracts that were less favorable than those held in 2001. In addition during 2002, West Coast Power established reserves for certain receivables not considered recoverable from California PX. Our share of this reserve was approximately $58.5 million on a pre-tax basis.

For the year ended December 31, 2002, interest expense (which includes both corporate and project level interest expense) was $487.2 million, compared to $389.9 million in 2001, an increase of $97.3 million or approximately 25.0%. This increase is due primarily to increased corporate and project level debt. We issued substantial amounts of long-term debt at both the corporate level (recourse debt) and project level (non-recourse debt) to either directly finance the acquisition of electric generating facilities or refinance short-term bridge loans incurred to finance such acquisitions.

For the year ended December 31, 2002, minority interest in (earnings)/ losses of consolidated subsidiaries was $20.3 million, compared to $(0.8) million, a decrease of $21.1 million, as compared to 2001. This decrease is primarily due to increased earnings from COBEE for the year ended December 31, 2002.

Other income was a gain of $8.0 million, as compared to $18.8 million for the year ended December 31, 2001, a decrease of $10.8 million, or approximately 57.4%. Other income consists primarily of interest income on cash balances and realized and unrealized foreign currency exchange gains and losses. Interest income was lower during 2002 due to lower interest from affiliates, primarily related to West Coast Power. In addition, there were significant foreign currency exchange losses during 2002.

Write-Downs and Losses on Sales of Equity Method Investments

For the year ended December 31, 2002, write-downs and losses on equity method investments were $200.5 million. The $200.5 million charge consists primarily of write-downs related to our investment in Loy Yang in the total amount of $111.4 million. In addition, we recorded a loss of $48.4 million upon the transfer of our investment in SRW Cogeneration and recorded write-downs of $14.2 million and $3.6 million of our investments in EDL and Collinsville, respectively.

Income Tax

Income tax (benefit)/expense for the year ended December 31, 2002 was a tax benefit of ($164.4) million as compared to a tax expense of $39.1 million for the year ended December 31, 2001. The income tax benefit for the year ended December 31, 2002 was primarily due to the increase in deferred tax assets relating to impairments recognized for financial reporting purposes. A valuation allowance was increased limiting the recognition of deferred tax assets to the extent of previously recorded deferred tax liabilities. The income tax expense for the year ended December 31, 2001 was primarily due to U.S. and foreign operating earnings reduced by tax credits of $37.2 million.

For 2002, income taxes were recorded on the basis that Xcel Energy would not include us in its consolidated federal income tax return following Xcel Energy's acquisition of our public shares on June 3, 2002. Since Xcel Energy did not include us in its consolidated federal income tax return, we and each of our U.S. subsidiaries that is classified as a corporation for U.S. income tax purposes must file separate federal income tax returns. It is uncertain if, on a stand-alone basis, we will be able to fully realize deferred tax assets related to net operating losses and other temporary differences, consequently, a valuation allowance of $1.3 billion was recorded as of December 31, 2002.

For 2001, our U.S. subsidiaries and we were included in the Xcel Energy consolidated federal income tax return through March 12, 2001, the date of our secondary public offering. For the remainder of the year, we filed a consolidated federal return with our U.S. subsidiaries. Income tax expense was recorded on current and deferred tax liabilities, partially offset by benefits from tax credits.

Discontinued Operations

As of December 31, 2002, we classified the operations and gains/losses recognized on the sales of certain entities as discontinued operations. Discontinued operations consist of the historical operations and net gains/losses related to our Crockett Cogeneration, Entrade, Killingholme, Csepel, Bulo Bulo, McClain, NLGI, NEO Fort Smith LLC, NEO Woodville LLC, NEO Phoenix LLC, TERI, Cahua and Energia Pacasmayo that were sold in 2002 or were deemed to have met the required criteria for such classification pending final disposition. For 2002, the results of operations related to such discontinued operations was a net loss of $500.8 million as compared to a gain of $43.2 million for the same period in 2001. The primary reason for the loss recognized in 2002 is due to asset impairments recorded at Killingholme, TERI and NLGI.

Reorganization and Emergence from Bankruptcy

On May 14, 2003, we and 25 of our U.S. affiliates, filed voluntary petitions for reorganization under Chapter 11 of the United States Bankruptcy Code, "the Bankruptcy Code" in the United States Bankruptcy Court for the Southern District of New York, or the "bankruptcy court."

On May 15, 2003, NRG Energy, PMI, NRG Finance Company I LLC, NRGenerating Holdings (No. 23) B.V. and NRG Capital LLC, collectively "the Plan Debtors", filed the NRG plan of reorganization and the related Disclosure Statement for Reorganizing Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code, as subsequently amended, "the Disclosure Statement." The Bankruptcy Court held a hearing on the Disclosure Statement on June 30, 2003, and instructed the Plan Debtors to include certain additional disclosures. The Plan Debtors amended the Disclosure Statement and obtained Bankruptcy Court approval for the Third Amended Disclosure Statement for Debtors' Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code.

On November 24, 2003, the bankruptcy court issued an order confirming the NRG plan of reorganization, and the plan became effective on December 5, 2003. On September 17, 2003, the Northeast/ South Central plan of reorganization was proposed after we secured the necessary financing commitments. On November 25, 2003, the bankruptcy court issued an order confirming the Northeast/ South Central plan of reorganization and the plan became effective on December 23, 2003.

Financial Reporting by Entities in Reorganization under the Bankruptcy Code and Fresh Start

Between May 14, 2003 and December 5, 2003, we operated as a debtor-in-possession under the supervision of the bankruptcy court. Our financial statements for reporting periods within that timeframe were prepared in accordance with the provisions of Statement of Position 90-7, *"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code"*, or "SOP 90-7."

For financial reporting purposes, the close of business on December 5, 2003, represents the date of emergence from bankruptcy. As used herein, the following terms refer to the Company and its operations:

"Predecessor Company"	The Company, pre-emergence from bankruptcy The Company's operations, January 1, 2001 — December 5, 2003
"Reorganized NRG"	The Company, post-emergence from bankruptcy The Company's operations, December 6, 2003 — December 31, 2003

The implementation of the NRG plan of reorganization resulted in, among other things, a new capital structure, the satisfaction or disposition of various types of claims against the Predecessor Company, the assumption or rejection of certain contracts, and the establishment of a new board of directors.

In connection with the emergence from bankruptcy, we adopted Fresh Start in accordance with the requirements of SOP 90-7. The application of SOP 90-7 resulted in the creation of a new reporting entity. Under Fresh Start, the enterprise value of our company was allocated among our assets and liabilities on a basis substantially consistent with purchase accounting in accordance with SFAS No. 141 *"Business Combinations"*, or "SFAS No. 141." Accordingly, we pushed down the effects of this allocation to all of our subsidiaries.

Under the requirements of Fresh Start, we have adjusted our assets and liabilities, other than deferred income taxes, to their estimated fair values as of December 5, 2003. As a result of marking our assets and liabilities to their estimated fair values, we determined that there was no excess reorganization value that was reallocated back to our tangible and intangible assets. Deferred taxes were determined in accordance with SFAS No. 109, *"Accounting for Income Taxes."* The net effect of all Fresh Start adjustments resulted in a gain of $3.9 billion, which is reflected in the Predecessor Company's results of operations for the period January 1, 2003 through December 5, 2003. The application of the Fresh Start provisions of SOP 90-7 created a new reporting entity having no retained earnings or accumulated deficit.

As part of the bankruptcy process we engaged an independent financial advisor to assist in the determination of our reorganized enterprise value. The fair value calculation was based on management's forecast of expected cash flows from our core assets. Management's forecast incorporated forward commodity market prices obtained from a third party consulting firm. A discounted cash flow calculation was used to develop the enterprise value of Reorganized NRG, determined in part by calculating the weighted average cost of capital of the Reorganized NRG. The Discounted Cash Flow, or "DCF", valuation methodology equates the value of an asset or business to the present value of expected future economic benefits to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts expected future economic benefits by a theoretical or observed discount rate. The independent financial advisors prepared a 30 year cash flow forecast using a discount rate of approximately 11%. The resulting reorganization enterprise value as included in the Disclosure Statement ranged from $5.5 billion to $5.7 billion. The independent financial advisor then subtracted our project level debt and made several other adjustments to reflect the values of assets held for sale, excess cash and collateral requirements to estimate a range of Reorganized NRG equity value of between $2.2 billion and $2.6 billion.

In constructing our Fresh Start balance sheet upon our emergence from bankruptcy we used a reorganization equity value of approximately $2.4 billion, as we believe this value to be the best indication of the value of the ownership distributed to the new equity owners. Our NRG Plan of reorganization provided for the issuance of 100,000,000 shares of NRG common stock to the various creditors resulting in a calculated price per share of $24.04. Our reorganization value of approximately $9.1 billion was determined by adding our reorganized equity value of $2.4 billion, $3.7 billion of interest bearing debt and our other liabilities of

$3.0 billion. The reorganization value represents the fair value of an entity before liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after restructuring. This value is consistent with the voting creditors and bankruptcy court's approval of the NRG plan of reorganization.

We recorded approximately $3.9 billion of net reorganization income in the Predecessor Company's statement of operations for 2003, which includes the gain on the restructuring of equity and the discharge of obligations subject to compromise for less than recorded amounts, as well as adjustments to the historical carrying values of our assets and liabilities to fair market value.

Due to the adoption of Fresh Start as of December 5, 2003, the Reorganized NRG post-Fresh Start balance sheet, statement of operations and statement of cash flows have not been prepared on a consistent basis with the Predecessor Company's financial statements and are therefore not comparable in certain respects to the financial statements prior to the application of Fresh Start. A black line has been drawn on the accompanying Consolidated Financial Statements to separate and distinguish between Reorganized NRG and the Predecessor Company. The effects of the reorganization and Fresh Start on our balance sheet as of December 5, 2003, were as follows (in thousands):

	Predecessor Company December 5, 2003	Debt Discharge and Exchange of Stock	Fresh Start Adjustments		Consolidation	Reorganized NRG December 6, 2003
			(In thousands)			
Current Assets						
Cash and cash equivalents	$ 409,249	$ (1,728)(B)	$	$	$ 1,692(T)	$ 409,213
Restricted cash	544,387	1,732(B)			1,932(T)	548,051
Accounts receivable — trade	233,051	640,000(A)	(2)(B)	3,627(J)	1,177(T)	877,853
Accounts receivable — affiliates	41,272		806(B)	(42,078)(J)		—
Current portion of notes receivable	66,628					66,628
Inventory	252,018		(26,618)(K)	(11,004)(L)		214,396
Derivative instruments valuation	161					161
Prepayments and other current assets	166,754	(25,855)(B)	(7,150)(M)	85,873(J)	1,047(T)	220,669
Current assets — discontinued operations	4,764		(714)(K)	1,629(J)		5,679
Total Current Assets	1,718,284	614,149	(33,678)	38,047	5,848	2,342,650
Property, Plant and Equipment						
Net property, plant and equipment	5,883,944	—	(1,392,481)(I)	(132,128)(J)	46,652(T)	4,405,987
Other Assets						
Equity investments in affiliates	964,317		(216,029)(C)	14(J)	(6,880)(T)	741,422
Notes receivable, less current portion — affiliates	164,987		(39,336)(P)			125,651
Notes receivable, less current portion	752,847	(155,477)(D)	77,862(P)		(301)(T)	674,931
Decommissioning fund investments	4,787					4,787
Intangible assets, net	71,696		437,860(O)	(22,829)(I)		486,727
Debt issuance cost, net	76,256		(76,256)(P)			—
Derivative instruments valuation	66,442					66,442

	Predecessor Company December 5, 2003	Debt Discharge and Exchange of Stock	Fresh Start Adjustments		Consolidation	Reorganized NRG December 6, 2003
			(In thousands)			
Other assets, net	24,347		(133)(P)	98,857(J)	2,170(T)	125,241
Non-current assets — discontinued operations	161,729		276(P)	(J)		162,005
Total Other Assets	2,287,408	(155,477)	184,244	76,042	(5,011)	2,387,206
Total Assets	$ 9,889,636	$ 458,672	$(1,241,915)	$ (18,039)	$47,489	$ 9,135,843
Current Liabilities						
Current portion of long-term debt	$ 1,538,866	$ (155,477)(D)	$ (120,934)(P)	$ 1,307,249(Q)	$ 613(T)	$ 2,570,317
Accounts payable trade	329,135	(101,632)(E)	(903)(N)	5,499(J)		232,099
Accounts payable affiliate	24,525	(2,308)(B)	(5,205)(N)	2,995(J)	36(T)	20,043
Income taxes payable	19,303		(4,571)(M)	4,255(J)		18,987
Accrued property, sales and other taxes	32,965		(5,999)(B)	3,556(J)		30,522
Accrued salaries, benefits and related costs	14,337			2,377(J)	5(T)	16,719
Accrued interest	86,332	(2,464)(B)		1,632(J)	121(T)	85,621
Derivative instruments valuation	95					95
Other current liabilities	141,542	1,260,057(F)	8,233(O)	(10,628)(J)	413(T)	1,399,617
Current liabilities — discontinued operations	3,518		(104)(J)	6(J)		3,420
Total Current Liabilities	2,190,618	998,176	(129,483)	1,316,941	1,188	4,377,440
Other Liabilities						
Long-term debt	1,194,097	10,000(G)	(33,256)(P)	303(J)	42,060(T)	1,213,204
Deferred income taxes	163,234		(31,087)(M)	(18,945)(J)		113,202
Postretirement and other benefit obligations	45,181	(1,118)(B)	64,067(R)	(2,838)(J)		105,292
Derivative instrument valuation	53,082			102,627(J)		155,709
Other long-term obligations	152,068	763(B)	518,085(O)	(99,060)(J)		571,856
Non-current liabilities — discontinued operations	158,225	—	—	—	—	158,225
Total liabilities not subject to compromise	3,956,505	1,007,821	388,326	1,299,028	43,248	6,694,928
Total liabilities subject to compromise	7,658,071	(6,278,547)(H)	(1,367)(J)	(1,378,157)(Q)		—
Total liabilities	11,614,576	(5,270,726)	386,959	(79,129)	43,248	6,694,928
Minority interest	32,674				4,241(T)	36,915

Commitments and Contingencies			
Class A — Common stock; $.01 par value; 100 shares authorized in 2002; 3 shares issued and outstanding at December 31 2002	1	(1)(S)	
Common stock; $.01 par value; 100 authorized in 2002; 1 share issued and outstanding at December 31, 2002			

	Predecessor Company December 5, 2003	Debt Discharge and Exchange of Stock	Fresh Start Adjustments		Consolidation	Reorganized NRG December 6, 2003
			(In thousands)			
Common stock; $.01 par value; 500,000,000 authorized in 2003; 100,000,000 shares issued and outstanding at December 6, 2003		1,000(H)				1,000
Additional paid-in capital	2,227,691	2,403,000(H)	(2,227,691)(S)			2,403,000
Retained (deficit) earnings	(3,986,739)		3,924,215(S)	62,524(S)		
Accumulated other comprehensive loss	1,433			(1,433)(S)		
Total Stockholders' Equity/ (Deficit)	(1,757,614)	2,403,999	1,696,524	61,091		2,404,000
Total Liabilities and Stockholders' Equity/ (Deficit)	$ 9,889,636	$ (2,866,727)	$ 2,083,483	$(18,038)	$ 47,489	$ 9,135,843

(A) Represents a $640.0 million receivable from Xcel Energy that relates to the Xcel Energy Settlement Agreement. $288.0 million was paid on February 20, 2004 in cash and $352.0 million will be paid on April 30, 2004.

(B) Adjustments to assets and liabilities resulting from the NRG Energy bankruptcy settlement.

(C) Includes the adjustment of carrying amount of Investments in Projects to fair market value as determined by independent appraisers.

(D) The NRG Energy bankruptcy settlement included the liquidation of NRG FinCo. As a result, the NRG FinCo creditors obtained a perfected first priority security interest in all of LSP Pike Energy LLC assets, making the Mississippi Industrial Revenue Bonds owed by LSP Pike Energy LLC worthless.

(E) Includes $103.0 million discharge of obligations related to LSP Pike Energy LLC settlement with Shaw Constructors, Inc.

(F) Includes the establishment of a creditor's pool and the FinCo lender settlement (in millions):

Creditor installment payments	$ 515.0
Establishment of Plan of reorganization liability	500.0
Contingency payment	25.0
FinCo lender settlement (see Note 24)	220.0
Total other current liabilities	$1,260.0

(G) Represents NRG Energy Promissory Note owed to Xcel Energy, due June 5, 2006 with a stated interest rate of 3.0%

(H) Represents the elimination of approximately $5.2 billion of corporate level bank and bond debt and approximately $1.1 billion of additional claims and disputes by distributing a combination of equity and up to $1.04 billion in cash among our unsecured creditors. Upon reorganization we issued 100 million shares of NRG common stock at $24.04 per share.

(I) Result of allocating the reorganization value in conformity with the purchase method of accounting for business combinations. These allocations were based on valuations obtained from independent appraisers.

(J) Adoption of Fresh Start Reporting and reinstatement of miscellaneous liabilities subject to compromise.

(K) Accounting policy change upon adoption of fresh start reporting. Consumables are no longer included as inventory and are expensed as incurred.

(L) Accounting policy change upon adoption of fresh start reporting. Capital spares were reclassified from inventory to Property Plant and Equipment.

(M) Records income taxes of the Company based on the guidance provided in the Statement of Financial Accounting Standards No. 109 and SOP 90-7.

(N) Adjust assets and liabilities to reflect management's estimate, with the assistance of independent specialists, of the fair value.

(O) Reflects management's estimate, with the assistance of independent appraisers, of the fair value of power purchase agreements and SO_2 emission credits. Management identified certain power purchase agreements that were either significantly valuable or significantly burdensome as compared to our market expectations. The predecessor goodwill and intangibles were written off. Our guarantees were reviewed for the requirement to recognize a liability at inception. As a result, we recorded a $15.0 million liability. In addition, our Asset Retirement Obligation or "ARO" was revalued.

	(In millions)
SO_2 emission credits	$ 373.5
Valuable contracts	113.2
Predecessor intangible	(48.9)
Total intangible	$ 437.8
Burdensome contracts	$ 15.1
Other valuations adjustments	(6.9)
Total other current liabilities	$ 8.2
Burdensome contracts	$ 493.5
Other valuations adjustments	24.6
Total other long-term obligations	$ 518.1

(P) Reflects management's estimate, based on current market interest rates as of December 5, 2003, of the fair value of notes receivable, notes payable and other debt instruments.

(Q) Reclassification of subject to compromise liabilities due to emergence from bankruptcy, consists primarily of the debt held at our Northeast and South Central subsidiaries of $1.3 billion. The remaining amounts were reclassified to current liabilities.

(R) Adjustment to post-retirement and other benefit obligations in order to reflect the accumulated benefit obligation liability based on independent actuarial reports. The pension and welfare plans were assumed from Xcel Energy without the transfer of assets.

(S) Reflects the cancellation of the Predecessor Company's common stock and the elimination of the retained deficit and the accumulated other comprehensive loss.

(T) As required by SOP 90-7, we have adopted FASB Interpretation No. 46 *"Consolidation of Variable Interest Entities,"* or "FIN 46," as of the adoption of Fresh Start. The adoption of FIN 46 resulted in the consolidation of Northbrook New York, LLC and Northbrook Energy, LLC.

APB No. 18, *"The Equity Method of Accounting for Investments in Common Stock,"* requires us to effectively push down the effects of Fresh Start reporting to our unconsolidated equity method investments and to recognize an adjustment to our share of the earnings or losses of an investee as if the investee were a consolidated subsidiary. As a result of pushing down the impact of Fresh Start to our West Coast Power affiliate, we determined that a contract based intangible asset with a one year remaining life, consisting of the value of West Coast Power's California Department of Water Resources energy sales contract, must be established and recognized as a basis adjustment to our share of the future earnings generated by West Coast

Power. This adjustment will reduce our equity earnings in the amount of approximately $10.4 million per month until the contract expires in December 2004.

Liquidity and Capital Resources

Reorganized Capital Structure

In connection with the consummation of the NRG plan of reorganization, on December 5, 2003 all shares of our old common stock were canceled and 100,000,000 shares of new common stock of NRG Energy were distributed pursuant to such plan to the holders of certain classes of claims. A certain number of shares of common stock was issued for distribution to holders of disputed claims as such claims are resolved or settled. In the event our disputed claims reserve is inadequate, it is possible we would have to issue additional shares of our common stock to satisfy such pre-petition claims or contribute additional cash proceeds. See Item 3 — Legal Proceedings — Disputed Claims Reserve. Our authorized capital stock consists of 500,000,000 shares of NRG Energy common stock and 10,000,000 shares of Serial Preferred Stock. Further, a total of 4,000,000 shares of our common stock, representing approximately 4% of our outstanding common stock, are available for issuance under our long-term incentive plan.

In addition to our issuance of new common stock, on December 23, 2003, we completed a note offering consisting of $1.25 billion of 8% Second Priority Senior Secured Notes due 2013, or the "Second Priority Notes", and we entered into a new credit facility consisting of a $950.0 million term loan facility, a $250.0 million funded letter of credit facility and a $250.0 million revolving credit facility. In January of 2004, we completed a supplementary note offering whereby we issued an additional $475.0 million of the Second Priority Notes at a premium and used the proceeds to repay a portion of the $950.0 million term loan. As of March 1, 2004, we had $1.7 billion in aggregate principal amount of Second Priority Notes outstanding, $446.5 million principal amount outstanding under the term loan and $147.5 million remains available under the funded letter of credit facility. As of March 1, 2004, we had not drawn down on our revolving credit facility. Finally, in connection with the consummation of the NRG plan of reorganization, we issued to Xcel Energy a $10.0 million non-amortizing promissory note, which will accrue interest at a rate of 3% per annum and mature 2.5 years after the effective date of the NRG plan of reorganization.

As part of the NRG plan of reorganization, we eliminated approximately $5.2 billion of corporate level bank and bond debt and approximately $1.3 billion of additional claims and disputes through our distribution of new common stock and $1.04 billion in cash among our unsecured creditors. In addition to the debt reduction associated with the restructuring, we used the proceeds of the recent note offering and borrowings under the New Credit Facility to retire approximately $1.7 billion of project-level debt.

For additional information on our short term and long term borrowing arrangements, see Item 15 — Note 17 to the Consolidated Financial Statements.

Historical Cash Flows

Predecessor Company

Historically, we have obtained cash from operations, issuance of debt and equity securities, borrowings under credit facilities, capital contributions from Xcel Energy, reimbursement by Xcel Energy of tax benefits pursuant to a tax sharing agreement and proceeds from non-recourse project financings. We used these funds to finance operations, service debt obligations, fund the acquisition, development and construction of generation facilities, finance capital expenditures and meet other cash and liquidity needs.

Reorganized NRG

We have obtained cash from operations, Xcel Energy's contribution net of distributions to creditors, proceeds from the sale of certain assets and borrowings under our Second Priority Notes and New Credit Facility.

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
	(In thousands)			
Net cash provided (used) by operating activities	$ 276,014	$ 430,043	$ 238,508	**$ (588,875)**
Net cash (used) provided by investing activities	(4,335,641)	(1,681,467)	(185,679)	**363,372**
Net cash provided (used) by financing activities	4,153,546	1,449,330	(29,944)	**393,273**

Net Cash Provided (Used) By Operating Activities

Predecessor Company

Net cash provided by operating activities increased during 2002 compared with 2001, primarily due to our efforts to conserve cash by deferring the payment of interest and managing our cash flows more closely. As a result, we increased accounts payable and accrued interest balances and reduced inventory levels.

For the period January 1, 2003 through December 5, 2003 net cash provided by operating activities was $238.5 million. Operating activities consisted of a net loss before Fresh Start adjustments of $1.1 billion, offset by non-cash charges of $567.5 million and cash provided by working capital of $800.1 million. The non-cash charges consisted primarily of the write-down of our investment in Loy Yang, asset impairments and legal settlement charges. The favorable change in working capital was primarily due to reduced cash expenditures throughout the bankruptcy period resulting in increased accounts payable.

Reorganized NRG

For the period December 6, 2003 through December 31, 2003 cash used by operating activities was $588.9 million. This was primarily a result of payments made to creditors upon our emergence from bankruptcy.

Net Cash Provided (Used) By Investing Activities

Predecessor Company

Net cash used in investing activities decreased in 2002, compared with 2001, primarily as a result of the termination of our acquisition program due to our financial difficulties and the receipt of cash upon the sale of assets during 2002.

For the period January 1, 2003 through December 5, 2003 cash used in investing activities $185.7 million. This was primarily a result of capital expenditures and an increase in restricted cash, offset by cash proceeds received upon the sale of investments.

Reorganized NRG

For the period December 6, 2003 through December 31, 2003 cash provided by investing activities was $363.4 million. In connection with the refinancing transaction, approximately $375.3 million of restricted cash was released upon payment of the Northeast Generating and South Central Generating note. This increase was offset by funds used for capital expenditures and investments in projects.

Net Cash Provided (Used) By Financing Activities

Predecessor Company

Net cash provided by financing activities decreased during 2002 compared to 2001 due to constraints on our ability to access the capital markets and the cancellation and termination of construction projects reducing the need for capital.

For the period January 1, 2003 through December 5, 2003 cash used by financing activities was $29.9 million, which consisted primarily of principal payments offset by the issuance of additional debt.

Reorganized NRG

For the period December 6, 2003 through December 31, 2003 cash provided by financing activities was $393.3 million. We entered into refinancing transactions on December 23, 2003, where we issued $1.25 billion of Second Priority Notes and entered into the New Credit Facility, which consisted of a $950.0 million senior secured term loan facility and a $250.0 million funded letter of credit facility. Upon completion of the refinancing transactions, we repaid the Northeast Generating and South Central Generating notes and the Mid-Atlantic Generating obligations.

Sources of Funds

The principal sources of liquidity for our future operations, capital expenditures, facility closures and project restructurings are expected to be: (i) existing cash on hand and cash flows from operations, (ii) Xcel Energy's contribution net of distributions to creditors, (iii) proceeds from the sale of certain assets and businesses and (iv) borrowings under our New Credit Facility, including up to $250.0 million of available borrowings under our new revolving credit facility and up to $250.0 million of a pre-funded letter of credit facility. Additionally, there are approximately $89.5 million of undrawn letters of credit under the pre-petition ANZ LC Facility. The ANZ LC Facility is supported by a cash funded claim reserve to support any letters of credit drawn prior to their expiration. Capacity under the ANZ LC facility will be reduced as the underlying LCs expire or are terminated. All of the LCs will expire or be terminated by the end of 2004, at which time the ANZ LC facility will no longer exist.

As a result of our emergence from bankruptcy, all of our then existing securities, including our old common stock and various issuances of senior notes, were cancelled and approximately $5.2 billion of our existing debt and approximately $1.3 billion of additional claims and disputes were eliminated for a combination of equity and up to $1.04 billion in cash.

On December 23, 2003, we entered into a bank facility for up to $1.45 billion, or the "New Credit Facility", which included a $950.0 million, six and a half-year senior secured term loan, a $250.0 million funded letter of credit facility, and a four-year $250.0 million revolving line of credit, or the "revolving credit facility." Portions of the revolving credit facility are available as a swing-line facility and as a revolving letter of credit sub-facility. As of December 31, 2003, the corporate revolver was undrawn. Also on December 23, 2003, we issued $1.25 billion in 8% second priority, senior secured notes, or the "Second Priority Notes", due and payable on December 15, 2013.

Upon completion of the refinancing transactions, we, among other things: (i) repaid the Northeast Generating LLC Notes, or "Northeast Notes", the South Central Generating LLC Notes, or "South Central Notes", and the Mid-Atlantic Generating LLC Obligations; (ii) paid a settlement amount associated with the repayment of the Northeast Notes and the South Central Notes; (iii) paid $500.0 million in lieu of 10% NRG Energy senior notes to former unsecured creditors pursuant to the NRG plan of reorganization, the "POR Notes", (see the discussion of Senior Securities under Item 15 — Note 17 to the Consolidated Financial Statements) ; (iv) pre-funded a letter of credit sub-facility under the New Credit Facility in the amount of $250.0 million; and (v) paid fees and expenses related to the offering of notes and the New Credit Facility in the amount of $74.8 million.

On January 28, 2004, we issued an additional $475.0 million of the Second Priority Notes, obtaining net proceeds of $501.8 million. With proceeds from this issuance and other funds, we subsequently 1) repaid $503.5 million of the term loan under the New Credit Facility, reducing the principal outstanding from $950.0 million to $446.5 million, 2) made a prepayment premium payment of $15.1 million, and 3) repaid accrued but unpaid interest on the prepayment amount, totaling $0.4 million. On February 25, 2004, we received from our term loan lenders a waiver under the New Credit Facility waiving our obligation to enter into a hedge arrangement on a notional value of $500.0 million, as required by the credit agreement.

Cash Flows. Our operating cash flows are expected to be impacted by, among other things: (i) spark spreads generally; (ii) commodity prices (including demand for natural gas, coal, oil and electricity); (iii) the cost of ordinary course operations and maintenance expenses; (iv) planned and unplanned outages; (v) contraction of terms by trade creditors; (vi) cash requirements for closure and restructuring of certain facilities; (vii) restrictions in the declaration or payments of dividends or similar distributions from our subsidiaries; and (viii) the timing and nature of asset sales.

A principal component of the NRG plan of reorganization is a settlement with Xcel Energy in which Xcel Energy agreed to make a contribution to us consisting of cash (and, under certain circumstances, its common stock) in an aggregate amount of up to $640.0 million to be paid in three separate installments. Xcel Energy contributed $288.0 million on February 20, 2004. We anticipate receiving an additional installment of up to $352.0 million in cash on April 30, 2004. We will distribute $515.0 million of cash we receive from Xcel Energy to our creditors. In the event we achieve certain liquidity measures in September 2004, an additional $25.0 million may be distributed to creditors, and we may use $100.0 million for any purpose, subject to any restrictions contained in the indenture or the New Credit Facility.

Asset Sales. We received $229.3 million and $196.2 million in net cash proceeds from the sale of certain assets and businesses in the fiscal years ended 2002 and 2003, respectively. The New Credit Facility and the indenture governing the notes place restrictions on the use of any proceeds we may receive from certain asset sales in the future.

Letter of Credit Sub-facility and Revolving Credit Facility. The New Credit Facility includes a letter of credit sub-facility in the amount of $250.0 million. As of December 31, 2003, we had issued $1.7 million in letters of credit under this facility. The New Credit Facility also includes a revolving credit facility in the amount of $250.0 million to be used for general corporate purposes. On December 31, 2003 we had not yet drawn on our revolving credit facility. For additional information regarding our debt see Item 15 — Note 17 to the Consolidated Financial Statements.

Uses of Funds

Our requirements for liquidity and capital resources, other than for operating our facilities, can generally be categorized by the following: (i) PMI activities; (ii) capital expenditures; and (iii) project finance requirements for cash collateral.

PMI. PMI activities comprise the single largest requirement for liquidity and capital resources. PMI liquidity requirements are primarily driven by: (i) margin and collateral posting requirements with counterparties; (ii) establishment of trading relationships; (iii) disbursement and receipt timing (i.e., buying fuel before receiving energy revenues); and (iv) initial collateral for large structured transactions. For 2004, we believe that approximately $265 million to $360 million may be required for PMI to meet potential margin requirements and to cover prepayments and fuel inventory builds.

Estimates for liquidity requirements are highly dependent on our hedging activity and then current market conditions, including forward prices for energy and fuel and market volatility. In addition, our estimates are dependent on credit terms with third parties. We do not assume that we will be provided with unsecured credit from third parties in budgeting our working capital requirements.

Capital Expenditures. Capital expenditures were $1.4 billion for the year ended 2002, $113.5 million for the period January 1, 2003 through December 5, 2003 and $10.6 million for the period December 6, 2003 through December 31, 2003. Capital expenditures in 2003 relate primarily to operations and maintenance of

our existing generating facilities whereas capital expenditures in 2002 related primarily to new plant construction. We anticipate that our 2004 capital expenditures will be approximately $113.8 million and will relate primarily to the operation and maintenance of our existing generating facilities.

Project Finance Requirements. We are a holding company and conduct our operations through subsidiaries. Historically, we have utilized non-recourse debt to fund a significant portion of the capital expenditures and investments required to construct our power plants and related assets. Consistent with our strategy, we may seek, where available on commercially reasonable terms, non-recourse debt financing in connection with the assets or businesses that our affiliates or we may develop, construct or acquire. Non-recourse borrowings are substantially non-recourse to other subsidiaries, affiliates and us, and are generally secured by the capital stock, physical assets, contracts and cash flow of the related project subsidiary or affiliate. Some of these project financings require us to post collateral in the form of cash or an acceptable letter of credit.

Principal on short-term debt, long-term debt and capital leases as of December 31, 2003 are due and payable in the following periods (in thousands):

Subsidiary/Description	Total	2004	2005	2006	2007	2008	Thereafter
$250 Million Revolver Due Dec 2007	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Xcel Energy Note	10,000	—	—	10,000		—	—
Credit Facility Due June 2010	1,200,000	12,000	12,000	12,000	12,000	12,000	1,140,000
8% Senior Secured Notes due Dec. 2013	1,250,000	—	—	—	—	—	1,250,000
MEC Corp.	126,279	7,329	7,876	8,465	9,097	9,777	83,735
NRG Peaker Finance Co LLC	311,373	311,373	—	—	—	—	—
LSP — Kendall Energy	487,013	487,013	—	—	—	—	—
Flinders Power Finance Pty	187,668	—	9,292	12,436	13,538	14,737	137,665
Pittsburgh Thermal LP	1,550	1,550	—	—	—	—	—
San Francisco Thermal LP	860	729	31	34	37	29	—
LSP Energy LP (Batesville)	307,175	7,575	9,600	11,925	12,525	12,825	252,725
PERC (Bonds)	26,265	1,735	1,820	1,910	2,005	2,110	16,685
Meridan	500	500	—	—	—	—	—
Cobee	31,800	11,025	11,535	4,620	4,620	—	—
Camas Pwr BLR LP Bank facility	8,628	2,352	2,443	2,533	1,300	—	—
Camas Pwr BLR LP Bonds	5,765	1,290	1,385	1,485	1,605	—	—
Northbrook New York	17,199	300	500	600	700	800	14,299
Northbrook Carolina	2,475	100	100	100	150	150	1,875
Northbrook STS HydroPower	24,506	436	477	523	572	627	21,871
Hsin Yu Energy Development	85,300	85,300	—	—	—	—	—
Subtotal Debt, Bonds and Notes	4,084,356	930,607	57,059	66,631	58,149	53,055	2,918,855
Saale Energie GmbH, Schkopau (capital lease)	342,469	75,944	78,580	43,858	33,075	27,039	83,973
Audrain Generating (capital lease)	239,930	—	—	—	—	—	239,930
NRG Processing Solutions, LLC (capital lease)	326	326	—	—	—	—	—
Subtotal Capital Leases	582,725	76,270	78,580	43,858	33,075	27,039	323,903
Itiquira	19,019	19,019	—	—	—	—	—

Subsidiary/Description	Total	2004	2005	2006	2007	2008	Thereafter
Discontinued Operations							
McClain	156,509	156,509	—	—	—	—	—
Subtotal Discontinued Operations	156,509	156,509	—	—	—	—	—
Total Debt	$4,842,609	$1,182,405	$135,639	$110,489	$91,224	$80,094	$3,242,758

Principal payments for debt that have been deemed current for financial reporting purposes as of December 31, 2003 are reflected as short-term in the table above. Events may have occurred since December 31, 2003 that would allow such debt to be paid on a normal amortizing schedule. Prepayments, or additional borrowing under certain facilities, since December 31, 2003 are not reflected. See Item 15 — Note 17 to the Consolidated Financial Statements for further discussion on events that may affect debt payment schedules.

If we decide not to provide any additional funding or credit support to our subsidiaries, the inability of any of our subsidiaries that are under construction or that have near-term debt payment obligations to obtain non-recourse project financing may result in such subsidiary's insolvency and the loss of our investment in such subsidiary. Additionally, the loss of a significant customer at any of our subsidiaries may result in the need to restructure the non-recourse project financing at that subsidiary, and the inability to successfully complete a restructuring of the non-recourse project financing may result in a loss of our investment in such subsidiary. Certain of our projects are subject to restrictions regarding the movement of cash. For additional information see Item 15 — Note 17 to the Consolidated Financial Statements.

Liquidity Estimates

For 2004, we anticipate utilizing all of our $250.0 million letter of credit sub-facility. In addition, we believe that approximately $265.0 million to $360.0 million of cash may be required for PMI to meet its potential margin requirements and to cover prepayments and fuel inventory builds. As part of our refinancing transactions, we have established a $250.0 million revolving credit facility. The revolving credit facility was established to satisfy short-term working capital requirements, which may arise from time to time. It is not our current intention to draw funds under the revolving credit facility.

Other Liquidity Matters

We maintain cash deposits in order to assure the continuation of vendor trade terms. As of December 31, 2003, the total amount of cash deposits maintained for these purposes was approximately $48.3 million.

We expect our capital requirements to be met with existing cash balances, cash flows from operations, borrowings under our Second Priority Notes and New Credit Facility, and asset sales. We believe that our current level of cash availability and asset sales, along with our future anticipated cash flows from operations, will be sufficient to meet the existing operational and collateral needs of our business for the next 12 months. Subject to restrictions in our Second Priority Notes and our New Credit Facility, if cash generated from operations is insufficient to satisfy our liquidity requirements, we may seek to sell assets, obtain additional credit facilities or other financings and/or issue additional equity or convertible instruments. We cannot assure you, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or that future borrowings will be available to us under our credit facilities in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, on commercially reasonable terms or at all. To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Off Balance-Sheet Items

As of December 31, 2003, we do not have any significant relationships with structured finance or special purpose entities that provide liquidity, financing or incremental market risk or credit risk.

We have numerous 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 as disclosed in Item 15 — Note 13 to the Consolidated Financial Statements. Our pro-rata share of non-recourse debt held by unconsolidated affiliates was approximately $967.7 million as of December 31, 2003. In the normal course of business we may be asked to loan funds to these entities on both a long and short-term basis. Such transactions are generally accounted for as accounts payables and receivables to/from affiliates and notes payables/receivables to/from affiliates and if appropriate, bear market-based interest rates. See Item 15 — Note 11 to the Consolidated Financial Statements for additional information regarding amounts accounted for as notes receivable — affiliates.

Contractual Obligations and Commercial Commitments

We have a variety of contractual obligations and other commercial commitments that represent prospective cash requirements in addition to our capital expenditure programs. The following is a summarized table of contractual obligations. See additional discussion in Item 15 — Notes 17, 24 and 26 to the Consolidated Financial Statements.

	Payments Due by Period as of December 31, 2003				
Contractual Cash Obligations	Total	Short Term	1-3 Years	4-5 Years	After 5 Years
			(In thousands)		
Long-term debt	$4,084,355	$ 930,607	$123,690	$ 111,204	$2,918,854
Capital lease obligations	582,726	76,270	122,439	60,114	323,903
Operating leases	47,522	9,224	15,524	7,840	14,934
Creditor payments*	540,000	540,000	—	—	—
Total contractual cash obligations	$5,254,603	$1,556,101	$261,653	$179,158	$3,257,691

* These amounts represent creditor payments under NRG's plan of reorganization. Additionally, payments of up to $275 million will be required pursuant to security interests held in certain assets by creditors when the related assets are sold.

	Amount of Commitment Expiration per Period as of December 31, 2003				
Other Commercial Commitments	Total Amounts Committed	Short Term	1-3 Years	4-5 Years	After 5 Years
			(In thousands)		
Lines of credit	$ —	$ —	$ —	$ —	$ —
Standby letters of credit	92,050	92,050	—	—	—
Cash collateral calls	71,472	71,472	—	—	—
Guarantees of Subsidiaries	506,935	—	19,490	778	486,667
Guarantees of PMI	57,179	5,000	52,179	—	—
Total commercial commitments	$727,636	$168,522	$71,669	$ 778	$486,667

Interdependent Relationships

We do not have any significant interdependent relationships. Since we formerly were an indirect wholly owned subsidiary of Xcel Energy, there were certain related party transactions that took place in the normal

course of business. For additional information regarding our related party transactions, see Item 15 — Note 22 to the Consolidated Financial Statements.

Derivative Instruments

We may enter into long term power sales contracts, long term gas purchase contracts and other energy related commodities financial instruments to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect fuel inventories.

The tables below disclose the trading activities that include non-exchange traded contracts accounted for at fair value. Specifically, these tables disaggregate realized and unrealized changes in fair value; identify changes in fair value attributable to changes in valuation techniques; disaggregate estimated fair values at December 31, 2003 based on whether fair values are determined by quoted market prices or more subjective means; and indicate the maturities of contracts at December 31, 2003.

Trading Activity Gains/(Losses)

	Predecessor Company	Reorganized NRG
	(In thousands)	
Fair value of contracts at December 31, 2001	$ 72,236	
Contracts realized or otherwise settled during the period	(119,061)	
Other changes in fair value	77,465	
Fair value of contracts at December 31, 2002	30,640	
Contracts realized or otherwise settled during the period	(187,603)	
Other changes in fair value	112,865	
Fair value of contracts at December 5, 2003	$ (44,098)	
Fair value of contracts at December 6, 2003		$(44,098)
Contracts realized or otherwise settled during the period		(2,390)
Other changes in fair value		(3,426)
Fair value of contracts at December 31, 2003		$(49,914)

Sources of Fair Value Gains/(Losses)

	Reorganized NRG Fair Value of Contracts at Period End as of December 6, 2003				
	Maturity Less than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in excess of 5 Years	Total Fair Value
			(In thousands)		
Prices actively quoted	$42,107	$(7,022)	$(10,820)	$(68,363)	$(44,098)
	$42,107	$(7,022)	$(10,820)	$(68,363)	$(44,098)

	Reorganized NRG Fair Value of Contracts at Period End as of December 31, 2003				
	Maturity Less than 1 Year	Maturity 1-3 Years	Maturity 4-5 Years	Maturity in excess of 5 Years	Total Fair Value
			(In thousands)		
Prices actively quoted	$34,462	$(6,860)	$(8,570)	$(68,946)	$(49,914)
	$34,462	$(6,860)	$(8,570)	$(68,946)	$(49,914)

We may use a variety of financial instruments to manage our exposure to fluctuations in foreign currency exchange rates on our international project cash flows, interest rates on our cost of borrowing and energy and energy related commodities prices.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our 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, legal and regulatory challenges. These judgments, in and of themselves, could materially impact the financial statements and disclosures based on varying assumptions, which may be appropriate to use. In addition, the financial and operating environment also may 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, we, evaluate our estimates, utilizing historic experience, consultation with experts and other methods we consider reasonable. In any case, actual results may differ significantly from our estimates. Any effects on our 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.

Our significant accounting policies are summarized in Item 15 — Note 2 to the Consolidated Financial Statements. The following table identifies certain of the significant accounting policies listed in Item 15 — Note 2 to the Consolidated Financial Statements. The table also identifies the judgments required, uncertainties involved in the application of each and estimates that may have a material impact on our results of operations and statement of financial position.These policies, along with the underlying assumptions and judgments made by our management in their application, have a significant impact on our consolidated financial statements. We identify our most critical accounting policies as those that are the most pervasive and important to the portrayal of our financial position and results of operations, and that require the most difficult, subjective and/or complex judgments by management regarding estimates about matters that are inherently uncertain.

Accounting Policy	Judgments/ Uncertainties Affecting Application
Fresh Start Reporting	• The determination of the enterprise value and the allocation to the underlying assets and liabilities are based on a number of estimates and assumptions, which are inherently subject to significant uncertainties and contingencies • Determination of enterprise value • Determination of Fresh Start date • Consolidation of entities remaining in bankruptcy • Valuation of emission credit allowances and power sales contracts • Valuation of debt instruments • Valuation of equity investments
Capitalization Practices/ Purchase Accounting	• Determination of beginning and ending of capitalization periods • Allocation of purchase prices to identified assets

Accounting Policy	Judgments/ Uncertainties Affecting Application
Asset Valuation and Impairment	• Recoverability of investment through future operations • Regulatory and political environments and requirements • Estimated useful lives of assets • Environmental obligations and operational limitations • Estimates of future cash flows • Estimates of fair value (fresh start) • Judgment about triggering events
Inventory	• Valuation of inventory balances
Foreign Currency Translation	• Recognition of changes in foreign currencies.
Revenue Recognition	• Customer/counter-party dispute resolution practices • Market maturity and economic conditions • Contract interpretation
Uncollectible Receivables	• Economic conditions affecting customers, counter parties, suppliers and market prices • Regulatory environment and impact on customer financial condition • Outcome of litigation and bankruptcy proceedings
Derivative Financial Instruments	• Market conditions in the energy industry, especially the effects of price volatility on contractual commitments • Assumptions used in valuation models • Counter party credit risk • Market conditions in foreign countries • Regulatory and political environments and requirements
Litigation Claims and Assessments	• Impacts of court decisions • Estimates of ultimate liabilities arising from legal claims
Income Taxes and Valuation Allowance for Deferred Tax Assets	• Ability of tax authority decisions to withstand legal challenges or appeals • Anticipated future decisions of tax authorities • Application of tax statutes and regulations to transactions. • Ability to utilize tax benefits through carrybacks to prior periods and carryforwards to future periods.
Discontinued Operations	• Consistent application • Determination of fair value (recoverability) • Recognition of expected gain or loss prior to disposition
Pension	• Accuracy of management assumptions • Accuracy of actuarial consultant assumptions
Stock-Based Compensation	• Accuracy of management assumptions used to determine the fair value of the stock options

Of all of the accounting policies identified in the above table, we believe that the following policies and the application thereof to be those having the most direct impact on our financial position and results of operations.

Fresh Start Reporting

In connection with the emergence from bankruptcy, we adopted Fresh Start in accordance with the requirements of SOP 90-7. The application of SOP 90-7 resulted in the creation of a new reporting entity. Under Fresh Start, the reorganization value of our company was allocated among our assets and liabilities on a basis substantially consistent with purchase accounting in accordance with SFAS No. 141 *"Business Combinations."*

The bankruptcy court in its confirmation order approved our Plan of reorganization on November 24, 2003. Under the requirements of SOP 90-7, the Fresh Start date is determined to be the confirmation date unless significant uncertainties exist regarding the effectiveness of the bankruptcy order. Our Plan of reorganization required completion of the Xcel Energy settlement agreement prior to emergence from bankruptcy. We believe this settlement agreement was a significant contingency and thus delayed the Fresh Start date until the Xcel Energy settlement agreement was finalized on December 5, 2003.

Under the requirements of Fresh Start, we have adjusted our assets and liabilities, other than deferred income taxes, to their estimated fair values as of December 5, 2003. As a result of marking our assets and liabilities to their estimated fair values, we determined that there was no excess reorganization value to recognize as an intangible asset. Deferred taxes were determined in accordance with SFAS No. 109, *"Accounting for Income Taxes."* The net effect of all Fresh Start adjustments resulted in a gain of $3.9 billion, which is reflected in the Predecessor Company's results for the period January 1, 2003 through December 5, 2003. The application of the Fresh Start provisions of SOP 90-7 created a new reporting entity having no retained earnings or accumulated deficit.

As part of the bankruptcy process we engaged an independent financial advisor to assist in the determination of the fair value of our reorganized enterprise value. The fair value calculation was based on management's forecast of our core assets. Management's forecast relied on forward market prices obtained from a third party consulting firm. A discounted cash flow calculation was used to develop the enterprise value of Reorganized NRG, determined in part by calculating the weighted average cost of capital of the Reorganized NRG. The Discounted Cash Flow, or "DCF", valuation methodology equates the value of an asset or business to the present value of expected future economic benefits to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts all expected future economic benefits by a theoretical or observed discount rate determined by calculating the weighted average cost of capital, or "WACC", of Reorganized NRG. The enterprise calculation was based on management's forecast of our core assets. Management's forecast relied on forward market prices obtained from a third party consulting firm. For purposes of our Disclosure statement, the independent financial advisor estimated our reorganization enterprise value of our ongoing projects to range from $5.5 billion to $5.7 billion, less project level debt, and net of cash. Certain other adjustments were made to reflect the values of assets held for sale, excess cash and net of the Xcel Settlement and collateral requirements. These adjustments resulted in a reorganized NRG value, net of project debt, of between $3.1 billion and $3.5 billion. Additional adjustments were made to reflect cash payments expected as part of the implementation of the Plan of Reorganization, resulting in a final range of equity values of between $2.2 billion and $2.6 billion.

In constructing our Fresh Start balance sheet upon our emergence from bankruptcy we used a reorganization equity value of approximately $2.4 billion, as we believe this value to be the best indication of the value of the ownership distributed to the new equity owners. Our reorganization value of approximately $9.1 billion was determined by adding our reorganized equity value of $2.4 billion, $3.7 billion of interest bearing debt and our other liabilities of $3.0 billion. The reorganization value represents the fair value of an entity before liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after restructuring. This value is consistent with the voting creditors and Court's approval of the Plan of Reorganization.

A separate plan of reorganization was filed for our Northeast Generating and South Central Generating entities that was confirmed by the bankruptcy court on November 25, 2003, and became effective on December 23, 2003, when the final conditions of the plan were completed. In connection with Fresh Start on December 5, 2003, we have accounted for these entities as if they had emerged from bankruptcy at the same time that we emerged as we believe that we continued to maintain control over the Northeast Generating and South Central Generating facilities through-out the bankruptcy process.

Due to the adoption of Fresh Start upon our emergence from bankruptcy, the Reorganized NRG's post-fresh start balance sheet, statement of operations and statement of cash flows have not been prepared on a consistent basis with the Predecessor Company's financial statements and are therefore not comparable in certain respects to the financial statements prior to the application of Fresh Start.

Capitalization Practices and Purchase Accounting

Predecessor Company

For those assets that were being constructed by us, the carrying value reflects the application of our property, plant and equipment policies which incorporate estimates, assumptions and judgments by management relative to the capitalized costs and useful lives of our generating facilities. Interest incurred on funds borrowed to finance projects expected to require more than three months to complete is capitalized. Capitalization of interest is discontinued when the asset under construction is ready for our intended use or when construction is terminated. An insignificant amount of interest was capitalized during 2003. Development costs and capitalized project costs include third party professional services, permits and other costs that are incurred incidental to a particular project. Such costs are expensed as incurred until an acquisition agreement or letter of intent is signed, and our board of directors has approved the project. Additional costs incurred after this point are capitalized.

Reorganized NRG

In connection with the emergence from bankruptcy, we adopted Fresh Start in accordance with the requirements of SOP 90-7. The application of SOP 90-7 resulted in the creation of a new reporting entity. Under Fresh Start, the reorganization value of our company was allocated to our assets and liabilities on a basis substantially consistent with purchase accounting in accordance with SFAS No. 141. We engaged a valuation specialist to help us determine the fair value of our fixed assets. The valuations were based on forecast power prices and operating costs determined by us. The valuation specialist also determined the estimated remaining useful lives of our fixed assets. The capitalization policy will be consistent with the predecessor company policy.

Impairment of Long Lived Assets

We evaluate property, plant and equipment and intangible assets for impairment whenever indicators of impairment exist. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future net cash flows expected to be generated by the asset, through considering project specific assumptions for long-term power pool prices, escalated future project operating costs and expected plant operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets by factoring in the probability weighting of different courses of action available to us. Generally, fair value will be determined using valuation techniques such as the present value of expected future cash flows. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell. For the period January 1, 2003 through December 5, 2003, net income from continuing operations was reduced by $228.9 million due to asset impairments. Asset impairment evaluations are by nature highly subjective.

Revenue Recognition and Uncollectible Receivables

We are primarily an electric generation company, operating a portfolio of majority-owned electric generating plants and certain plants in which our ownership is 50% or less which are accounted for under the

equity method of accounting. We also produce thermal energy for sale to customers. Both physical and financial transactions are entered into to optimize the financial performance of our generating facilities. Electric energy revenue is recognized upon transmission to the customer. In certain markets, which are operated/ controlled by an independent system operator and in which we have entered into a netting agreement with the ISO, which results in our receiving a netted invoice, we have recorded purchased energy as an offset against revenues received upon the sale of such energy. Capacity and ancillary revenue is recognized when contractually earned. Revenues from operations and maintenance services are recognized when the services are performed. We continually assess the collectibility of our receivables, and in the event we believe a receivable to be uncollectible, an allowance for doubtful accounts is recorded or, in the event of a contractual dispute, the receivable and corresponding revenue may be considered unlikely of recovery and not recorded in the financial statements until management is satisfied that it will be collected.

Derivative Financial Instruments

In January 2001, we adopted FAS No. 133, *"Accounting for Derivative Instruments and Hedging Activities,"* or "SFAS No. 133", as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. SFAS No. 133 requires us to record all derivatives on the balance sheet at fair value. In some cases hedge accounting may apply. The criteria used to determine if hedge accounting treatment is appropriate are a) the designation of the hedge to an underlying exposure, b) whether or not the overall risk is being reduced and c) if there is correlation between the value of the derivative instrument and the underlying obligation. Formal documentation of the hedging relationship, the nature of the underlying risk, the risk management objective, and the means by which effectiveness will be assessed is created at the inception of the hedge. Changes in the fair value of non-hedge derivatives are immediately recognized in earnings. Changes in the fair value of derivatives accounted for as hedges are either recognized in earnings as an offset to the changes in the fair value of the related hedged assets, liabilities and firm commitments or for forecasted transactions, deferred and recorded as a component of accumulated other comprehensive income or "OCI", until the hedged transactions occur and are recognized in earnings. We primarily account for derivatives under SFAS No. 133 such as long-term power sales contracts, long-term gas purchase contracts and other energy related commodities and financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and to protect investments in fuel inventories. SFAS No. 133 also applies to interest rate swaps and foreign currency exchange rate contracts. The application of SFAS No. 133 results in increased volatility in earnings due to the recognition of unrealized gains and losses. In determining the fair value of these derivative/financial instruments we use estimates, various assumptions, judgment of management and when considered appropriate third party experts in determining the fair value of these derivatives.

Discontinued Operations

We classify our results of operations that either have been disposed of or are classified as held for sale as discontinued operations if both of the following conditions are met: (a) the operations and cash flows have been (or will be) eliminated from our ongoing operations as a result of the disposal transaction and (b) we will not have any significant continuing involvement in the operations of the component after the disposal transaction.

Pensions

The determination of our obligation and expenses for pension benefits is dependent on the selection of certain assumptions. These assumptions determined by management include the discount rate, the expected rate of return on plan assets and the rate of future compensation increases. Our actuarial consultants use assumptions for such items as retirement age. The assumptions used may differ materially from actual results, which may result in a significant impact to the amount of pension obligation or expense recorded by us.

Stock-Based Compensation

Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS Statement No. 123, *"Accounting for Stock-Based Compensation,"* or "SFAS No. 123." In accordance with SFAS Statement No. 148, *"Accounting for Stock-Based Compensation — Transition and Disclosure,"* or "SFAS No. 148", we adopted SFAS No. 123 under the prospective transition method which requires the application of the recognition provisions to all employee awards granted, modified, or settled after the beginning of the fiscal year in which the recognition provisions are first applied.

Recent Accounting Developments

As part of the provisions of SOP 90-7, we are required to adopt, for the current reporting period, all accounting guidance that is effective within a twelve-month period. As a result, we have adopted all provisions of FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities."

Item 7A — *Quantitative and Qualitative Disclosures About Market Risk*

Historically we have used a variety of financial instruments to manage our exposure to fluctuations in foreign currency exchange rates on our international project cash flows, interest rates on our cost of borrowing and energy and energy related commodities prices.

Currency Exchange Risk

We expect to continue to be subject to currency risks associated with foreign denominated distributions from our international investments. In the normal course of business, we may receive distributions denominated in the Euro, Australian Dollar, British Pound, New Taiwanese Dollar and the Brazilian Real. We have historically engaged in a strategy of hedging foreign denominated cash flows through a program of matching currency inflows and outflows, and to the extent required, fixing the U.S. Dollar equivalent of net foreign denominated distributions with currency forward and swap agreements with highly credit worthy financial institutions. We would expect to enter into similar transactions in the future if management believes it to be appropriate.

As of December 31, 2003, neither we, nor any of our consolidating subsidiaries, had any outstanding foreign currency exchange contracts.

Interest Rate Risk

We are exposed to fluctuations in interest rates when entering into variable rate debt obligations to fund certain power projects. Exposure 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. Our risk management policy allows us to reduce interest rate exposure from variable rate debt obligations.

As of December 31, 2003, we had various interest rate swap agreements with notional amounts totaling approximately $620.5 million. If the swaps had been discontinued on December 31, 2003, we would have owed the counter parties approximately $50.1 million. Based on the investment grade rating of the counter-parties, we believe that our exposure to credit risk due to nonperformance by the counter-parties to our hedging contracts is insignificant.

We have both long and short-term debt instruments that subject us to the risk of loss associated with movements in market interest rates. As of December 31, 2003, a 100 basis point change in the benchmark rate on our variable rate debt would impact net income by approximately $14.5 million.

At December 31, 2003, the fair value of our fixed-rate debt was $1.8 billion, compared with the carrying amount of $1.8 billion. We estimate that a 1% decrease in market interest rates would have increased the fair value of our fixed-rate debt to $1.9 billion, or an increase of $119.2 million.

Commodity Price Risk

We are exposed to commodity price variability in electricity. Commodity price risk also impacts emission allowances, natural gas, oil and coal, which are required to generate power. To manage earnings volatility associated with these commodity price risks, we enter into financial instruments, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps.

We utilize an un-diversified "Value-at-Risk", or "VAR", model to estimate a maximum potential loss in the fair value of our commodity portfolio including generation assets, load obligations and bilateral physical and financial transactions. The key assumptions for our VAR model include (1) a lognormal distribution of price returns (2) three day holding period and (3) a 95% confidence interval. The volatility estimate is based on the implied volatility for at the money call options. This model encompasses the following generating regions: ENTERGY, NEPOOL, NYPP, PJM, WSCC and MAIN.

The estimated maximum potential three-day loss in fair value of our commodity portfolio, calculated using the VAR model is as follows:

	(In millions)
Year end December 31, 2003	$ 115.7
Average	179.9
High	282.9
Low	106.9
Year end December 31, 2002	118.6
Average	76.2
High	124.4
Low	42.0
Year end December 31, 2001	71.7
Average	78.8
High	126.6
Low	58.6

We have risk management policies in place to measure and limit market and credit risk associated with our power marketing activities. These policies do not permit speculative or directional trading. An independent department within our finance organization is responsible for the enforcement of such policies. We are currently in the process of reviewing and revising these policies to reflect changes in best practices and industry.

Credit Risk

We are exposed to credit risk in our risk management activities. Credit risk relates to the risk of loss resulting from the nonperformance by a counter party of its contractual obligations. We actively manage our counter-party credit risk. We have an established credit policy in place to minimize overall credit risk. Important elements of this policy include ongoing financial reviews of all counter-parties, established credit limits, as well as monitoring, managing and mitigating credit exposure.

Item 8 — *Financial Statements and Supplementary Data*

The financial statements and schedules are listed in Part IV, Item 15 of this Form 10-K.

Item 9 — *Changes in and Disagreements with Accountants on Accounting and Financial Disclosures*

None.

Item 9A — *Controls and Procedures*

During the fourth quarter of 2003, under the supervision and with the participation of our management, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) or Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the fiscal year covered by this Form 10-K. Based on their evaluation, our officers concluded that our disclosure controls and procedures are effective.

Our officers are primarily responsible for the accuracy of the financial information that is represented in this report. To meet their responsibility for financial reporting, they have established internal controls and procedures, which they believe, are adequate to provide reasonable assurance that our assets are protected from loss. There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced above. We recently hired a new Chief Financial Officer, Robert Flexon, effective March 2004.

During the fourth quarter of 2002, our officers determined that there were certain deficiencies or "reportable conditions" in the internal controls relating to our financial reporting caused by our pending financial restructuring and business realignment. During the second half of 2002, there were material changes and vacancies in our senior management positions and a diversion of our financial and management resources to restructuring efforts. These circumstances detracted from our ability through our internal controls to timely monitor and accurately assess the impact of certain transactions, as would be expected in an effective financial reporting control environment. In addition, during 2003, we operated without an internal audit department, a senior risk manager or a CFO. However, during 2003, we dedicated significant resources to make corrections to those control deficiencies, including hiring several other key senior and middle management personnel, hiring an outside consultant to review, document and suggest improvements to controls, and the implementation of new controls and procedures.

PART III

Item 10 — *Directors and Executive Officers of the Registrant*

Information required by this Item will be contained in our definitive Proxy Statement for its 2004 Annual Meeting of Stockholders, to be filed on or before April 29, 2004, and such information is incorporated herein by reference.

Item 11 — *Executive Compensation*

Information required by this Item will be contained in our definitive Proxy Statement for its 2004 Annual Meeting of Stockholders, to be filed on or before April 29, 2004, and such information is incorporated herein by reference.

Item 12 — *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

Information required by this Item will be contained in our definitive Proxy Statement for its 2004 Annual Meeting of Stockholders, to be filed on or before April 29, 2004, and such information is incorporated herein by reference.

Item 13 — *Certain Relationships and Related Transactions*

Information required by this Item will be contained in our definitive Proxy Statement for its 2004 Annual Meeting of Stockholders, to be filed on or before April 29, 2004, and such information is incorporated herein by reference.

Item 14 — *Principal Accountant Fees and Services*

Information required by this Item will be contained in our definitive Proxy Statement for its 2004 Annual Meeting of Stockholders, to be filed on or before April 29, 2004, and such information is incorporated herein by reference.

PART IV

Item 15 — *Exhibits, Financial Statement Schedules and Reports on Form 8-K*

(a)(1) Financial Statements

The following consolidated financial statements of NRG Energy and related notes thereto, together with the reports thereon of PricewaterhouseCoopers LLP are included herein:

Consolidated Statements of Operations — Years ended December 31, 2001 and 2002 and for the period January 1, 2003 to December 5, 2003 (Predecessor Company) and the period December 6, 2003 to December 31, 2003 (Reorganized NRG)
Consolidated Balance Sheets — December 31, 2002 (Predecessor Company), December 6, 2003 and December 31, 2003 (Reorganized NRG)
Consolidated Statements of Cash Flows — Years ended December 31, 2001 and 2002 and for the period January 1, 2003 to December 5, 2003 (Predecessor Company) and the period December 6, 2003 to December 31, 2003 (Reorganized NRG)
Consolidated Statements of Stockholder's (Deficit)/ Equity — Years ended December 31, 2001 and 2002 and for the period January 1, 2003 to December 5, 2003 (Predecessor Company) and the period December 6, 2003 to December 31, 2003 (Reorganized NRG)
Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedule

The following Consolidated Financial Statement Schedule of NRG Energy is filed as part of Item 15(d) of this report and should be read in conjunction with the Consolidated Financial Statements.

Report of Independent Auditors on Financial Statement Schedule.

  Schedule II — Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(a)(3) *Exhibits:* See Exhibit Index submitted as a separate section of this report.

(b) *Reports on Form 8-K.* We filed reports on Form 8-K on the following dates over the last fiscal year:

February 21, 2003, March 6, 2003, May 16, 2003, August 27, 2003, October 22, 2003, November 7, 2003, November 19, 2003, December 9, 2003, December 19, 2003, December 24, 2003, January 7, 2004, January 30, 2004, March 2, 2004, March 11, 2004.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholder

of NRG Energy, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, cash flows and stockholder's equity (deficit) present fairly, in all material respects, the financial position of NRG Energy, Inc. and its subsidiaries (Predecessor Company) at December 31, 2002 and the results of their operations and their cash flows for the period from January 1, 2003 to December 5, 2003, and for each of the two years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the Company filed a petition on May 14, 2003 with the United States Bankruptcy Court for the Southern District of New York for reorganization under the provisions of Chapter 11 of the Bankruptcy Code. NRG Energy, Inc.'s Plan of Reorganization was substantially consummated on December 5, 2003 and Reorganized NRG emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", as of January 1, 2002. As discussed in Notes 2 and 8 to the consolidated financial statements, the Company adopted Statements of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," on January 1, 2002.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Minneapolis, Minnesota

March 10, 2004

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders

of NRG Energy, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, cash flows and stockholders' equity present fairly, in all material respects, the financial position of NRG Energy, Inc. and its subsidiaries (Reorganized NRG) at December 6, 2003 and December 31, 2003 and the results of their operations and their cash flows for the period from December 6, 2003 to December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1 to the consolidated financial statements, the United States Bankruptcy Court for the Southern District of New York confirmed the NRG Energy, Inc. Plan of Reorganization on November 24, 2003. Confirmation of the plan resulted in the discharge of all claims against the Company that arose before May 14, 2003 and substantially alters rights and interests of equity security holders as provided for in the plan. The NRG Energy, Inc. Plan of Reorganization was substantially consummated on December 5, 2003, and NRG Energy, Inc. emerged from bankruptcy. In connection with its emergence from bankruptcy, NRG Energy, Inc. adopted fresh start accounting as of December 5, 2003.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP

Minneapolis, Minnesota

March 10, 2004

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NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		January 1, 2003 Through	December 6, 2003 Through
	2001	2002	December 5, 2003	December 31, 2003
	(In thousands, except per share amounts)			
Operating Revenues				
Revenues from majority-owned operations	$ 2,208,181	$ 2,119,385	$ 1,968,579	**$ 152,108**
Operating Costs and Expenses				
Cost of majority-owned operations	1,429,246	1,440,434	1,448,268	**105,182**
Depreciation and amortization	163,909	240,722	245,887	**13,041**
General, administrative and development	192,087	226,168	177,112	**14,925**
Other charges (credits)				
Legal settlement	—	—	462,631	**—**
Fresh start reporting adjustments	—	—	(3,895,541)	**—**
Reorganization items	—	—	197,825	**2,461**
Restructuring and impairment charges	—	2,749,630	237,575	**—**
Total operating costs and expenses	1,785,242	4,656,954	(1,126,243)	**135,609**
Operating Income/ (Loss)	422,939	(2,537,569)	3,094,822	**16,499**
Other Income (Expense)				
Minority interest in (earnings)/losses of consolidated subsidiaries	(799)	20,345	(2,232)	**(204)**
Equity in earnings of unconsolidated affiliates	210,032	68,996	170,901	**13,521**
Write downs and losses on sales of equity method investments	—	(200,472)	(147,124)	**—**
Other income, net	18,752	7,975	11,406	**1,659**
Interest expense	(389,870)	(487,169)	(360,385)	**(21,645)**
Total other (expense)/income	(161,885)	(590,325)	(327,434)	**(6,669)**
Income/ (Loss) From Continuing Operations Before Income Taxes	261,054	(3,127,894)	2,767,388	**9,830**
Income Tax (Benefit)/ Expense	39,061	(164,398)	16,621	**(651)**
Income/ (Loss) From Continuing Operations	221,993	(2,963,496)	2,750,767	**10,481**
Income/ (Loss) on Discontinued Operations, net of Income Taxes	43,211	(500,786)	15,678	**544**
Net Income/ (Loss)	$ 265,204	$(3,464,282)	$ 2,766,445	**$ 11,025**
Weighted Average Number of Common Shares Outstanding — Basic				**100,000**
Income From Continuing Operations per Weighted Average Common Share — Basic				**$ 0.10**
Income From Discontinued Operations per Weighted Average Common Share — Basic				**$ 0.01**
Net Income per Weighted Average Common Share — Basic				**$ 0.11**
Weighted Average Number of Common Shares Outstanding — Diluted				**100,060**
Income From Continuing Operations per Weighted Average Common Share — Diluted				**$ 0.10**

Income From Discontinued Operations per Weighted Average Common Share — Diluted	**$**	**0.01**
Net Income per Weighted Average Common Shares — Diluted	**$**	**0.11**

See notes to consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
ASSETS			
Current Assets			
Cash and cash equivalents	$ 378,325	**$ 409,213**	**$ 563,133**
Restricted cash	276,099	**548,051**	**174,535**
Accounts receivable-trade, less allowance for doubtful accounts of $18,163, $0 and $0	272,256	**237,853**	**223,639**
Xcel Energy settlement receivable	—	**640,000**	**640,000**
Current portion of notes receivable — affiliates	2,442	—	200
Current portion of notes receivable	52,269	**66,628**	**65,141**
Income tax receivable	5,541	**—**	**—**
Inventory	267,356	**214,396**	**205,976**
Derivative instruments valuation	28,791	**161**	**772**
Prepayments and other current assets	143,474	**220,669**	**232,388**
Current deferred income tax	—	**—**	**1,850**
Current assets — discontinued operations	119,097	**5,679**	**6,205**
Total current assets	1,545,650	**2,342,650**	**2,113,839**
Property, Plant and Equipment			
In service	6,428,398	**4,261,561**	**4,277,961**
Under construction	633,307	**144,426**	**151,467**
Total property, plant and equipment	7,061,705	**4,405,987**	**4,429,428**
Less accumulated depreciation	(596,403)	**—**	**(13,041)**
Net property, plant and equipment	6,465,302	**4,405,987**	**4,416,387**
Other Assets			
Equity investments in affiliates	891,695	**741,422**	**745,636**
Notes receivable, less current portion — affiliates	151,552	**125,651**	**130,152**
Notes receivable, less current portion	784,432	**674,931**	**691,444**
Decommissioning fund investments	4,617	**4,787**	**4,809**
Intangible assets, net of accumulated amortization of $22,110, $0 and $5,230	76,639	**486,727**	**481,497**
Debt issuance costs, net of accumulated amortization of $49,670, $0 and $454	139,140	**—**	**74,337**
Derivative instruments valuation	90,766	**66,442**	**59,907**
Funded letter of credit	—	**—**	**250,000**
Other assets	19,871	**125,241**	**130,660**
Non-current assets — discontinued operations	724,340	**162,005**	**161,945**
Total other assets	2,883,052	**2,387,206**	**2,730,387**
Total Assets	$ 10,894,004	**$9,135,843**	**$ 9,260,613**

See notes to consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS — (Continued)

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
LIABILITIES AND STOCKHOLDERS' EQUITY/ (DEFICIT)			
Current Liabilities			
Current portion of long-term debt	$ 7,105,813	**$2,551,672**	**$ 857,178**
Revolving line of credit	1,000,000	**—**	**—**
Short-term debt	30,064	**18,645**	**19,019**
Accounts payable — trade	570,878	**232,099**	**180,703**
Accounts payable — affiliate	58,162	**20,043**	**10,118**
Accrued income tax	—	**18,987**	**18,605**
Accrued property, sales and other taxes	24,420	**30,522**	**24,998**
Accrued salaries, benefits and related costs	20,784	**16,719**	**19,478**
Accrued interest	289,583	**85,621**	**20,629**
Derivative instruments valuation	13,439	**95**	**429**
Creditor pool obligation	—	**1,040,000**	**540,000**
Other bankruptcy settlement	—	**220,000**	**220,000**
Other current liabilities	109,234	**139,617**	**111,723**
Current liabilities — discontinued operations	604,187	**3,420**	**3,301**
Total current liabilities	9,826,564	**4,377,440**	**2,026,181**
Other Liabilities			
Long-term debt	1,147,587	**1,213,204**	**3,661,300**
Deferred income taxes	85,620	**113,202**	**118,024**
Postretirement and other benefit obligations	68,076	**105,292**	**106,531**
Derivative instruments valuation	91,039	**155,709**	**153,503**
Other long-term obligations	159,530	**571,856**	**562,305**
Non-current liabilities — discontinued operations	181,445	**158,225**	**158,225**
Total non-current liabilities	1,733,297	**2,317,488**	**4,759,888**
Total liabilities	11,559,861	**6,694,928**	**6,786,069**
Minority interest	30,342	**36,915**	**37,288**
Commitments and Contingencies			
Stockholders' Equity/ (Deficit)			
Class A — Common stock; $.01 par value; 100 shares authorized in 2002; 3 shares issued and outstanding at December 31, 2002	—	**—**	**—**
Common stock; $.01 par value; 100 authorized in 2002; 1 share issued and outstanding at December 31, 2002	—	**—**	**—**
Common stock; $.01 par value; 500,000,000 authorized in 2003; 100,000,000 shares issued and outstanding at December 6, 2003 and December 31, 2003	—	**1,000**	**1,000**
Additional paid-in capital	2,227,692	**2,403,000**	**2,403,429**
Retained Earnings/(deficit)	(2,828,933)	**—**	**11,025**
Accumulated other comprehensive income (loss)	(94,958)	**—**	**21,802**
Total Stockholders' Equity/ (Deficit)	(696,199)	**2,404,000**	**2,437,256**
Total Liabilities and Stockholders' Equity/ (Deficit)	$ 10,894,004	**$9,135,843**	**$ 9,260,613**

See notes to consolidated financial statements.

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NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Predecessor Company			Reorganized NRG
	Year Ended December 31		January 1, 2003 Through	December 6, 2003 Through
	2001	2002	December 5, 2003	December 31, 2003
	(In thousands)			
Cash Flows from Operating Activities				
Net income/(loss)	$ 265,204	$(3,464,282)	$ 2,766,445	**$ 11,025**
Adjustments to reconcile net income/(loss) to net cash provided by operating activities				
Distributions in excess of (less than) equity earnings of unconsolidated affiliates	(119,002)	(22,252)	(41,472)	**2,229**
Depreciation and amortization	212,493	286,623	256,700	**13,041**
Amortization of deferred financing costs	10,668	28,367	17,640	**517**
Amortization of debt discount/(premium)	—	—	—	**1,725**
Write downs and losses on sales of equity method investments	—	196,192	146,938	**—**
Deferred income taxes and investment tax credits	45,556	(230,134)	(1,893)	**(3,262)**
Unrealized (gains)/losses on derivatives	(13,257)	(2,743)	(34,616)	**3,774**
Minority interest	6,564	(19,325)	2,177	**204**
Amortization of out of market power contracts	(54,963)	(89,415)	—	**(13,431)**
Restructuring & impairment charges	—	3,144,509	408,377	**—**
Fresh start reporting adjustments	—	—	(3,895,541)	**—**
Gain on sale of discontinued operations	—	(2,814)	(186,331)	**—**
Cash provided by (used in) changes in certain working capital items, net of effects from acquisitions and dispositions				
Accounts receivable, net	89,523	(15,487)	28,261	**18,030**
Accounts receivable-affiliates	—	2,271	—	**—**
Inventory	(111,131)	42,596	14,128	**11,054**
Prepayments and other current assets	(36,530)	(58,367)	(36,813)	**(9,504)**
Accounts payable	(4,512)	278,900	693,663	**(40,927)**
Accounts payable-affiliates	4,989	47,049	(45,017)	**832**
Accrued income taxes	(75,132)	44,137	21,244	**(1,207)**
Accrued property and sales taxes	4,054	27,481	(3,159)	**(4,590)**
Accrued salaries, benefits, and related costs	15,785	(24,912)	40,690	**3,150**
Accrued interest	35,637	203,234	158,581	**(64,026)**
Other current liabilities	82,754	47,692	(22,797)	**(510,867)**
Other assets and liabilities	(82,686)	10,723	(48,697)	**(6,642)**
Net Cash Provided (Used) by Operating Activities	276,014	430,043	238,508	**(588,875)**
Cash Flows from Investing Activities				
Acquisitions, net of liabilities assumed	(2,813,117)	—	—	**—**
Proceeds from sale of discontinued operations	—	160,791	18,612	**—**
Proceeds from sale of investments	4,063	68,517	107,174	**—**
Proceeds from sale of turbines	—	—	70,717	**—**
(Increase) in trust funds	—	—	(13,971)	**—**
Decrease/(increase) in restricted cash	(99,707)	(197,802)	(252,495)	**375,272**
Decrease/(increase) in notes receivable	45,091	(209,244)	(1,653)	**1,182**
Capital expenditures	(1,322,130)	(1,439,733)	(113,502)	**(10,560)**
Investments in projects	(149,841)	(63,996)	(561)	**(2,522)**
Net Cash Provided (Used) by Investing				

Activities	(4,335,641)	(1,681,467)	(185,679)	**363,372**
Cash Flows from Financing Activities				
Net borrowings under line of credit agreement	202,000	790,000	—	**—**
Proceeds from issuance of stock	475,464	4,065	—	**—**
Proceeds from issuance of corporate units (warrants)	4,080	—	—	**—**
Proceeds from issuance of short term debt	622,156	—	—	**—**
Capital contributions from parent	—	500,000	—	**—**
Proceeds from issuance of long-term debt	3,268,017	1,086,770	39,988	**2,450,000**
Deferred debt issuance costs	—	—	(18,540)	**(74,795)**
Funded letter of credit	—	—	—	**(250,000)**
Principal payments on long-term debt	(418,171)	(931,505)	(51,392)	**(1,731,932)**
Net Cash Provided (Used) by Financing Activities	4,153,546	1,449,330	(29,944)	**393,273**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(3,055)	24,950	(22,276)	**(13,562)**
Change in Cash from Discontinued Operations	(25,551)	53,339	30,279	**(288)**
Net Increase in Cash and Cash Equivalents	65,313	276,195	30,888	**153,920**
Cash and Cash Equivalents at Beginning of Period	36,817	102,130	378,325	**409,213**
Cash and Cash Equivalents at End of Period	$ 102,130	$ 378,325	$ 409,213	**$ 563,133**

See notes to consolidated financial statements.

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NRG ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY/ (DEFICIT)

	Class A Common		Common		Additional Paid-in	Retained Earnings/	Accumulated Other Comprehensive	Total Stockholders' Equity/
	Stock	Shares	Stock	Shares	Capital	(Deficit)	Income/(Loss)	(Deficit)
					(In thousands)			
Balances at December 31, 2000 (Predecessor Company)	$ 1,476	147,605	$ 324	32,396	$ 1,233,833	$ 370,145	$ (143,690)	$ 1,462,088
Net income						265,204		265,204
Foreign currency translation adjustments and other							(41,600)	(41,600)
Deferred unrealized gains, net on derivatives							71,101	71,101
Comprehensive income for 2001								294,705
Capital stock activity:								
Issuance of corporate units/ warrant					4,080			4,080
Tax benefits of stock option exercise					792			792
Issuance of common stock, net of issuance costs of $23.5 million			185	18,543	475,279			475,464
Balances at December 31, 2001 (Predecessor Company)	$ 1,476	147,605	$ 509	50,939	$1,713,984	$ 635,349	$ (114,189)	$ 2,237,129
Net loss						(3,464,282)		(3,464,282)
Foreign currency translation adjustments and other							64,054	64,054
Deferred unrealized loss, net on derivatives							(44,823)	(44,823)
Comprehensive loss for 2002								(3,445,051)
Contribution from parent					502,874			502,874
Issuance of common stock			6	591	8,843			8,849
Impact of exchange offer	(1,476)	(147,605)	(515)	(51,530)	1,991			—
Balances at December 31, 2002 (Predecessor Company)	$ —	—	$ —	—	$ 2,227,692	$(2,828,933)	$ (94,958)	$ (696,199)
Net income						2,766,445		2,766,445
Foreign currency translation adjustments and other							127,754	127,754
Deferred unrealized loss, net on derivatives							(31,363)	(31,363)
Comprehensive income for the period from January 1, 2003 through December 5, 2003								2,862,836
Effects of reorganization					(2,227,692)	62,488	(1,433)	(2,166,637)
Issuance of common stock			1,000	100,000	2,403,000			2,404,000
Balances at December 5, 2003 (Predecessor Company)	$ —	—	$1,000	100,000	$ 2,403,000	$ —	$ —	$ 2,404,000
Net income						**11,025**		**11,025**
Foreign currency translation adjustments and other							**22,325**	**22,325**
Deferred unrealized loss, net on derivatives							**(523)**	**(523)**
Comprehensive income for the period from December 6, 2003 through December 31, 2003								**32,827**
Compensation expense related to stock option plan					**429**			**429**
Balances at December 31, 2003 (Reorganized NRG)	**$ —**	**—**	**$ 1,000**	**100,000**	**$2,403,429**	**$ 11,025**	**$ 21,802**	**$ 2,437,256**

See notes to consolidated financial statements.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Organization

General

We are a wholesale power generation company, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products in the United States and internationally. We have a diverse portfolio of electric generation facilities in terms of geography, fuel type, and dispatch levels. We seek to maximize operating income through the efficient procurement and management of fuel supplies and maintenance services, and the sale of energy, capacity and ancillary services into attractive spot, intermediate and long-term markets.

We were formed in 1992 as the non-regulated subsidiary of Northern States Power, or "NSP", which was itself merged into New Century Energies, Inc. to form Xcel Energy, Inc., or "Xcel Energy" in 2000. While owned by NSP and later by Xcel Energy, we consistently pursued an aggressive high growth strategy focused on power plant acquisitions, high leverage and aggressive development, including site development and turbine orders. In 2002, a number of factors most notably the aggressive prices paid by us for our acquisitions of turbines, development projects and plants, combined with the overall downturn in the power generation industry, triggered a credit rating downgrade (below investment grade), which in turn, precipitated a severe liquidity situation. On May 14, 2003, we and 25 of our direct and indirect wholly owned subsidiaries commenced voluntary petitions under chapter 11 of the bankruptcy code in the United States Bankruptcy Court for the Southern District of New York. On November 24, 2003, the bankruptcy court entered an order confirming our plan of reorganization and the plan became effective on December 5, 2003.

As part of the plan of reorganization, Xcel Energy relinquished its ownership interest and we became an independent public company upon our emergence from bankruptcy on December 5, 2003. We no longer have any material affiliation or relationship with Xcel Energy. As part of that reorganization, we eliminated approximately $5.2 billion of corporate level bank and bond debt and approximately $1.3 billion of additional claims and disputes by distributing a combination of equity and up to $1.04 billion in cash among our unsecured creditors. In addition to the debt reduction associated with the restructuring, we used a substantial portion of the proceeds of a recent note offering and borrowings under a new credit facility, the "Refinancing Transactions," to retire approximately $1.7 billion of project-level debt on December 23, 2003. In January 2004, we used proceeds of an additional note offering to repay $503.5 million of the outstanding borrowings under our New Credit facility.

As of December 31, 2003, we owned interests in 72 power projects in seven countries having an aggregate generation capacity of approximately 18,200 MW. Approximately 7,900 MW of our capacity consists of merchant power plants in the Northeast region of the United States. Certain of these assets are located in transmission constrained areas, including approximately 1,400 MW of "in-city" New York City generation capacity and approximately 700 MW of southwest Connecticut generation capacity. We also own approximately 2,500 MW of capacity in the South Central region of the United States, with approximately 1,700 MW of that capacity supported by long-term power purchase agreements. Our assets in the West Coast region of the United States consist of approximately 1,300 MW of capacity with the majority of such capacity owned via our 50% interest in West Coast Power, LLC, or "West Coast Power." Our assets in the West Coast region are supported by a power purchase agreement with the California Department of Water Resources that runs through December 2004. Our principal domestic generation assets consisted of a diversified mix of natural gas-, coal- and oil-fired facilities, representing approximately 48%, 26% and 26% of our total domestic generation capacity, respectively. We also own interests in plants having a generation capacity of approximately 3,000 MW in various international markets, including Australia, Europe and Latin America. Our energy marketing subsidiary, NRG Power Marketing, Inc., or "PMI" began operations in 1998 and is focused on maximizing the value of our North American assets by providing centralized contract origination and management services, and through the efficient procurement and management of fuel and the sale of energy and related products in the spot, intermediate and long-term markets.

We were incorporated as a Delaware corporation on May 29, 1992. Our headquarters and principal executive offices are located at 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota, 55402. Our telephone number is (612) 373-5300. Our Internet website is http://www.nrgenergy.com. Our recent annual reports, quarterly reports, current reports and other periodic filings are available free of charge through our Internet website.

The Bankruptcy Case

On May 14, 2003, we and 25 of our direct and indirect wholly owned subsidiaries commenced voluntary petitions under chapter 11 of the bankruptcy code in the United States Bankruptcy Court for the Southern District of New York, or "the bankruptcy court." During the bankruptcy proceedings, we continued to conduct our business and manage our properties as debtors in possession pursuant to sections 1107(a) and 1108 of the bankruptcy code. Our subsidiaries that own our international operations, and certain other subsidiaries, were not part of these chapter 11 cases or any of the subsequent bankruptcy filings. On November 24, 2003, the bankruptcy court entered an order confirming the NRG plan of reorganization, and the plan became effective on December 5, 2003.

Events Leading to the Commencement of the Chapter 11 Filing

Since the 1990's, we pursued a strategy of growth through acquisitions and later the development of new construction projects. This strategy required significant capital, much of which was satisfied primarily with third party debt. Due to a number of reasons, particularly our aggressive pricing of acquisitions and the overall down-turn in the power generation industry, our financial condition deteriorated significantly starting in 2001. During 2002, our senior unsecured debt and our project-level secured debt were downgraded multiple times by rating agencies. In September 2002, we failed to make payments due under certain unsecured bond obligations, which resulted in further downgrades.

As a result of the downgrades, the debt load incurred during the course of acquiring assets, declining power prices, increasing fuel prices, the overall down-turn in the power generation industry and the overall down-turn in the economy, we experienced severe financial difficulties. These difficulties caused us to, among other things, miss scheduled principal and interest payments due to our corporate lenders and bondholders, be required to prepay for fuel and other related delivery and transportation services and be required to provide performance collateral in certain instances. We also recorded asset impairment charges of approximately $3.1 billion during 2002, while we were a wholly-owned subsidiary of Xcel Energy, related to various operating projects as well as for projects that were under construction which we had stopped funding and turbines we had purchased for which we no longer had a use.

In addition, our missed payments resulted in cross-defaults of numerous other non-recourse and limited recourse debt instruments and caused the acceleration of multiple debt instruments, rendering such debt immediately due and payable. In addition, as a result of the downgrades, we received demands under outstanding letters of credit to post collateral aggregating approximately $1.2 billion.

In August 2002, we retained financial and legal restructuring advisors to assist our management in the preparation of a comprehensive financial and operational restructuring. In March 2003, Xcel Energy announced that its board of directors had approved a tentative settlement agreement with us, the holders of most of our long-term notes and the steering committee representing our bank lenders.

We filed two plans of reorganization in connection with our restructuring efforts. The first, filed on May 14, 2003, and referred to as the NRG plan of reorganization, relates to us and the other NRG plan debtors. The second plan, relating to our Northeast and South Central subsidiaries, which we refer to as the Northeast/ South Central plan of reorganization, was filed on September 17, 2003. On November 25, 2003,

the bankruptcy court entered an order confirming the Northeast/South Central plan of reorganization and the plan became effective on December 23, 2003.

On June 6, 2003, LSP-Nelson Energy LLC and NRG Nelson Turbines LLC filed for protection under chapter 11 of the bankruptcy code and on August 19, 2003, NRG McClain LLC filed for protection under chapter 11 of the bankruptcy code. This annual report does not address the plans of reorganization of these subsidiaries because they are not material to our operations and we expect to sell or otherwise dispose of our interest in each subsidiary subsequent to our reorganization.

The following description of the material terms of the NRG plan of reorganization and the Northeast/ South Central plan of reorganization is subject to, and qualified in its entirety by, reference to the detailed provisions of the NRG plan of reorganization and NRG disclosure statement, and the Northeast/ South Central plan of reorganization and Northeast/ South Central disclosure statement, all of which are available for review upon request.

NRG Plan of Reorganization

The NRG plan of reorganization is the result of several months of intense negotiations among us, Xcel Energy and the two principal committees representing our creditor groups, which we refer to as the Global Steering Committee and the Noteholder Committee. A principal component of the NRG plan of reorganization is a settlement with Xcel Energy in which Xcel Energy agreed to make a contribution consisting of cash (and, under certain circumstances, its stock) in the aggregate amount of up to $640 million to be paid in three separate installments following the effective date of the NRG plan of reorganization. The Xcel Energy settlement agreement resolves any and all claims existing between Xcel Energy and us and/or our creditors and, in exchange for the Xcel Energy contribution, Xcel Energy is receiving a complete release of claims from us and our creditors, except for a limited number of creditors who have preserved their claims as set forth in the confirmation order entered on November 24, 2003.

Under the terms of the Xcel Energy settlement agreement, the Xcel Energy contribution will be or has been paid as follows:

- An initial installment of $238 million in cash was paid on February 20, 2004.
- A second installment of $50 million in cash was paid on February 20, 2004.
- A third installment of $352 million in cash, which Xcel Energy is required to pay on April 30, 2004.

On November 24, 2003, the bankruptcy court issued an order confirming the NRG plan of reorganization, and the plan became effective on December 5, 2003. To consummate the NRG plan of reorganization, we have or will, among other things:

- Satisfy general unsecured claims by:
  - issuing new NRG Energy common stock to holders of certain classes of allowed general unsecured claims; and
  - making cash payments in the amount of up to $1.04 billion to holders of certain classes of allowed general unsecured claims of which $500 million was paid in December 2003, with proceeds of the Refinancing Transactions;
- Satisfy certain secured claims by either:
  - distributing the collateral to the security holder,
  - selling the collateral and distributing the proceeds to the security holder or
  - other mutually agreeable treatment; and

- Issue to Xcel Energy a $10 million non-amortizing promissory note which will:
  - accrue interest at a rate of 3% per annum, and
  - mature 2.5 years after the effective date of the NRG plan of reorganization.

Northeast/ South Central Plan of Reorganization

The Northeast/ South Central plan of reorganization was proposed on September 17, 2003 after we secured the necessary financing commitments. On November 25, 2003, the bankruptcy court issued an order confirming the Northeast/ South Central plan of reorganization and the plan became effective on December 23, 2003. In connection with the order confirming the Northeast/ South Central plan of reorganization, the court entered a separate order which provides that the allowed amount of the bondholders' claims shall equal in the aggregate the sum of (i) $1.3 billion plus (ii) any accrued and unpaid interest at the applicable contract rates through the date of payment to the indenture trustee plus (iii) the reasonable fees, costs or expenses of the collateral agent and indenture trustee (other than reasonable professional fees incurred from October 1, 2003) plus (iv) $19.6 million, ratably, for each holder of bonds based upon the current outstanding principal amount of the bonds and irrespective of (a) the date of maturity of the bonds, (b) the interest rate applicable to such bonds and (c) the issuer of the bonds. The settlement further provides that the Northeast/ South Central debtors shall reimburse the informal committee of secured bondholders, the indenture trustee, the collateral agent, and two additional bondholder groups, for any reasonable professional fees, costs or expenses incurred from October 1, 2003 through January 31, 2004 up to a maximum amount of $2.5 million (including in such amount any post-October 1, 2003 fees already reimbursed), with the exception that the parties to the settlement reserved their respective rights with respect to any additional reasonable fees, costs or expenses incurred subsequent to November 25, 2003 related to matters not reasonably contemplated by the implementation of the settlement of the Northeast/ South Central plan of reorganization.

The creditors of Northeast and South Central subsidiaries are unimpaired by the Northeast/ South Central plan of reorganization. This means that holders of allowed general unsecured claims were paid in cash, in full on the effective date of the Northeast/ South Central plan of reorganization. Holders of allowed secured claims will receive or have received either (i) cash equal to the unpaid portion of their allowed unsecured claim, (ii) treatment that leaves unaltered the legal, equitable and contractual rights to which such unsecured claim entitles the holder of such claim, (iii) treatment that otherwise renders such unsecured claim unimpaired pursuant to section 1124 of the bankruptcy code or (iv) such other, less favorable treatment that is confirmed in writing as being acceptable to such holder and to the applicable debtor.

Note 2 — Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

Between May 14, 2003 and December 5, 2003, we operated as a debtor-in-possession under the supervision of the bankruptcy Court. Our financial statements for reporting periods within that timeframe were prepared in accordance with the provisions of Statement of Position 90-7, *"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code."*

For financial reporting purposes, close of business on December 5, 2003, represents the date of our emergence from bankruptcy. As used herein, the following terms refer to the Company and its operations:

"Predecessor Company"	The Company, pre-emergence from bankruptcy The Company's operations, January 1, 2001 — December 5, 2003
"Reorganized NRG"	The Company, post-emergence from bankruptcy The Company's operations, December 6, 2003 — December 31, 2003

In January 2003, the FASB issued FASB Interpretation No. 46, *"Consolidation of Variable Interest Entities,"* or "FIN No. 46." FIN No. 46 requires an enterprise's consolidated financial statements to include subsidiaries in which the enterprise has a controlling interest. Historically, that requirement has been applied to subsidiaries in which an enterprise has a majority voting interest, but in many circumstances the enterprise's consolidated financial statements do not include the consolidation of variable interest entities with which it has similar relationships but no majority voting interest. Under FIN No. 46, the voting interest approach is not the approach used to identify the controlling financial interest. The new rule requires that for entities to be consolidated that those assets be initially recorded at their carrying amounts at the date the requirements of the new rule first apply. If determining carrying amounts as required is impractical, then the assets are to be measured at fair value the first date the new rule applies. Any difference between the net amounts of any previously recognized interest in the newly consolidated entity should be recognized as the cumulative effect of an accounting change. In December 2003, the FASB has published a revision to Interpretation 46, or "FIN 46R", to clarify some of the provisions of FASB Interpretation No. 46, *"Consolidation of Variable Interest Entities,"* and to exempt certain entities from its requirements. As required by SOP 90-7, we have adopted FIN No. 46R as of the adoption of Fresh Start. In connection with the adoption of FIN No. 46R, we have recorded total assets of $54.4 million and total liabilities of $47.5 million as of December 6, 2003 that were previously recorded through equity method investments. The nature of the operations consolidated consisted of hydro power facilities on the East Coast.

The consolidated financial statements include our accounts and operations and those of our subsidiaries in which we have a controlling interest. We account for the operations of LSP-Nelson Energy LLC and NRG Nelson Turbines LLC under the cost method as they are currently in bankruptcy. All significant intercompany transactions and balances have been eliminated in consolidation. Accounting policies for all of our operations are in accordance with accounting principles generally accepted in the United States of America. As discussed in Note 13, we have investments in partnerships, joint ventures and projects. Earnings from equity in international investments are recorded net of foreign income taxes.

Fresh Start Reporting

In accordance with Statement of Position 90-7, *"Financial Reporting by Entities in Reorganization Under the Bankruptcy Code,"* certain companies qualify for fresh start reporting in connection with their emergence from bankruptcy. Fresh start reporting is appropriate on the emergence from chapter 11 if the reorganization value of the assets of the emerging entity immediately before the date of confirmation is less than the total of all post-petition liabilities and allowed claims, and if the holders of existing voting shares immediately before confirmation receive less than 50 percent of the voting shares of the emerging entity. We met these requirements and adopted Fresh Start reporting resulting in the creation of a new reporting entity designated as Reorganized NRG.

The bankruptcy court issued a confirmation order approving our Plan of reorganization on November 24, 2003. Under the requirements of SOP 90-7, the Fresh Start date is determined to be the confirmation date unless significant uncertainties exist regarding the effectiveness of the bankruptcy order. Our Plan of reorganization required completion of the Xcel Energy settlement agreement prior to emergence from bankruptcy. The Xcel Energy settlement agreement was entered into on December 5, 2003. We believe this settlement agreement was a significant contingency and thus delayed the Fresh Start date until the Xcel Energy settlement agreement was finalized on December 5, 2003.

Under the requirements of Fresh Start, we have adjusted our assets and liabilities, other than deferred income taxes, to their estimated fair values as of December 5, 2003. As a result of marking our assets and liabilities to their estimated fair values, we determined that there was a negative reorganization value that was reallocated back to our tangible and intangible assets. Deferred taxes were determined in accordance with SFAS No. 109, *"Accounting for Income Taxes."* The net effect of all Fresh Start adjustments resulted in a

gain of $3.9 billion, which is reflected in the Predecessor Company's results for the period January 1, 2003 through December 5, 2003. The application of the Fresh Start provisions of SOP 90-7 created a new reporting entity having no retained earnings or accumulated deficit.

As part of the bankruptcy process we engaged an independent financial advisor to assist in the determination of our reorganized enterprise value. The fair value calculation was based on management's forecast of expected cash flows from our core assets. Management's forecast incorporated forward commodity market prices obtained from a third party consulting firm. A discounted cash flow calculation was used to develop the enterprise value of Reorganized NRG, determined in part by calculating the weighted average cost of capital of the Reorganized NRG. The Discounted Cash Flow, or "DCF", valuation methodology equates the value of an asset or business to the present value of expected future economic benefits to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts expected future economic benefits by a theoretical or observed discount rate. The independent financial advisor prepared a 30 year cash flow forecast using a discount rate of approximately 11%. The resulting reorganization enterprise value as included in the Disclosure Statement ranged from $5.5 billion to $5.7 billion. The independent financial advisor then subtracted our project level debt and made several other adjustments to reflect the values of assets held for sale, excess cash and collateral requirements to estimate a range of Reorganized NRG equity value of between $2.2 billion and $2.6 billion.

In constructing our Fresh Start balance sheet upon our emergence from bankruptcy, we used a reorganization equity value of approximately $2.4 billion, as we believe this value to be the best indication of the value of the ownership distributed to the new equity owners. Our NRG Plan of reorganization provided for the issuance of 100,000,000 shares of NRG common stock to the various creditors resulting in a calculated price per share of $24.04. Our reorganization value of approximately $9.1 billion was determined by adding our reorganized equity value of $2.4 billion, $3.7 billion of interest bearing debt and our other liabilities of $3.0 billion. The reorganization value represents the fair value of an entity before liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after restructuring. This value is consistent with the voting creditors and Court's approval of the Plan of Reorganization.

Our Fresh Start adjustments consist primarily of the valuation of our existing fixed assets and liabilities, equity investments and recognition of the value of certain power sales contracts that were deemed to be significantly valuable or burdensome as either intangible assets or liabilities which will be amortized into income over the respective terms of each contract. A description of the adjustments and amounts is provided in Note 3 — Emergence from Bankruptcy and Fresh Start Reporting.

A separate plan of reorganization was filed for our Northeast Generating and South Central Generating entities that was confirmed by the bankruptcy court on November 25, 2003, and became effective on December 23, 2003, when the final conditions of the plan were completed. In connection with Fresh Start on December 5, 2003, we continued to consolidate our Northeast Generating and South Central Generating entities as we believe that we continued to maintain control over the Northeast Generating and South Central Generating facilities through out the bankruptcy process. As previously stated, the Northeast Generating and South Central Generating entities emerged from bankruptcy on December 23, 2003. However, since the creditors received full recovery, the liabilities are not recorded as subject to compromise in the December 6, 2003 balance sheet.

Due to the adoption of the Fresh Start upon our emergence from bankruptcy, the Reorganized NRG balance sheet, statement of operations and statement of cash flows have not been prepared on a consistent basis with the Predecessor Company's financial statements and are therefore not comparable to the financial statements prior to the application of Fresh Start.

Nature of Operations

We are a wholesale power generation company, primarily engaged in the ownership and operation of power generation facilities and the sale of energy, capacity and related products in the United States and

internationally. We have a diverse portfolio of electric generation facilities in terms of geography, fuel type, and dispatch levels, which help us mitigate risk. We seek to maximize operating income through the efficient procurement and management of fuel supplies and maintenance services, and the sale of energy, capacity and ancillary services into attractive spot, intermediate and long-term markets.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments (primarily commercial paper) with an original maturity of three months or less at the time of purchase.

Restricted Cash

Restricted cash consists primarily of funds held to satisfy the requirements of certain debt agreements and funds held within our projects that are restricted in their use.

Inventory

Inventory is valued at the lower of weighted average cost or market and consists principally of fuel oil, spare parts, coal, kerosene, emission allowance credits and raw materials used to generate steam.

Property, Plant and Equipment

Property, plant and equipment are stated at cost however impairment adjustments are recorded whenever events or changes in circumstances indicate carrying values may not be recoverable. On December 5, 2003, we recorded adjustments to the property, plant and equipment to reflect such items at fair value in accordance with Fresh Start reporting. A new cost basis was established with these adjustments. Significant additions or improvements extending asset lives are capitalized, while repairs and maintenance that do not improve or extend the life of the respective asset are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Facilities and equipment	10-60 years
Office furnishings and equipment	3-15 years

The assets and related accumulated depreciation amounts are adjusted for asset retirements and disposals with the resulting gain or loss included in operations.

Asset Impairments

Long-lived assets that are held and used are reviewed for impairment whenever events or changes in circumstances indicate carrying values may not be recoverable. Such reviews are performed in accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Asset."* An impairment loss is recognized if the total future estimated undiscounted cash flows expected from an asset are less than its carrying value. An impairment charge is measured by the difference between an asset's carrying amount and fair value. Fair values are determined by a variety of valuation methods, including appraisals, sales prices of similar assets and present value techniques.

Investments accounted for by the equity method are reviewed for impairment in accordance with APB Opinion No. 18, *"The Equity Method of Accounting for Investments in Common Stock."* APB Opinion No. 18 requires that a loss in value of an investment that is other than a temporary decline should be recognized. We identify and measure losses in value of equity investments based upon a comparison of fair value to carrying value.

Discontinued Operations

Long-lived assets are classified as discontinued operations when all of the required criteria specified in SFAS No. 144 are met. These criteria include, among others, existence of a qualified plan to dispose of an asset, an assessment that completion of a sale within one year is probable and approval of the appropriate level of management and board of directors. Discontinued operations are reported at the lower of the asset's carrying amount or fair value less cost to sell.

Capitalized Interest

Interest incurred on funds borrowed to finance projects expected to require more than three months to complete is capitalized. Capitalization of interest is discontinued when the asset under construction is ready for its intended use or when a project is terminated or construction ceased. Capitalized interest was approximately $27.2 million, $64.8 million, $15.9 thousand and $1.5 thousand in 2001, 2002, 2003 Predecessor Company and 2003 Reorganized NRG, respectively.

Capitalized Project Costs

Development costs and capitalized project costs include third party professional services, permits, and other costs that are incurred incidental to a particular project. Such costs are expensed as incurred until an acquisition agreement or letter of intent is signed, and our Board of Directors has approved the project. Additional costs incurred after this point are capitalized. When a project begins operation, previously capitalized project costs are reclassified to equity investments in affiliates or property, plant and equipment and amortized on a straight-line basis over the lesser of the life of the project's related assets or revenue contract period. Capitalized costs are charged to expense if a project is abandoned or management otherwise determines the costs to be unrecoverable.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized as interest expense on a basis, which approximates the effective interest method over the terms of the related debt.

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of net tangible and intangible assets acquired in business combinations over their estimated fair value. Effective January 1, 2002, we implemented SFAS No. 142, *"Goodwill and Other Intangible Assets"* or "SFAS No. 142." Pursuant to SFAS No. 142, goodwill is not amortized but is subject to periodic impairment testing. Prior to 2002, goodwill was amortized on a straight line basis over 20 to 30 years.

Intangible assets represent contractual rights held by us. Intangible assets are amortized over their economic useful life and reviewed for impairment on a periodic basis. Non-amortized intangible assets, including goodwill, are tested for impairment annually and on an interim basis if an event or circumstance occurs between annual tests that might reduce the fair value of that asset.

Income Taxes

The Predecessor Company's income tax provision for the period January 1, 2003 through December 5, 2003 has been recorded on the basis that separate federal income tax returns will be filed. The Reorganized NRG's income tax provision for the period December 6, 2003 through December 31, 2003 has been recorded on the basis that we and our U.S. subsidiaries will reconsolidate for federal income tax purposes as of December 6, 2003. The income tax provision for the year ended December 31, 2002 has been recorded on the

basis that we and our U.S. subsidiaries have filed a consolidated federal income tax return for the period January 1, 2002 through June 3, 2002 and filed separate federal income tax returns for the remainder of 2002.

The Predecessor Company's income taxes have been recorded on the basis that Xcel Energy has not included us in its consolidated federal income tax return following Xcel Energy's acquisition of our public shares on June 3, 2002. Since we and our U.S. subsidiaries will not be included in the Xcel Energy consolidated tax group, each of our U.S. subsidiaries that is classified as a corporation for U.S. income tax purposes must file a separate federal income tax return for the periods ended December 31, 2002 and December 5, 2003.

The Reorganized NRG is no longer owned by Xcel Energy and thus, no longer included in the Xcel Energy affiliated group. The change in ownership allows us to file a consolidated federal income tax return with our U.S. subsidiaries starting on December 6, 2003.

Deferred income taxes are recognized for the tax consequences in future years of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts at each year end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Income tax expense is the tax payable for the period and the change during the period in deferred tax assets and liabilities. A valuation allowance is recorded to reduce deferred tax assets to the amount more likely than not to be realized.

Revenue Recognition

We are primarily an electric generation company, operating a portfolio of majority-owned electric generating plants and certain plants in which our ownership interest is 50% or less and which are accounted for under the equity method. In connection with our electric generation business, we also produce thermal energy for sale to customers, principally through steam and chilled water facilities. We also collect methane gas from landfill sites, which are used for the generation of electricity. In addition, we sell small amounts of natural gas and oil to third parties.

Electrical energy revenue is recognized upon delivery to the customer. In certain markets, which are operated/controlled by an independent system operator and in which we have entered into a netting agreement with the ISO, which results in our receiving a netted invoice, we have recorded purchased energy as an offset against revenues received upon the sale of such energy. Capacity and ancillary revenue is recognized when contractually earned. Disputed revenues are not recorded in the financial statements until disputes are resolved and collection is assured.

Revenue from long-term power sales contracts that provide for higher pricing in the early years of the contract are recognized in accordance with Emerging Issues Task Force Issue No. 91-6, *"Revenue Recognition of Long Term Power Sales Contracts."* This results in revenue deferrals and recognition on a levelized basis over the term of the contract.

We provide contract operations and maintenance services to some of our non-consolidated affiliates. Revenue is recognized as contract services are performed.

We recognize other income for interest income on loans to our non-consolidated affiliates, as the interest is earned and realizable.

Foreign Currency Translation and Transaction Gains and Losses

The local currencies are generally the functional currency of our foreign operations. Foreign currency denominated assets and liabilities are translated at end-of-period rates of exchange. Revenues, expenses and cash flows are translated at weighted-average rates of exchange for the period. The resulting currency translation adjustments are accumulated and reported as a separate component of stockholders' equity and are

not included in the determination of the results of operations. Foreign currency transaction gains or losses are reported in results of operations. We recognized foreign currency transaction gains (losses) of $1.8 million, $(10.4) million, $(19.8) million and $0.4 million in 2001, 2002, 2003 Predecessor Company and 2003 Reorganized NRG, respectively.

Concentrations of Credit Risk

Financial instruments, which potentially subject us to concentrations of credit risk, consist primarily of cash, accounts receivable, notes receivable and investments in debt securities. Cash accounts are generally held in Federally insured banks. Accounts receivable, notes receivable and derivative instruments are concentrated within entities engaged in the energy industry. These industry concentrations may impact our overall exposure to credit risk, either positively or negatively, in that the customers may be similarly affected by changes in economic, industry or other conditions. Receivables are generally not collateralized; however, we believe the credit risk posed by industry concentration is offset by the diversification and creditworthiness of our customer base.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, receivables, accounts payables, and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables approximate fair value, as the effective rates for these instruments are comparable to market rates at year end, including current portions. The fair value of long-term debt is estimated based on quoted market prices for those instruments which are traded or on a present value method using current interest rates for similar instruments with equivalent credit quality.

Pensions

The determination of our obligation and expenses for pension benefits is dependent on the selection of certain assumptions. These assumptions determined by management include the discount rate, the expected rate of return on plan assets and the rate of future compensation increases. Our actuarial consultants use assumptions for such items as retirement age. The assumptions used may differ materially from actual results, which may result in a significant impact to the amount of pension obligation or expense recorded by us.

Stock Based Compensation

During the fourth quarter of 2003, in accordance with SFAS Statement No. 148, *"Accounting for Stock-Based Compensation — Transition and Disclosure"* we adopted SFAS No. 123 under the prospective transition method which requires the application of the recognition provisions to all employee awards granted, modified, or settled after the beginning of the fiscal year in which the recognition provisions are first applied. As a result, we applied the fair value recognition provisions of SFAS No. 123 as of January 1, 2003. As discussed in Note 18, we recognized compensation expense for the grants issued under the Long-Term Incentive Plan.

Net Income Per Share

Basic net income per share is calculated based on the weighted average of common shares outstanding during the period. Net income per share, assuming dilution is computed by dividing net income by the weighted average number of common and common equivalent shares outstanding. Our only common equivalent shares are those that result from dilutive common stock options and restricted stock.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

In recording transactions and balances resulting from business operations, we use estimates based on the best information available. Estimates are used for such items as plant depreciable lives, tax provisions, un-collectible accounts, actuarially determined benefit costs and the valuation of long-term energy commodities contracts, among others. In addition, estimates are used to test long-lived assets for impairment and to determine fair value of impaired assets. As better information becomes available (or actual amounts are determinable), the recorded estimates are revised. Consequently, operating results can be affected by revisions to prior accounting estimates.

Reclassifications

Certain prior-year amounts have been reclassified for comparative purposes. These reclassifications had no effect on our net income or total stockholders' equity as previously reported.

Recent Accounting Developments

As part of the provisions of SOP 90-7, we are required to adopt, for the current reporting period, all accounting guidance that is effective within a twelve-month period. As a result, we have adopted all provisions of FASB Interpretation No. 46R, *"Consolidation of Variable Interest Entities"*.

Note 3 — Emergence from Bankruptcy and Fresh Start Reporting

In accordance with the requirements of SOP 90-7, we determined the reorganization value of NRG and subsidiaries emerging from bankruptcy to be approximately $9.1 billion. Reorganization value generally approximates fair value of the entity before considering liabilities and approximates the amount a willing buyer would pay for the assets of the entity immediately after the restructuring. Several methods are used to determine the reorganization value; however, generally it is determined by discounting future cash flows for the reconstituted business that will emerge from chapter 11 bankruptcy. Our approach was consistent in that our independent financial advisor's estimated reorganization enterprise value of our ongoing projects using a discounted cash flow approach.

We allocated the reorganization value of $9.1 billion to our assets in conformity with the procedures specified by SFAS No. 141. We used a third party to complete an independent appraisal of our tangible assets, equity investments and intangible assets and contracts. In completing the fair value allocation our assets were calculated to be greater than the reorganization value. As a result, we reallocated the negative reorganization value to our tangible and intangible assets in accordance with SFAS No. 141. In preparing our balance sheet we also recorded each liability existing at the plan confirmation date, other than deferred taxes, at the present value of amounts to be paid determined at appropriate current interest rates. Deferred taxes were reported in conformity with generally accepted accounting principles under SFAS No. 109. Our equity was recorded at approximately $2.4 billion representing a price per share of $24.04 for the issuance of 100,000,000 shares of common stock with bankruptcy emergence. We pushed down the effects of fresh start reporting to all of our subsidiaries.

In constructing our Fresh Start balance sheet using our reorganization value upon our emergence from bankruptcy we used a reorganization equity value of approximately $2.4 billion, as we believe this value to be the best indication of the value of the ownership distributed to the new equity owners. Accordingly, our

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

reorganization value of $9.1 billion was determined by adding our reorganized equity value of $2.4 billion, $3.7 billion of interest bearing debt and our other liabilities of $3.0 billion. This value is consistent with the voting creditors and Court's approval of the Plan of Reorganization.

The determination of the enterprise value and the allocations to the underlying assets and liabilities were based on a number of estimates and assumptions, which are inherently subject to significant uncertainties and contingencies.

We recorded approximately $3.9 billion of net reorganization income in the Predecessor Company's statement of operations for 2003, which includes the gain on the restructuring of debt and equity and the discharge of obligations subject to compromise for less than recorded amounts, as well as adjustments to the historical carrying values of our assets and liabilities to fair market value.

Due to the adoption of Fresh Start as of December 5, 2003, the Reorganized NRG balance sheet, statement of operations and statement of cash flows have not been prepared on a consistent basis with the Predecessor Company's financial statements and are not comparable in certain respects to the financial statements prior to the application of Fresh Start. A black line has been drawn on the accompanying Consolidated Financial Statements to separate and distinguish between Reorganized NRG and the Predecessor Company. The effects of the reorganization and Fresh Start on our balance sheet as of December 5, 2003, were as follows (in thousands):

	Predecessor Company December 5, 2003	Debt Discharge and Exchange of Stock	Fresh Start Adjustments		Consolidation	Reorganized NRG December 6, 2003
			(In thousands)			
Current Assets						
Cash and cash equivalents	$ 409,249	$ (1,728)(B)	$	$	$ 1,692(T)	$ 409,213
Restricted cash	544,387	1,732(B)			1,932(T)	548,051
Accounts receivable — trade	233,051	640,000(A)	(2)(B)	3,627(J)	1,177(T)	877,853
Accounts receivable — affiliates	41,272		806(B)	(42,078)(J)		—
Current portion of notes receivable	66,628					66,628
Inventory	252,018		(26,618)(K)	(11,004)(L)		214,396
Derivative instruments valuation	161					161
Prepayments and other current assets	166,754	(25,855)(B)	(7,150)(M)	85,873(J)	1,047(T)	220,669
Current assets — discontinued operations	4,764		(714)(K)	1,629(J)		5,679
Total Current Assets	1,718,284	614,149	(33,678)	38,047	5,848	2,342,650
Property, Plant and Equipment						
Net property, plant and equipment	5,883,944		(1,392,481)(I)	(132,128)(J)	46,652(T)	4,405,987
Other Assets						
Equity investments in affiliates	964,317		(216,029)(C)	14(J)	(6,880)(T)	741,422
Notes receivable, less current portion — affiliates	164,987		(39,336)(P)			125,651
Notes receivable, less current portion	752,847	(155,477)(D)	77,862(P)		(301)(T)	674,931
Decommissioning fund investments	4,787					4,787
Intangible assets, net	71,696		437,860(O)	(22,829)(I)		486,727

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company December 5, 2003	Debt Discharge and Exchange of Stock	Fresh Start Adjustments		Consolidation	Reorganized NRG December 6, 2003
			(In thousands)			
Debt issuance cost, net	76,256		(76,256)(P)			—
Derivative instruments valuation	66,442					66,442
Other assets, net	24,347		(133)(P)	98,857(J)	2,170(T)	125,241
Non-current assets — discontinued operations	161,729		276(P)			162,005
Total Other Assets	2,287,408	(155,477)	184,244	76,042	(5,011)	2,387,206
Total Assets	$ 9,889,636	$ 458,672	$(1,241,915)	$ (18,039)	$47,489	$ 9,135,843
Current Liabilities						
Current portion of long-term debt	$ 1,538,866	$ (155,477)(D)	$ (120,934)(P)	$ 1,307,249(Q)	$ 613(T)	$ 2,570,317
Accounts payable trade	329,135	(101,632)(E)	(903)(N)	5,499(J)		232,099
Accounts payable affiliate	24,525	(2,308)(B)	(5,205)(N)	2,995(J)	36(T)	20,043
Income taxes payable	19,303		(4,571)(M)	4,255(J)		18,987
Accrued property, sales and other taxes	32,965		(5,999)(B)	3,556(J)		30,522
Accrued salaries, benefits and related costs	14,337			2,377(J)	5(T)	16,719
Accrued interest	86,332	(2,464)(B)		1,632(J)	121(T)	85,621
Derivative instruments valuation	95					95
Other current liabilities	141,542	1,260,057(F)	8,233(O)	(10,628)(J)	413(T)	1,399,617
Current liabilities — discontinued operations	3,518		(104)(J)	6(J)		3,420
Total Current Liabilities	2,190,618	998,176	(129,483)	1,316,941	1,188	4,377,440
Other Liabilities						
Long-term debt	1,194,097	10,000(G)	(33,256)(P)	303(J)	42,060(T)	1,213,204
Deferred income taxes	163,234		(31,087)(M)	(18,945)(J)		113,202
Postretirement and other benefit obligations	45,181	(1,118)(B)	64,067(R)	(2,838)(J)		105,292
Derivative instrument valuation	53,082			102,627(J)		155,709
Other long-term obligations	152,068	763(B)	518,085(O)	(99,060)(J)		571,856
Non-current liabilities — discontinued operations	158,225	—	—	—	—	158,225
Total liabilities not						

subject to compromise	3,956,505	1,007,821	388,326	1,299,028	43,248	6,694,928
Total liabilities subject to compromise	7,658,071	(6,278,547)(H)	(1,367)(J)	(1,378,157)(Q)		—
Total liabilities	11,614,576	(5,270,726)	386,959	(79,129)	43,248	6,694,928
Minority interest	32,674				4,241(T)	36,915
Commitments and Contingencies						
Class A — Common stock; $.01 par value; 100 shares authorized in 2002; 3 shares issued and outstanding at December 31 2002	1	(1)(S)				

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company December 5, 2003	Debt Discharge and Exchange of Stock	Fresh Start Adjustments		Consolidation	Reorganized NRG December 6, 2003
			(In thousands)			
Common stock; $.01 par value; 100 authorized in 2002; 1 share issued and outstanding at December 31, 2002						
Common stock; $.01 par value; 500,000,000 authorized in 2003; 100,000,000 shares issued and outstanding at December 6, 2003		1,000(H)				1,000
Additional paid-in capital	2,227,691	2,403,000(H)	(2,227,691)(S)			2,403,000
Retained (deficit) earnings	(3,986,739)		3,924,215(S)	62,524(S)		
Accumulated other comprehensive loss	1,433			(1,433)(S)		
Total Stockholders' Equity/ (Deficit)	(1,757,614)	2,403,999	1,696,524	61,091		2,404,000
Total Liabilities and Stockholders' Equity/ (Deficit)	$ 9,889,636	$ (2,866,727)	$ 2,083,483	$(18,038)	$ 47,489	$ 9,135,843

(A) Represents a $640.0 million receivable from Xcel Energy that relates to the Xcel Energy Settlement Agreement. $288.0 million was paid on February 20, 2004 in cash and $352.0 million will be paid on April 30, 2004.

(B) Adjustments to assets and liabilities resulting from the NRG Energy bankruptcy settlement.

(C) Includes the adjustment of carrying amount of Investments in Projects to fair market value as determined by independent appraisers.

(D) The NRG Energy bankruptcy settlement included the liquidation of NRG FinCo. As a result, the NRG FinCo creditors obtained a perfected first priority security interest in all of LSP Pike Energy LLC assets, making the Mississippi Industrial Revenue Bonds owed by LSP Pike Energy LLC worthless.

(E) Includes $103.0 million discharge of obligations related to LSP Pike Energy LLC settlement with Shaw Constructors, Inc.

(F) Includes the establishment of a creditor's pool and the FinCo lender settlement:

Creditor installment payments	$ 515.0
Establishment of plan of reorganization liability	500.0
Contingency payment	25.0
FinCo lender settlement (see note 24)	220.0
Total other current liabilities	$1,260.0

(G) Represents NRG Energy Promissory Note owed to Xcel Energy, due June 5, 2006 with a stated interest rate of 3.0%

(H) Represents the elimination of approximately $5.2 billion of corporate level bank and bond debt and approximately $1.1 billion of additional claims and disputes by distributing a combination of equity and

up to $1.04 billion in cash among our unsecured creditors. Upon reorganization we issued 100 million shares of NRG common stock at $24.04 per share.

(I) Result of allocating the reorganization value in conformity with the purchase method of accounting for business combinations. These allocations were based on valuations obtained from independent appraisers.

(J) Adoption of Fresh Start Reporting and reinstatement of miscellaneous liabilities subject to compromise.

(K) Accounting policy change upon adoption of fresh start reporting. Consumables are no longer included as inventory and are expensed as incurred.

(L) Accounting policy change upon adoption of fresh start reporting. Capital spares were reclassified from inventory to Property Plant and Equipment.

(M) Records income taxes of the Company based on the guidance provided in the Statement of Financial Accounting Standards No. 109 and SOP 90-7.

(N) Adjust assets and liabilities to reflect management's estimate, with the assistance of independent specialists, of the fair value.

(O) Reflects management's estimate, with the assistance of independent appraisers, of the fair value of power purchase agreements and SO_2 emission credits. Management identified certain power purchase agreements that were either significantly valuable or significantly burdensome as compared to our market expectations. The predecessor goodwill and intangibles were written off. Our guarantees were reviewed for the requirement to recognize a liability at inception. As a result, we recorded a $15.0 million liability. In addition, our Asset Retirement Obligation or "ARO" was revalued.

SO_2 emission credits	$373.5
Valuable contracts	113.2
Predecessor intangible	(48.9)
Total Intangible	$437.8
Burdensome contracts	$ 15.1
Other valuations adjustments	(6.9)
Total other current liabilities	$ 8.2
Burdensome contracts	$493.5
Other valuations adjustments	24.6
Total other long-term obligations	$ 518.1

(P) Reflects management's estimate, based on current market interest rates as of December 5, 2003, of the fair value of notes receivable, notes payable and other debt instruments.

(Q) Reclassification of subject to compromise liabilities due to emergence from bankruptcy, consists primarily of the debt held at our Northeast and South Central subsidiaries of $1.3 billion. The remaining amounts were reclassified to current liabilities.

(R) Adjustment to post-retirement and other benefit obligations in order to reflect the accumulated benefit obligation liability based on independent actuarial reports. The pension and welfare plans were assumed from Xcel Energy without the transfer of assets.

(S) Reflects the cancellation of the Predecessor Company's common stock and the elimination of the retained deficit and the accumulated other comprehensive loss.

(T) As required by SOP 90-7, we have adopted FASB Interpretation No. 46 *"Consolidation of Variable Interest Entities,"* or "FIN 46," as of the adoption of Fresh Start. The adoption of FIN 46 resulted in the consolidation of Northbrook New York, LLC and Northbrook Energy, LLC.

APB No. 18, *"The Equity Method of Accounting for Investments in Common Stock",* requires us to effectively push down the effects of Fresh Start reporting to our unconsolidated equity method investments and to recognize an adjustment to our share of the earnings or losses of an investee as if the investee was a consolidated subsidiary. As a result of pushing down the impact of Fresh Start to our West Coast Power affiliate we determined that a contract based intangible asset with a one year remaining life, consisting of the value of West Coast Power's California Department of Water Resources energy sales contract, must be established and recognized as a basis adjustment to our share of the future earnings generated by West Coast Power. This adjustment will reduce our equity earnings in the amount of approximately $10.4 million per month during 2004 until the contract expires in December 2004.

Note 4 — Financial Instruments

The estimated December 31 fair values of our recorded financial instruments are as follows:

	Predecessor Company		Reorganized NRG			
	December 31, 2002		December 6, 2003		December 31, 2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)					
Cash and cash equivalents	$ 378,325	$ 378,325	**$ 409,213**	**$ 409,213**	**$ 563,133**	**$ 563,133**
Restricted cash	276,099	276,099	**548,051**	**548,051**	**174,535**	**174,535**
Notes receivable, including current portion	990,695	990,695	**867,210**	**867,210**	**886,937**	**886,937**
Long-term debt, including current portion	8,253,400	5,871,833	**3,764,876**	**3,764,876**	**4,518,478**	**4,555,385**

For cash and cash equivalents and restricted cash, the carrying amount approximates fair value because of the short-term maturity of those instruments. The fair value of notes receivable is based on expected future cash flows discounted at market interest rates. The fair value of long-term debt is estimated based on quoted market prices for those instruments which are traded or on a present value method using current interest rates for similar instruments with equivalent credit quality.

Note 5 — Debtors' Statements

As stated above, we and certain of our subsidiaries filed voluntary petitions for reorganization under chapter 11 of the Bankruptcy Code during 2003. On December 5, 2003, we and five of our subsidiaries emerged from bankruptcy. As of the respective bankruptcy filing dates, the Debtors' financial records were closed for the Prepetition Period. As required by SOP 90-7 *"Financial Report by Entities in Reorganization under the Bankruptcy Code"*, below are the condensed combined financial statements of our remaining Debtors since the date of the bankruptcy filings, "the Debtors' Statements."

The Debtors' Statements consist of the following wholly-owned consolidated entities which remained in bankruptcy as of December 6, 2003: Arthur Kill Power LLC, Astoria Gas Turbine Power LLC, Berrians I Gas Turbine Power, LLC, Big Cajun II Unit 4 LLC, Connecticut Jet Power LLC, Devon Power LLC, Dunkirk Power LLC, Huntley Power LLC, Louisiana Generating LLC, LSP-Nelson Energy LLC, Middletown Power LLC, Montville Power LLC, Northeast Generation Holding LLC, Norwalk Power LLC, NRG Central US LLC, NRG Eastern LLC, NRG McClain LLC, NRG Nelson Energy LLC, NRG New Roads Holdings LLC, NRG Northeast Generating LLC, NRG South Central Generating LLC, Oswego Harbor Power LLC, Somerset Power LLC, and South Central Generation Holding LLC. As of December 31,

2003, three entities remain in bankruptcy. Two entities have been deconsolidated and accounted for under the cost method because we have effectively lost control of those entities including NRG Nelson Turbine, LLC and LSP-Nelson Energy LLC. The other entity NRG McClain LLC is shown as a discontinued operation since it was held for sale prior to filing for bankruptcy.

Debtors' Condensed Combined Statement of Operations

	For the Period May 15, 2003 - December 5, 2003
	(In thousands)
Operating revenue	$ 731,413
Operating costs and expenses	620,199
Fresh start reporting adjustments — asset write-downs, net	1,244,016
Reorganization items	27,158
Restructuring and impairment charges	23,359
Operating loss	(1,183,319)
Other expense	(160,246)
Net loss	$(1,343,565)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Debtors' Condensed Combined Balance Sheet

	December 6, 2003
	(In thousands)
ASSETS	
Cash	$ 16,421
Accounts receivables-trade	38,018
Accounts receivables, non-Debtor affiliates	31,019
Inventory	150,618
Current portion of notes receivable	1,500
Other current assets	183,433
Total current assets	421,009
Property, plant and equipment, net	1,829,118
Investment in non-Debtors	573
Intangible assets, net	335,851
Other assets	191,257
Total assets	$2,777,808
LIABILITIES AND STOCKHOLDERS' EQUITY	
Accounts payable-trade	$ 18,809
Other current liabilities	74,143
Total current liabilities	92,952
Other long-term obligations	406,568
Liabilities subject to compromise *	1,616,136
Total stockholders' equity	662,152
Total liabilities and stockholders' equity	$2,777,808

* These amounts are listed as liabilities subject to compromise as of December 6, 2003, as these entities remain in bankruptcy.

Debtors' Condensed Combined Statement of Cash Flows

	For the Period May 15, 2003 - December 5, 2003
	(In thousands)
Net cash provided by operating activities	$ 65,951
Net cash used by investing activities	(72,667)
Net cash used by financing activities	—
Net increase in cash and cash equivalents	(6,716)
Cash and cash equivalents at beginning of period	23,137
Cash and cash equivalents at end of period	$ 16,421

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 6 — Discontinued Operations

SFAS No. 144 requires that discontinued operations be valued on an asset-by-asset basis at the lower of carrying amount or fair value less costs to sell. In applying those provisions our management considered cash flow analyses, bids and offers related to those assets and businesses. This amount is included in (loss)/income on discontinued operations, net of income taxes in the accompanying Statement of Operations. In accordance with the provisions of SFAS No. 144, assets held for sale will not be depreciated commencing with their classification as such.

We have classified certain business operations, and gains/losses recognized on sale, as discontinued operations for projects that were sold or have met the required criteria for such classification.

The financial results for all of these businesses have been accounted for as discontinued operations. Accordingly, current period operating results and prior periods have been restated to report the operations as discontinued.

Summarized results of operations of the discontinued operations were as follows. For the years ended December 31, 2001 and December 31, 2002, discontinued results of operations included our Crockett Cogeneration, Bulo Bulo, Csepel, Entrade, Killingholme, NEO Landfill Gas, Inc., or "NLGI", McClain, Timber Energy Resources, Inc., or "TERI", three NEO Corporation projects (NEO Fort Smith LLC, NEO Woodville LLC, NEO Phoenix LLC), Cahua and Energia Pacasmayo projects. For the period from January 1, 2003 to December 5, 2003, discontinued results of operations include our Killingholme, McClain, NLGI, NEO Corporation projects, TERI, Cahua and Energia Pacasmayo projects. For the period December 6, 2003 to December 31, 2003, discontinued results of operations include our McClain project.

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
Description	2001	2002	2003	2003
			(In thousands)	
Operating revenues	$590,427	$ 801,171	$ 93,211	**$ 5,576**
Operating & other expenses	552,872	1,317,042	229,901	**5,032**
Pre-tax (loss)/income from operations of discontinued components	37,555	(515,871)	(136,690)	**544**
Income tax (benefit)/expense	(5,656)	(9,279)	(559)	**—**
(Loss)/income from operations of discontinued components	43,211	(506,592)	(136,131)	**544**
Disposal of discontinued components — pre-tax gain (net)	—	2,814	151,809	**—**
Income tax (benefit)	—	(2,992)	—	**—**
Disposal of discontinued components — gain (net)	—	5,806	151,809	**—**
Net (loss)/income on discontinued operations	$ 43,211	$ (500,786)	$ 15,678	**$ 544**

Operating and other expenses for 2001 and 2002 shown in the table above included asset impairment charges of $0 and approximately $502.0 million, respectively. The 2002 charges are comprised of approximately $477.9 million for the Killingholme project. $12.4 million for the NEO Landfill Gas, Inc. project and $11.7 million for the TERI project. Operating and other expenses for 2003 include asset impairment charges

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

of approximately $124.3 million, comprised of approximately $100.7 million for McClain, and $23.6 million for NLGI.

The components of income tax benefit attributable to discontinued operations were as follows:

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
Discontinued Operations:	2001	2002	2003	2003
			(In thousands)	
Current				
U.S.	$ 409	$ 930	$ (6)	$ —
Foreign	(4,478)	(6,939)	(741)	—
	(4,069)	(6,009)	(747)	—
Deferred				
U.S.	(61)	(1,857)	—	—
Foreign	10,070	(1,413)	188	—
	10,009	(3,270)	188	—
Section 29 tax credits	(11,596)	—	—	—
	(5,656)	(9,279)	(559)	—
Disposal of discontinued components — gain (net)				
U.S.	—	(2,992)	—	—
Foreign	—	—	—	—
	—	(2,992)	—	—
Total income tax benefit	$ (5,656)	$(12,271)	$ (559)	$ —

The assets and liabilities of the discontinued operations are reported in the December 31, 2003, December 6, 2003 and December 31, 2002 balance sheets as discontinued operations. The major classes of assets and liabilities are presented by geographic area in the following table. As of December 6, 2003 and December 31, 2003, the North America segment includes the McClain project. As of December 2002, the North America segment includes the McClain project, the Europe segment includes the Killingholme project,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the Other Americas segment includes Cahua and Energia Pacasmayo projects and the Alternative Energy segment includes the NLGI, and TERI projects.

	Reorganized NRG Power Generation North America	
	December 6, 2003	December 31, 2003
	(In thousands)	
Cash	$ 360	$ 648
Restricted cash	1,844	1,824
Receivables, net	1,930	2,216
Inventory	1,196	1,209
Other current assets	349	308
Current assets — discontinued operations	$ 5,679	$ 6,205
PP&E, net	$159,452	$159,452
Other non current assets	2,553	2,493
Non current assets — discontinued operations	$162,005	$161,945
Accounts payable — trade	$ 1,269	$ 1,008
Accrued interest	2,143	2,293
Other current liabilities	8	—
Current liabilities — discontinued operations	$ 3,420	$ 3,301
Non current liabilities — discontinued operations	$158,225	$158,225

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2002	Predecessor Company Power Generation					
	North America	Europe	Asia Pacific	Other Americas	Alternative Energy	Total
	(In thousands)					
Cash	$ 3,111	$ 23,172	$ 187	$ 3,739	$ 430	$ 30,639
Restricted cash	5,093	—	—	1,393	—	6,486
Receivables, net	7,859	19,869	913	4,061	296	32,998
Derivative instruments valuation	—	29,795	—	—	—	29,795
Other current assets	2,330	14,768	6	1,481	594	19,179
Current assets — discontinued operations	$ 18,393	$ 87,604	$1,106	$ 10,674	$ 1,320	$ 119,097
PP&E, net	$265,236	$231,049	$ 314	$ 97,451	$ 13,114	$607,164
Derivative instruments Valuation	—	87,803	—	—	—	87,803
Other non current assets	3,320	6,983	2	537	18,531	29,373
Non current assets — discontinued operations	$268,556	$325,835	$ 316	$97,988	$31,645	$724,340
Current portion of long-term debt	$157,288	$360,122	$ —	$ 6,564	$ 7,658	$531,632
Accounts payable — trade	5,362	35,310	62	1,122	968	42,824
Other current liabilities	6,426	16,054	240	3,214	3,797	29,731
Current liabilities — discontinued operations	$169,076	$411,486	$ 302	$ 10,900	$12,423	$604,187
Long-term debt	$ —	$ —	$ —	$ 36,700	$ —	$ 36,700
Deferred income tax	—	123,632	13	10,365	(2,102)	131,908
Derivative instruments valuation	—	12,302	—	—	—	12,302
Other non current liabilities	16	—	295	8	216	535
Non current liabilities — discontinued operations	$ 16	$135,934	$ 308	$47,073	$ (1,886)	$ 181,445

Bulo Bulo — In June 2002, we began negotiations to sell our 60% interest in Compania Electrica Central Bulo Bulo S.A. (Bulo Bulo), a Bolivian corporation. The transaction reached financial close in the fourth quarter of 2002 resulting in cash proceeds of $10.9 million (net of cash transferred of $8.6 million) and a loss of $10.6 million.

Crockett Cogeneration Project — In September 2002, we announced that we had reached an agreement to sell our 57.7% interest in the Crockett Cogeneration Project, a 240 MW natural gas fueled cogeneration plant near San Francisco, California, to Energy Investment Fund Group, an existing LP, and a unit of GE Capital. In November 2002, the sale closed and we realized net cash proceeds of approximately $52.1 million (net of cash transferred of $0.2 million) and a loss on disposal of approximately $11.5 million.

Csepel and Entrade — In September 2002, we announced that we had reached agreements to sell our Csepel power generating facilities (located in Budapest, Hungary) and our interest in Entrade (an electricity trading business headquartered in Prague) to Atel, an independent energy group headquartered in Switzerland. The sales of Csepel and Entrade closed before year-end and resulted in cash proceeds of $92.6 million (net of cash transferred of $44.1 million) and a gain of approximately $24.0 million. We accounted for the results of operations of Csepel and Entrade as part of our power generation segment within Europe.

Killingholme — During third quarter 2002, we recorded an impairment charge of $477.9 million. In January 2003, we completed the sale of our interest in the Killingholme project to our lenders for a nominal value and forgiveness of outstanding debt with a carrying value of approximately $360.1 million at

December 31, 2002. The sale of our interest in the Killingholme project and the release of debt obligations resulted in a gain on sale in the first quarter of 2003 of approximately $191.2 million. The gain results from the write-down of the project's assets in the third quarter of 2002 below the carrying value of the related debt.

NLGI — During 2002, we recorded an impairment charge of $12.4 million related to subsidiaries of NLGI, an indirect wholly owned subsidiary of NRG Energy. The charge was related largely to asset impairments based on a revised project outlook. During the quarter ended March 31, 2003, we recorded impairment charges of $23.6 million related to subsidiaries of NLGI and a charge of $14.5 million to write off our 50% investment in Minnesota Methane, LLC. Through April 30, 2003, NRG Energy and NLGI failed to make certain payments causing a default under NLGI's term loan agreements. In May 2003, the project lenders to the wholly-owned subsidiaries of NLGI and Minnesota Methane LLC foreclosed on our membership interest in the NLGI subsidiaries and our equity interest in Minnesota Methane LLC. There was no material gain or loss recognized as a result of the foreclosure.

TERI — During 2002, we recorded an impairment charge of $11.7 million based on a revised project outlook. In September 2003, we completed the sale of TERI, a biomass waste-fuel power plant located in Florida and a wood processing facility located in Georgia, to DG Telogia Power, LLC. The sale resulted in net proceeds of approximately $1.0 million. We entered into an agreement to sell the wood processing facility on behalf of DG Telogia Power, LLC. This sale was completed during fourth quarter 2003 and we received cash consideration of approximately $1.0 million, resulting in an net gain on sale of approximately $1.0 million.

Peru Projects — In November 2003, we completed the sale of the Cahua and Pacasmayo (Peruvian Assets) resulting in net cash proceeds of approximately $16.2 million and a loss of $36.9 million. In addition, we expect to receive an additional consideration adjustment of approximately $2 million during 2004.

NEO Corporation — In August of 1995, we entered into a Marketing, Development and Joint Proposing Agreement, or "the Marketing Agreement", with Cambrian Energy Development LLC, or "Cambrian." Various claims had arisen in connection with this Marketing Agreement. In November 2003, we entered into a Settlement Agreement with Cambrian where we agreed to transfer our 100% interest in three gasco projects (NEO Ft. Smith, NEO Phoenix and NEO Woodville).

McClain — We reviewed the recoverability of our McClain assets pursuant to SFAS No. 144 and recorded a charge of $100.7 million in the second quarter of 2003. On August 14, 2003, NRG's Board of Directors approved a plan to sell its 77% interest in McClain Generating Station, a 520 MW combined-cycle, natural gas-fired facility located in New Castle, Oklahoma. On August 18, 2003, we entered into an Asset Purchase Agreement with Oklahoma Gas & Electric Company pursuant to which we would, subject to the satisfaction of certain conditions, sell all of the McClain assets in a sale pursuant to Section 363 of the Bankruptcy Codes as part of McClain's Chapter 11 proceeding that was subsequently filed on August 19, 2003. In accordance with Section 363 of the Bankruptcy Code and the terms of the Asset Purchase Agreement, we continued to seek alternative transactions that would provide greater value to us and our creditors than the transaction contemplated by the Asset Purchase Agreement.

As a result of the formalization of the plan to sell the McClain assets and the filing of petition under the Bankruptcy Code by McClain, McClain is being accounted for as a discontinued operation.

As part of our effort to seek alternative transactions that would provide greater value and in accordance with the bidding procedures approved by the Bankruptcy Court, we conducted an auction for the sale of McClain's assets, however no bids were submitted for the purchase of the assets. The Bankruptcy Court entered an order approving the terms of the sale with Oklahoma Gas & Electric free and clear of all liens. The closing of the sale is subject to various closing conditions including approval by the Federal Energy Regulatory Commission. Upon consummation of the asset sale, we anticipate that all proceeds from the sale will be used to repay outstanding project debt under the secured term loan and working capital facility.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 7 — Write Downs and (Gains)/Losses on Sales of Equity Method Investments

Investments accounted for by the equity method are reviewed for impairment in accordance with APB Opinion No. 18. APB Opinion 18, requires that a loss in value of an investment that is other than a temporary decline should be recognized. Gains are recognized on completion of the sale. Write downs and (gains)/ losses on sales of equity method investments recorded in operating expenses in the consolidated statement of operations includes the following:

	Predecessor Company	
	Year Ended December 31, 2002	For the Period January 1 - December 5, 2003
	(In thousands)	
NEO Corporation — Minnesota Methane	$ 12,292	$ 12,257
NEO Corporation — MM Biogas	3,251	2,613
Kondapalli	12,751	(519)
ECKG	—	(2,871)
Loy Yang	111,383	146,354
Mustang	—	(12,124)
Energy Development Limited (EDL)	14,220	—
Sabine River Works	48,375	—
Kingston	(9,876)	—
Mt. Poso	1,049	—
Powersmith	3,441	—
Collinsville Power Station	3,586	—
Other	—	1,414
Total write downs and (gains) losses of equity method investments	$200,472	$ 147,124

Write Downs of Equity Method Investments

NEO Corporation — Minnesota Methane — We recorded an impairment charge of $12.3 million during 2002 to write-down our 50% investment in Minnesota Methane. We recorded an additional impairment charge of $14.5 million during the first quarter of 2003. These charges were related to a revised project outlook and management's belief that the decline in fair value was other than temporary. In May 2003, the project lenders to the wholly-owned subsidiaries of NEO Landfill Gas, Inc. and Minnesota Methane LLC foreclosed on our membership interest in the NEO Landfill Gas, Inc. subsidiaries and our equity interest in Minnesota Methane LLC. Upon completion of the foreclosure, we recorded a gain of $2.2 million. This gain resulted from the release of certain obligations.

NEO Corporation — MM Biogas — We recorded an impairment charge of $3.2 million during 2002 to write-down our 50% investment in MM Biogas. This charge was related to revised project outlook and management's belief that the decline in fair value was other than temporary. In November 2003, we entered into a sales agreement with Cambrian Energy Development to sell our 50% interest in MM Biogas. We recorded an additional impairment charge of $2.6 million during the fourth quarter of 2003 due to developments related to the sale that indicated an impairment of our book value that was considered to be other than temporary.

Kondapalli — In the fourth quarter of 2002, we wrote down our investment in Kondapalli by $12.7 million due to recent estimates of sales value, which indicated an impairment of our book value that was considered to be other than temporary. On January 30, 2003, we signed a sale agreement with the Genting Group of Malaysia, or "Genting", to sell our 30% interest in Lanco Kondapalli Power Pvt Ltd, or "Kondapalli", and a 74% interest in Eastern Generation Services (India) Pvt Ltd (the O&M company). Kondapalli is based in Hyderabad, Andhra Pradesh, India, and is the owner of a 368 MW natural gas fired combined cycle gas turbine. In the first quarter of 2003, we wrote down our investment in Kondapalli by $1.3 million based on the final sale agreement. The sale closed on May 30, 2003 resulting in net cash proceeds of approximately $24 million and a gain of approximately $1.8 million. The gain resulted from incurring lower selling costs than estimated as part of the first quarter impairment.

ECKG — In September 2002, we announced that we had reached agreement to sell our 44.5% interest in the ECKG power station in connection with our Csepel power generating facilities, and our interest in Entrade, an electricity trading business, to Atel, an independent energy group headquartered in Switzerland. The transaction closed in January 2003 and resulted in cash proceeds of $65.3 million and a net loss of less than $1.0 million. In accordance with the purchase agreement, we were to receive additional consideration if Atel purchased shares held by our partner. During the second quarter of 2003, we received approximately $3.7 million of additional consideration.

Loy Yang — Based on a third party market valuation and bids received in response to marketing Loy Yang for possible sale, we recorded a write down of our investment of approximately $111.4 million during 2002 ($53.6 million during the third quarter and an additional $57.8 million during the fourth quarter). This write-down reflected management's belief that the decline in fair value of the investment was other than temporary. Accumulated other comprehensive loss at December 31, 2002 included foreign currency translation losses of approximately $76.7 million related to Loy Yang.

In May 2003, we entered into negotiations that culminated in the completion of a Share Purchase Agreement to sell 100% of the Loy Yang project. Completion of the sale is subject to various conditions. Upon completion, the sale will result in proceeds of approximately $25.0 million to $31.0 million to us; however, the final sale proceeds will vary depending on the foreign exchange rate and purchase price adjustments. Consequently, we recorded an additional impairment charge of approximately $146.4 million during 2003.

Mustang Station — On July 7, 2003, we completed the sale of our 50% interest in Mustang Station, a gas-fired combined cycle power generating plant located in Denver City, Texas, to EIF Mustang Holdings I, LLC. The sale resulted in net cash proceeds of approximately $13.3 million and a net gain of approximately $12.1 million.

Energy Development Limited — On July 25, 2002, we announced that we completed the sale of our ownership interests in an Australian energy company, Energy Development Limited, or "EDL." EDL is a listed Australian energy company engaged in the development and management of an international portfolio of projects with a particular focus on renewable and waste fuels. In October 2002, we received proceeds of $78.5 million (AUS), or approximately $43.9 million (USD), in exchange for our ownership interest in EDL with the closing of the transaction. During the third quarter of 2002, we recorded a write-down of the investment of approximately $14.2 million to write down the carrying value of our equity investment due to the pending sale.

Sabine River — In September 2002, we agreed to transfer our indirect 50% interest in SRW Cogeneration LP, or "SRW", to our partner in SRW, Conoco, Inc. in consideration for Conoco's agreement to terminate or assume all of our obligations, in relation to SRW. SRW owns a cogeneration facility in Orange County, Texas. We recorded a charge of approximately $48.4 million during the quarter ended September 30, 2002 to write down the carrying value of our investment due to the pending sale. The transaction closed on November 5, 2002.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Kingston — In December 2002, we completed the sale of our 25% interest in Kingston Cogeneration LP, based near Toronto, Canada to Northland Power Income Fund. We received net proceeds of $15.0 million resulting in a gain on sale of approximately $9.9 million.

Mt. Poso — In September 2002, we agreed to sell our 39.5% indirect partnership interest in the Mt. Poso Cogeneration Company, a California limited partnership, or "Mt. Poso", for approximately $10 million to Red Hawk Energy, LLC. Mt. Poso owns a 49.5 MW coal-fired cogeneration power plant and thermally enhanced oil recovery facility located 20 miles north of Bakersfield, California. The sale closed in November 2002 resulting in a loss of approximately $1.0 million.

Powersmith — During the fourth quarter of 2002, we wrote down our investment in Powersmith in the amount of approximately $3.4 million due to recent developments, which indicated impairment of our book value that is considered to be other than temporary.

Collinsville Power Station — Based on third party market valuation and bids received in response to marketing the investment for possible sale, we recorded a write down of our investment of approximately $4.1 million during the second quarter of 2002. In August 2002, we announced that we had completed the sale of our 50% interest in the 192 MW Collinsville Power Station in Australia, to our partner, a subsidiary of Transfield Services Limited for $8.6 million (AUS), or approximately $4.8 million (USD). Our ultimate loss on the sale of Collinsville Power Station was approximately $3.6 million.

Note 8 — Other Charges (Credits)

Restructuring, impairment charges, legal settlement costs and fresh start adjustments included in operating expenses in the Consolidated Statement of Operations include the following:

	Predecessor Company		Reorganized NRG
	Year Ended December 31, 2002	For the Period January 1 - December 5, 2003	For the Period December 6 - December 31, 2003
		(In thousands)	
Impairments charges	$2,638,315	$ 228,896	**$ —**
Reorganization items	—	197,825	**2,461**
Restructuring charges	111,315	8,679	**—**
Legal settlement	—	462,631	**—**
Fresh start adjustments	—	(3,895,541)	**—**
Total	$2,749,630	$(2,997,510)	**$ 2,461**

Impairment Charges

We review the recoverability of our long-lived assets in accordance with the guidelines of SFAS No. 144. As a result of this review, we recorded impairment charges of $2.6 billion and $228.9 million for the year ended December 31, 2002 and the period from January 1, 2003 through December 5, 2003 respectively, as shown in the table below.

To determine whether an asset was impaired, we compared asset carrying values to total future estimated undiscounted cash flows. Separate analyses were completed for assets or groups of assets at the lowest level for which identifiable cash flows were largely independent of the cash flows of other assets and liabilities. The estimates of future cash flows included only future cash flows, net of associated cash outflows, directly associated with and expected to arise as a result of our assumed use and eventual disposition of the asset. Cash flow estimates associated with assets in service were based on the asset's existing service potential. The cash

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

flow estimates may include probability weightings to consider possible alternative courses of action and outcomes, given the uncertainty of available information and prospective market conditions.

If an asset was determined to be impaired based on the cash flow testing performed, an impairment loss was recorded to write down the asset to its fair value. Estimates of fair value were based on prices for similar assets and present value techniques. Fair values determined by similar asset prices reflect our current estimate of recoverability from expected marketing of project assets. For fair values determined by projected cash flows, the fair value represents a discounted cash flow amount over the remaining life of each project that reflects project-specific assumptions for long-term power pool prices, escalated future project operating costs, and expected plant operation given assumed market conditions.

Impairment charges (credits) included the following asset impairments (realized gains) for the year ended December 31, 2002 and for the period January 1, 2002 to December 5, 2003:

		Predecessor Company		
Project Name	Project Status	Year Ended December 31, 2002	For the Period January 1 - December 5, 2003	Fair Value Basis
		(In thousands)		
Devon Power LLC	Operating at a loss	$ —	$ 64,198	Projected cash flows
Middletown Power LLC	Operating at a loss	—	157,323	Projected cash flows
Arthur Kill Power, LLC	Terminated construction project	—	9,049	Projected cash flows
Langage (UK)	Terminated	—	(3,091)	Realized gain
Turbine	Sold	—	(21,910)	Realized gain
Berrians Project	Terminated	—	14,310	Realized loss
Termo Rio	Terminated	—	6,400	Realized loss
Nelson	Terminated	467,523	—	Similar asset prices
Pike	Terminated	402,355	—	Similar asset prices
Bourbonnais	Terminated	264,640	—	Similar asset prices
Meriden	Terminated	144,431	—	Similar asset prices
Brazos Valley	Foreclosure completed in January 2003	102,900	—	Projected cash flows
Kendall, Batesville & other expansion Projects	Terminated	120,006	—	Projected cash flows
Langage (UK)	Terminated	42,333	—	Estimated market price
Turbines & equipment	Equipment being marketed	701,573	—	Similar asset prices
Audrain	Operating at a loss	66,022	—	Projected cash flows
Somerset	Operating at a loss	49,289	—	Projected cash flows
Bayou Cove	Operating at a loss	126,528	—	Projected cash flows
Hsin Yu	Operating at a loss	121,864	—	Projected cash flows
Other		28,851	2,617	
Total impairment charges (credits)		$2,638,315	$ 228,896	

Credit rating downgrades, defaults under certain credit agreements, increased collateral requirements and reduced liquidity experienced during the third quarter of 2002 were “triggering events” which required us to review the recoverability of our long-lived assets. Adverse economic conditions resulted in declining energy prices. Consequently, we determined that many of our construction projects and operational projects were impaired during the third quarter of 2002 and should be written down to fair market value.

Connecticut Facilities — As a result of regulatory developments and changing circumstances in the second quarter of 2003, we updated the facilities' cash flow models to incorporate changes to reflect the impact of the April 25, 2003 FERC's orders on regional and locational pricing, and to update the estimated impact of future locational capacity or deliverability requirements. Based on these revised cash flow models, management determined that the new estimates of pricing and cost recovery levels were not projected to return sufficient revenue to cover the fixed costs at Devon Power LLC and Middletown Power LLC. As a consequence, during the second quarter of 2003 we recorded $64.2 million and $157.3 million as impairment charges for Devon Power LLC and Middletown Power LLC, respectively.

Langage (UK) — During the third quarter of 2002, we reviewed the recoverability of our Langage assets pursuant to SFAS No. 144 and recorded a charge of $42.3 million. In August 2003 we closed on the sale of Langage to Carlton Power Limited resulting in net cash proceeds of approximately $1.5 million, of which $1.0 million was received in 2003 and $0.5 million during the first quarter of 2004, and a net gain of approximately $3.1 million.

Arthur Kill Power, LLC — During the third quarter of 2003, we cancelled our plans to re-establish fuel oil capacity at our Arthur Kill plant. This resulted in a charge of approximately $9.0 million to write-off assets under development.

Turbines — In October 2003, we closed on the sale of three turbines and related equipment. The sale resulted in net cash proceeds of $70.7 million and a gain of approximately $21.9 million.

Berrians Project — During the fourth quarter of 2003, we cancelled plans to construct the Berrians peaking facility on the land adjacent to our Astoria facility. Berrians was originally scheduled to commence operations in the summer of 2005; however, based on the remaining costs to complete and the current risk profile of merchant peaking units, the construction project was terminated. This resulted in a charge of approximately $14.3 million to write off the project's assets.

Termo Rio — Termo Rio is a 1040 green field cogeneration project located in the state of Rio de Janeiro, Brazil. Based on the project's failure to meet certain key milestones, we exercised our rights under the project agreements to sell our debt and equity interests in the project to our partner. We are in arbitration over the amount of compensation we are to receive for our interests in the project. Based on continued negotiations aimed at settling the case and the positions of the parties in the arbitration we recorded an impairment charge of $6.4 million to reflect our investment interest at the amount expected to be recovered through a sale. On March 8, 2003, the arbitral tribunal decided most, but not all, of the issues in our favor. The final amount of the arbitral award to NRG has not been conclusively determined and the parties may seek to modify or challenge the award. We believe we will recover the amount we have recorded on our balance sheet.

There were no impairment charges for the period December 6, 2003 through December 31, 2003.

Reorganization Items

For the period from January 1, 2003 to December 5, 2003, we incurred $197.8 million in reorganization costs and for the period from December 6, 2003 to December 31, 2003 we incurred $2.5 million in

reorganization costs. All reorganization costs have been incurred since we filed for bankruptcy in May 2003. The following table provides the detail of the types of costs incurred:

	Predecessor Company	Reorganized NRG
	For the Period January 1 - December 5, 2003	For the Period December 6 - December 31, 2003
	(In thousands)	
Reorganization items		
Professional fees	$ 82,186	**$ 2,461**
Deferred financing costs	55,374	—
Pre-payment settlement	19,609	—
Interest earned on accumulated cash	(1,059)	—
Contingent equity obligation	41,715	—
Total reorganization items	$ 197,825	**$ 2,461**

Restructuring Charges

We incurred total restructuring charges of approximately $111.3 million for the year ended December 31, 2002. These costs consisted of employee separation costs and advisor fees. We incurred an additional $8.7 million of employee separation costs and advisor fees during 2003 until we filed for bankruptcy in May 2003. Subsequent to that date we recorded all advisor fees as reorganization costs.

Legal Settlement

During the third quarter of 2003, we recorded $396.0 million in connection with the resolution of the FirstEnergy Arbitration Claim. As a result of this resolution, FirstEnergy retained ownership of the Lake Plant Assets and received an allowed general unsecured claim of $396.0 million under the NRG plan of reorganization submitted to the Bankruptcy Court.

In November 2003, we settled various litigation with Fortistar Capital in which Fortistar Capital released us from all litigation claims in exchange for a $60.0 million pre-petition claim and an $8.0 million post-petition claim. We had previously recorded $10.8 million in connection with various legal disputes with Fortistar Capital; accordingly, we recorded an additional $57.2 million during November 2003.

In August of 1995, we entered into a Marketing, Development and Joint Proposing Agreement, “the Marketing Agreement”, with Cambrian Energy Development LLC, or “Cambrian.” Various claims had arisen in connection with this Marketing Agreement. In November 2003, we entered into a Settlement Agreement with Cambrian where we agreed to transfer our 100% interest in three gasco projects (NEO Ft. Smith, NEO Phoenix and NEO Woodville) and our 50% interest in two genco projects (MM Phoenix and MM Woodville) to Cambrian. In addition, we agreed to pay approximately $1.8 million in settlement of royalties incurred in connection with the Marketing Agreement. We had previously recorded a liability for royalties owed to Cambrian therefore we recorded an additional $1.4 million during November 2003.

In November 2003, we settled our dispute with Dick Corporation in connection with Meriden Gas Turbines, which resulted in our recording an additional liability of $8.0 million in November, 2003.

Fresh Start Adjustments

During the fourth quarter of 2003, we recorded a credit of $3.9 billion in connection with fresh start adjustments as discussed in Note 3. Following is a summary of the significant effects of the reorganization and Fresh Start:

	(In millions)
Discharge of corporate level debt	$ 5,162
Discharge of other liabilities	811
Establishment of creditor pool	(1,040)
Receivable from Xcel	640
Revaluation of fixed assets	(1,392)
Revaluation of equity investments	(207)
Valuation of SO_2 emission credits	374
Valuation of out of market contracts, net	(400)
Fair market valuation of debt	108
Valuation of pension liabilities	(61)
Other valuation adjustments	(100)
Total Fresh Start adjustments	$ 3,895

Note 9 — Asset Retirement Obligation

Effective January 1, 2003, we adopted SFAS No. 143, *"Accounting for Asset Retirement Obligations"* or "SFAS No. 143." SFAS No. 143 requires an entity to recognize the fair value of a liability for an asset retirement obligation in the period in which it is incurred. Upon initial recognition of a liability for an asset retirement obligation, an entity shall capitalize an asset retirement cost by increasing the carrying amount of the related long-lived asset by the same amount as the liability. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the useful life of the related asset. Retirement obligations associated with long-lived assets included within the scope of SFAS No. 143 are those for which a legal obligation exists under enacted laws, statutes and written or oral contracts, including obligations arising under the doctrine of promissory estoppel.

We identified certain retirement obligations within our power generation operations related to our North America projects in the South Central region, the Northeast region, Australia, our Alternative Energy projects and our Thermal projects. These asset retirement obligations are related primarily to the future dismantlement of equipment on leased property and environment obligations related to ash disposal site closures. We also identified other asset retirement obligations including plant dismantlement that could not be calculated because the assets associated with the retirement obligations were determined to have an indeterminate life. The adoption of SFAS No. 143 resulted in recording a $2.6 million increase to property, plant and equipment and a $4.2 million increase to other long-term obligations. The cumulative effect of adopting SFAS No. 143 was recorded as a $0.6 million increase to depreciation expense and a $1.6 million increase to cost of majority-owned operations in the period from January 1, 2003 to December 5, 2003 as we considered the cumulative effect to be immaterial.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following represents the balances of the asset retirement obligation as of January 1, 2003 and the additions and accretion of the asset retirement obligation for the periods January 1, 2003 through December 5, 2003 and the period of December 6, 2003 through December 31, 2003, which is included in other long-term obligations in the consolidated balance sheet. Prior to December 5, 2003, we completed our annual review of asset retirement obligations. As part of that review we made revisions to our previously recorded obligation in the amount of $4.0 million. The revisions included identification of new obligations as well as changes in costs or procedures required at retirement date. As a result of adopting Fresh Start we revalued our asset retirement obligations on December 6, 2003. We recorded an additional asset retirement obligation of $7.3 million in connection with fresh start reporting. This amount results from a change in the discount rate used between adoption and fresh starting reporting as of December 5, 2003, equal to 500 to 600 basis points.

	Predecessor Company				
Description	Beginning Balance January 1, 2003	Revisions to Estimate	Accretion for Period Ended December 5, 2003	Adjustment for Fresh Start Reporting	Ending Balance December 5, 2003
	(In thousands)				
South Central Region	$ 396	$ —	$ 57	$ 2,170	$ 2,623
Northeast Region	2,045	4,034	634	4,978	11,691
Australia	5,834	—	3,282	—	9,116
Alternative Energy	629	—	73	128	830
Thermal	1,171	9	93	53	1,326
Total asset retirement obligation	$10,075	$ 4,043	$ 4,139	$ 7,329	$ 25,586

	Reorganized NRG		
Description	Beginning Balance December 6, 2003	Accretion for Period December 6 - December 31, 2003	Ending Balance December 31, 2003
	(In thousands)		
South Central Region	$ 2,623	$ 15	$ 2,638
Northeast Region	11,691	59	11,750
Australia	9,116	322	9,438
Alternative Energy	830	5	835
Thermal	1,326	7	1,333
Total asset retirement obligation	$ 25,586	$ 408	$ 25,994

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following represents the pro-forma effect on our net income for the twelve months ended December 31, 2001 and 2002, as if we had adopted SFAS No. 143 as of January 1, 2001:

	Predecessor Company		
	Twelve Months Ended December 31, 2001	Twelve Months Ended December 31, 2002	For the Period January 1 — December 5, 2003
		(In thousands)	
Income (loss) from continuing operations as reported	$ 221,993	$(2,963,496)	$2,750,767
Pro-forma adjustment to reflect retroactive adoption of SFAS No. 143	(1,564)	(677)	2,154
Pro-forma income (loss) from continuing operations	$ 220,429	$(2,964,173)	$2,752,921
Net income (loss) as reported	$ 265,204	$(3,464,282)	$2,766,445
Pro-forma adjustment to reflect retroactive adoption of SFAS No. 143	(1,564)	(677)	2,154
Pro-forma net income (loss)	$ 263,640	$(3,464,959)	$2,768,599

On a pro forma basis an Asset Retirement obligation of $8.4 million and $10.1 million would have been recorded as an other long-term obligation as of January 1, 2002 and December 31, 2002, based on similar assumptions used to determine the amounts on our balance sheet as of December 6, 2003 and December 31, 2003.

Note 10 — Inventory

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

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
Fuel oil	$ 51,443	**$ 69,799**	**$ 71,861**
Coal	82,554	**63,641**	**59,555**
Natural gas	153	**377**	**856**
Other fuels	2,852	**9,874**	**10,156**
Spare parts	109,311	**66,024**	**58,863**
Emission credits	14,742	**4,478**	**4,478**
Other	6,301	**203**	**207**
Total inventory	$267,356	**$ 214,396**	**$205,976**

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 11 — Notes Receivable

Notes receivable consists primarily of fixed and variable rate notes secured by equity interests in partnerships and joint ventures. The notes receivable are as follows:

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
Investment in Bonds			
Audrain County, due December 2023, 10%	$239,930	**$ 239,930**	**$239,930**
NRG Pike LLC Mississippi Industrial Revenue Bonds due May 2010, 7.1%	155,477	**—**	**—**
Investment in bonds	395,407	**239,930**	**239,930**
Notes Receivables			
Triton Coal Co., note due December 2003, non-interest bearing	3,000	**1,500**	**—**
O'Brien Cogen II note, due 2008, non-interest bearing	627	**686**	**692**
Southern Minnesota-Prairieland Solid Waste, note due 2003, 7%	12	**—**	**—**
Omega Energy, LLC, due 2004, 12.5%	4,145	**3,708**	**3,708**
Omega Energy, LLC, due 2009, 11%	1,533	**1,583**	**1,583**
Northbrook Carolina Hydro II, LLC, due November 2005, 8.5%	—	**86**	**84**
Elk River — GRE, due December 31, 2008, non-interest bearing	1,837	**1,564**	**1,564**
NRG Processing Solutions	—	**134**	**134**
Audrain Generating LLC	—	**—**	**118**
Termo Rio (via NRGenerating Luxembourg (No. 2) S.a.r.l, due 20 years after plant becomes operational, 19.5%	63,723	**57,323**	**57,323**
SET PERC Investment, LLC, due December 31, 2005, 7%	7,320	**—**	**—**
Notes receivables and bonds — non-affiliates	477,604	**306,514**	**305,136**
NEO notes to various affiliates due primarily 2012, prime +2%	9,538	**9,419**	**9,419**
NRG (LSP Nelson)	—	**—**	**200**
Kladno Power (No. 1) B.V	2,442	**—**	**—**
Kladno Power (No. 2) B.V. notes to various affiliates, non-interest bearing	46,801	**—**	**—**
Saale Energie Gmbh, indefinite maturity date, 4.75%-7.79%	86,246	**107,391**	**111,892**
Northbrook Texas LLC, due February 2024, 9.25%	8,967	**8,841**	**8,841**
Notes receivable — affiliates	153,994	**125,651**	**130,352**
Reserve for Uncollectible Notes Receivable	(7,320)	**—**	**—**

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
Other			
Saale Energia GmbH, due August 31, 2021, 13.88% (direct financing lease)	366,417	**435,045**	**451,449**
Subtotal	990,695	**867,210**	**886,937**
Less current maturities	54,711	**66,628**	**65,341**
Total	$935,984	**$ 800,582**	**$821,596**

Investment in bonds is comprised of marketable debt securities. These securities consist of municipal bonds of Audrain County, Missouri and Mississippi Industrial Revenue Bonds. The Audrain County bonds mature in 2023 and the Mississippi Industrial bonds mature in 2010. These investments in bonds are classified as held to maturity and are recorded at amortized cost. The carrying value of these bonds approximates fair value. Both the Audrain County bonds and the Mississippi Industrial Revenue Bonds are pledged as collateral for the related debt owed to each county. As further described in Note 17, each of these transactions have offsetting obligations.

Note 12 — Property, Plant and Equipment

The major classes of property, plant and equipment were as follows:

	Depreciable Lives	Predecessor Company	Reorganized NRG		Average Remaining Useful Life
		December 31, 2002	December 6, 2003	December 31, 2003	
			(In thousands)		
Facilities and equipment	10-60 Years	$6,258,744	**$4,125,308**	**$4,141,711**	**26**
Land and improvements		102,624	**101,577**	**101,577**	
Office furnishings and equipment	3-15 Years	67,030	**34,676**	**34,673**	**3**
Construction in progress		633,307	**144,426**	**151,467**	
Total property, plant and equipment		7,061,705	**4,405,987**	**4,429,428**	
Accumulated depreciation		(596,403)	**—**	**(13,041)**	
Net property, plant and equipment		$6,465,302	**$ 4,405,987**	**$4,416,387**	

Included in construction in progress at December 31, 2002 is approximately $248.9 million related to turbines associated with cancelled projects. As of December 5, 2003 and December 31, 2003, $55.0 million of turbine cost associated with cancelled projects has been reclassified to the other asset line in the accompanying balance sheet.

Note 13 — Investments Accounted for by the Equity Method

We had investments in various international and domestic energy projects. The equity method of accounting is applied to such investments in affiliates, which include joint ventures and partnerships, because the ownership structure prevents us from exercising a controlling influence over operating and financial

policies of the projects. Under this method, equity in pretax income or losses of domestic partnerships and, generally, in the net income or losses of international projects, are reflected as equity in earnings of unconsolidated affiliates.

A summary of certain of our more significant equity-method investments, which were in operation at December 31, 2003, is as follows:

Name	Geographic Area	Economic Interest
West Coast Power		
El Segundo Power	USA	50%
Long Beach Generating	USA	50%
Encina	USA	50%
San Diego Combustion Turbines	USA	50%
Other		
Gladstone Power Station	Australia	38%
Loy Yang Power A	Australia	25%
MIBRAG GmbH	Europe	50%
Enfield	Europe	25%
Scudder LA Power Fund I	Latin America	25%
Rocky Road Power	USA	50%
Commonwealth Atlantic	USA	50%
NRG Saguaro LLC	USA	50%
James River Cogen	USA	50%

Summarized financial information for investments in unconsolidated affiliates accounted for under the equity method is as follows:

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
	(In thousands)			
Operating revenues	$ 3,070,078	$ 2,394,256	$ 2,212,280	**$ 268,348**
Costs and expenses	2,658,168	2,284,582	2,035,812	**202,725**
Net income	$ 411,910	$ 109,674	$ 176,468	**$ 65,623**
Current assets	$ 1,425,175	$ 1,069,239	$ 783,669	**$ 829,525**
Noncurrent assets	7,009,862	6,853,250	6,452,014	**6,541,003**
Total assets	$ 8,435,037	$ 7,922,489	$ 7,235,683	**$ 7,370,528**
Current liabilities	$ 1,192,630	$ 1,075,785	$ 1,215,827	**$ 1,275,724**
Noncurrent liabilities	4,533,168	3,861,285	3,528,600	**3,592,342**
Equity	2,709,239	2,985,419	2,491,256	**2,502,462**
Total liabilities and equity	$ 8,435,037	$ 7,922,489	$ 7,235,683	**$ 7,370,528**
NRG's share of equity	$ 1,050,510	$ 1,171,726	$ 1,079,336	**$ 1,051,959**
NRG's share of net income	$ 210,032	$ 68,996	$ 170,901	**$ 13,521**

West Coast Power LLC Summarized Financial Information

We have a 50% interest in one company (West Coast Power LLC) that was considered significant as of December 31, 2003, as defined by applicable SEC regulations, we account for our investment using the equity method. Upon adoption of Fresh Start we adjusted our investment in West Coast Power to fair value as of December 6, 2003. In accordance with APB Opinion 18, we have reconciled the value of our investment as of December 6, 2003 to our share of West Coast Powers partner's equity. As a result of pushing down the impact of Fresh Start to the projects balance sheet we determined that a contract based intangible asset with a one year remaining life, consisting of the value of West Coast Power's CDWR energy sales contract, must be established and recognized as a basis adjustment to our share of the future earnings generated by West Coast Power. This adjustment will reduce our equity earnings in the amount of approximately $10.4 million per month during 2004 until the contract expires in December 2004. Offsetting this reduction in earnings is a favorable adjustment to reflect a lower depreciation expense resulting from the corresponding reduced value of the project's fixed assets from Fresh Start reporting. During the period December 6, 2003 through December 31, 2003 we recorded equity earnings of $9.4 million for West Coast Power after adjustments for the reversal of $2.6 million project level depreciation expense, offset by a decrease in earnings related to $8.8 million amortization of the intangible asset for the CDWR contract. The following table summarizes financial information for West Coast Power LLC, including interests owned by us and other parties for the periods shown below:

Results of Operations

	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
			(In millions)	
Operating revenues	$1,562	$585	$ 643	$ 53
Operating income	345	48	201	31
Net income (pre-tax)	326	34	202	31

Financial Position

	December 31, 2002	December 6, 2003	December 31, 2003
		(In millions)	
Current assets	$ 255	$ 247	$ 257
Other assets	532	454	454
Total assets	$ 787	$ 701	$ 711
Current liabilities	$ 112	$ 58	$ 55
Other liabilities	34	1	8
Equity	641	642	648
Total liabilities and equity	$ 787	$ 701	$ 711

Note 14 — Decommissioning Funds

We are required by the State of Louisiana Department of Environmental Quality, or "DEQ", to rehabilitate our Big Cajun II ash and wastewater impoundment areas, subsequent to the Big Cajun II facilities' removal from service. On July 1, 1989, a guarantor trust fund, or "the Solid Waste Disposal Trust

Fund", was established to accumulate the estimated funds necessary for such purpose. Approximately $1.1 million was initially deposited in the Solid Waste Disposal Trust Fund in 1989, and $116,000 has been funded annually thereafter, based upon an estimated future rehabilitation cost (in 1989 dollars) of approximately $3.5 million and the remaining estimated useful life of the Big Cajun II facilities. At December 31, 2002, December 6, 2003 and December 31, 2003, the carrying value of the trust fund investments was approximately $4.6 million, $4.8 million and $4.8 million, respectively. The trust fund investments are comprised of various debt securities of the United States and are carried at amortized cost, which approximates their fair value. The amounts required to be deposited in this trust fund are separate from our calculation of the asset retirement obligation recorded for the Big Cajun II ash and waste water impoundment areas discussed in Note No. 9.

Note 15 — Goodwill and Other Intangible Assets

During the first quarter of 2002, we adopted SFAS No. 142 — *"Goodwill and Other Intangible Assets"* or "SFAS No. 142", which requires new accounting for intangible assets, including goodwill. Intangible assets with finite lives will be amortized over their economic useful lives and periodically reviewed for impairment. Goodwill will no longer be amortized, but will be tested for impairment annually and on an interim basis if an event occurs or a circumstance changes between annual tests that may reduce the fair value of a reporting unit below its carrying value. Upon the adoption of Fresh Start, we re-evaluated the recoverability of our goodwill and intangibles. As a result, we have written off all goodwill amounts as of December 5, 2003. We have also established certain other contract based intangibles, which will be amortized over their respective contractual lives.

Predecessor Company

We had intangible assets with a net carrying value of $76.6 million at December 31, 2002. The Aggregate amortization expense recognized for the years ended December 31, 2002 and 2001 was approximately $2.8 million and $4.2 million, respectively. The amortization expense for the period January 1, 2003 through December 5, 2003 was $3.8 million.

Reorganized NRG

We had intangible assets with a net carrying value of $486.7 million and $481.5 million at December 6, 2003 and December 31, 2003. The power purchase agreements will be amortized as a reduction to revenue over the terms and conditions of each contract. The weighted average amortization period is 7 years for the power purchase agreements. Emission allowances will be amortized as additional fuel expense based upon the actual level of emissions from the respective plant through 2023. The amortization expense for the period December 6, 2003 through December 31, 2003 was $5.2 million related to power purchase agreements. The annual aggregate amortization expense for each of the five succeeding years is expected to approximate $57.5 million in year one, $37.4 million in year two, $30.2 million in years three and four, and $23.3 million in

year five for both the power purchase agreements and emission allowances. Intangible assets consisted of the following:

	Predecessor Company		Reorganized NRG			
	At December 31, 2002		At December 6, 2003		At December 31, 2003	
Description	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
			(In thousands)			
Goodwill*	$32,958	$ 6,123	**$ —**	**$ —**	**$ —**	**$ —**
Intangibles:						
Service contracts*	65,791	15,987	**—**	**—**	**—**	**—**
Power purchase agreements			**113,209**	**—**	**113,209**	**5,230**
Emission allowances**	—	—	**373,518**	**—**	**373,518**	**—**
Total intangibles	$65,791	$ 15,987	**$ 486,727**	**$ —**	**$ 486,727**	**$ 5,230**

* Written off as part of Fresh Start since service contracts determined to be at current market rates.

** No amortization recorded in 2003 as this balance includes only emission allowances for 2004 and beyond. All emission allowances for 2003 were used prior to December 5, 2003.

The following table summarizes the pro forma impact of implementing SFAS No. 142 at January 1, 2001 on net income (loss) for the periods presented.

	Predecessor Company		
	Year Ended December 31,		For the Period January 1 - December 5,
	2001	2002	2003
		(In thousands)	
Reported (loss) income from continuing operations	$221,993	$(2,963,496)	$2,750,767
Add back: Goodwill amortization (after-tax)	923	—	—
Adjusted (loss) income from continuing operations	$222,916	$(2,963,496)	$2,750,767
Reported net (loss) income	$265,204	$(3,464,282)	$2,766,445
Add back: Goodwill amortization (after-tax)	2,919	—	—
Adjusted net (loss) income	$268,123	$(3,464,282)	$2,766,445

Note 16 — Accounting for Derivative Instruments and Hedging Activities

We have adopted Statement of Financial Accounting Standards No. 133, *"Accounting for Derivative Instruments and Hedging Activities"* or "SFAS No. 133", as amended by SFAS No. 137, SFAS No. 138 and SFAS No. 149. SFAS No. 133 requires us to record all derivatives on the balance sheet at fair value. Changes in the fair value of non-hedge derivatives will be immediately recognized in earnings. The criteria used to determine if hedge accounting treatment is appropriate are a) the designation of the hedge to an underlying exposure, b) whether or not the overall risk is being reduced and c) if there is a high degree of correlation between the value of the derivative instrument and the underlying obligation. Formal documentation of the hedging relationship, the nature of the underlying risk, the risk management objective, and the means by which effectiveness will be assessed is created at the inception of the hedge. Changes in fair values of derivatives accounted for as hedges will either be recognized in earnings as offsets to the changes in fair value of related hedged assets, liabilities and firm commitments or, for forecasted transactions, deferred and recorded as a component of other accumulated comprehensive income, or "OCI", until the hedged

transactions occur and are recognized in earnings. The ineffective portion of a hedging derivative instrument's change in fair value will be immediately recognized in earnings. We also formally assess both at inception and at least quarterly thereafter, whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in either the fair value or cash flows of the hedged item. This assessment includes all components of each derivative's gain or loss unless otherwise noted. When it is determined that a derivative ceases to be a highly effective hedge, hedge accounting is discontinued.

SFAS No. 133 applies to our long-term power sales contracts, long-term gas purchase contracts and other energy related commodities financial instruments used to mitigate variability in earnings due to fluctuations in spot market prices, hedge fuel requirements at generation facilities and protect investments in fuel inventories. SFAS No. 133 also applies to various interest rate swaps used to mitigate the risks associated with movements in interest rates and foreign exchange contracts to reduce the effect of fluctuating foreign currencies on foreign denominated investments and other transactions. At December 31, 2003, we had commodity contracts extending through December 2020.

Derivative Financial Instruments

Foreign Currency Exchange Rates

As of December 6, 2003 and December 31, 2003, neither we nor our consolidating subsidiaries had any outstanding foreign currency exchange contracts. At December 31, 2002, we had various foreign currency exchange instruments with combined notional amounts of $3.0 million. These foreign currency exchange instruments were hedges of expected future cash flows. If the hedges had been terminated at December 31, 2002, we would have owed the counter-parties $0.3 million.

Interest Rates

At December 31, 2002, December 6, 2003 and December 31, 2003, our consolidating subsidiaries had various interest-rate swap agreements with combined notional amounts of $1.7 billion, $617.4 million and $620.5 million, respectively. These contracts are used to manage our exposure to changes in interest rates. If these swaps had been terminated at December 31, 2002, December 6, 2003 and December 31, 2003, we would have owed the counter-parties $41.0 million, $53.6 million and $50.2 million, respectively.

Energy Related Commodities

At December 31, 2002, December 6, 2003 and December 31, 2003, we had various energy related commodities financial instruments with combined notional amounts of $241.8 million, $519.7 million and $521.1 million, respectively. These financial instruments take the form of fixed price, floating price or indexed sales or purchases, options, such as puts or calls, basis transactions and swaps. These contracts are used to manage our exposure to commodity price variability in electricity, emission allowances and natural gas, oil and coal used to meet fuel requirements. If these contracts were terminated at December 31, 2002, December 6, 2003 and December 31, 2003, we would have received $58.5 million, $46.3 million and $46.0 million, from counter-parties, respectively. As of December 31, 2003, we had various long-term power sales contracts with combined notional amounts of approximately $3.2 billion.

Credit Risk

We have an established credit policy in place to minimize our overall credit risk. Important elements of this policy include ongoing financial reviews of all counter-parties, established credit limits, as well as monitoring, managing and mitigating credit exposure.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accumulated Other Comprehensive Income

The following table summarizes the effects of SFAS No. 133 on our other comprehensive income balance as of December 31, 2003:

	Reorganized NRG			
	Energy Commodities	Interest Rate	Foreign Currency	Total
	(Gains/(Losses) in thousands)			
Accum. OCI balance at December 6, 2003	$ —	$ —	$ —	$ —
Unwound from OCI during period:				
— due to unwinding of previously deferred amounts	—	—	—	—
Mark to market of hedge contracts	(1,953)	1,600	(170)	(523)
Accum. OCI balance at December 31, 2003	$ (1,953)	$1,600	$ (170)	$ (523)
Gains/(Losses) expected to unwind from OCI during next 12 months	$ 1,323	$ 745	$ —	$2,068

During the period ended December 31, 2003, we recorded a loss in OCI of approximately $0.5 million related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 as of December 31, 2003 was an unrecognized loss of approximately $0.5 million. We expect $2.1 million of deferred net gains on derivative instruments accumulated in OCI to be recognized in earnings during the next twelve months.

The following table summarizes the effects of SFAS No. 133 on our other comprehensive income balance as of December 6, 2003:

	Predecessor Company			
	Energy Commodities	Interest Rate	Foreign Currency	Total
	(Gains/(Losses) in thousands)			
Accum. OCI balance at January 1, 2003	$129,496	$(102,957)	$ (261)	$ 26,278
Unwound from OCI during period:				
— due to forecasted transactions probable of no longer occurring	—	32,025	—	32,025
— due to unwinding of previously deferred amounts	(112,501)	(2,280)	—	(114,781)
Mark to market of hedge contracts	43,979	7,358	56	51,393
Accum. OCI balance at December 5, 2003	60,974	(65,854)	(205)	(5,085)
— due to Fresh Start reporting write-off	(60,974)	65,854	205	5,085
Accum. OCI balance at December 6, 2003	$ —	$ —	$ —	$ —

During the period ended December 5, 2003, we reclassified losses of $32.0 million from OCI to current-period earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period. Additionally, gains of $114.8 million were reclassified from OCI to current period earnings during the period ended December 5, 2003 due to the unwinding of previously deferred amounts. These amounts are recorded on the same line in the statement of operations in which the hedged items are recorded. Also during the period ended December 5, 2003, we recorded a gain in OCI of approximately $51.4 million related to changes in the fair values of derivatives accounted for as hedges. Our plan of reorganization became effective December 5, 2003

and, accordingly, we made adjustments for Fresh Start in accordance with SOP 90-7. These Fresh Start adjustments resulted in a write-off of net losses recorded in OCI of $5.1 million.

The following table summarizes the effects of SFAS No. 133 on our other comprehensive income balance as of December 31, 2002:

	Predecessor Company			
	Energy Commodities	Interest Rate	Foreign Currency	Total
	(Gains/(Losses) in thousands)			
Accum. OCI balance at December 31, 2001	$142,919	$ (69,455)	$(2,363)	$ 71,101
Unwound from OCI during period:				
— due to forecasted transactions probable of no longer occurring	—	(23,263)	—	(23,263)
— due to termination of hedged items by counterparty	(6,130)	—	—	(6,130)
— due to unwinding of previously deferred amounts	(77,576)	22,337	2,075	(53,164)
Mark to market of hedge contracts	70,283	(32,576)	27	37,734
Accum. OCI balance at December 31, 2002	$129,496	$(102,957)	$ (261)	$ 26,278

During the year ended December 31, 2002, we reclassified gains of $23.3 million from OCI to current-period earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period. Also, gains of $6.1 million were reclassified from OCI to current period earnings due to the hedge items being terminated by the counterparties. Additionally, gains of $53.2 million were reclassified from OCI to current period earnings during the year ended December 31, 2002 due to the unwinding of previously deferred amounts. These amounts are recorded on the same line in the statement of operations in which the hedged items are recorded. Also during the year ended December 31, 2002, we recorded a gain in OCI of approximately $37.7 million related to changes in the fair values of derivatives accounted for as hedges. The net balance in OCI relating to SFAS No. 133 as of December 31, 2002 was an unrecognized gain of approximately $26.3 million.

Statement of Operations

The following tables summarize the effects of SFAS No. 133 on our statement of operations for the period from December 6, 2003 through December 31, 2003:

	Reorganized NRG			
	Energy Commodities	Interest Rate	Foreign Currency	Total
	(Gains/(Losses) in thousands)			
Revenue from majority owned subsidiaries	$ (627)	$ —	$ —	$ (627)
Cost of operations	508	—	—	508
Other income	—	—	—	—
Equity in earnings of unconsolidated subsidiaries	(630)	—	—	(630)
Interest expense	—	1,983	—	1,983
Total Statement of Operations impact before tax	$ (749)	$1,983	$ —	$1,234

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the effects of SFAS No. 133 on our statement of operations for the period from January 1, 2003 through December 5, 2003:

	Predecessor Company			
	Energy Commodities	Interest Rate	Foreign Currency	Total
	(Gains/(Losses) in thousands)			
Revenue from majority owned subsidiaries	$ 30,027	$ —	$ —	$ 30,027
Cost of operations	4,607	—	—	4,607
Other income	—	—	92	92
Equity in earnings of unconsolidated subsidiaries	19,022	—	—	19,022
Interest expense	—	(15,104)	—	(15,104)
Total Statement of Operations impact before tax	$ 53,656	$(15,104)	$ 92	$38,644

The following tables summarize the effects of SFAS No. 133 on our statement of operations for the period ended December 31, 2002:

	Predecessor Company			
	Energy Commodities	Interest Rate	Foreign Currency	Total
	(Gains/(Losses) in thousands)			
Revenue from majority owned subsidiaries	$ 9,085	$ —	$ —	$ 9,085
Cost of operations	9,530	—	—	9,530
Equity in earnings of unconsolidated subsidiaries	1,426	970	—	2,396
Other income	—	—	344	344
Interest expense	—	(32,953)	—	(32,953)
Total Statement of Operations impact before tax	$ 20,041	$(31,983)	$ 344	$ (11,598)

The following tables summarize the effects of SFAS No. 133 on our statement of operations for the period ended December 31, 2001:

	Predecessor Company		
	Energy Commodities	Foreign Currency	Total
	(Gains/(Losses) in thousands)		
Revenue from majority owned subsidiaries	$ (8,138)	$ —	$ (8,138)
Cost of operations	17,556	—	17,556
Equity in earnings of unconsolidated subsidiaries	4,662	—	4,662
Other income	—	252	252
Total Statement of Operations impact before tax	$ 14,080	$ 252	$14,332

Energy Related Commodities

We are exposed to commodity price variability in electricity, emission allowances and natural gas, oil and coal used to meet fuel requirements. In order to manage these commodity price risks, we enter into financial instruments, which may take the form of fixed price, floating price or indexed sales or purchases, and options, such as puts, calls, basis transactions and swaps. Certain of these transactions have been designated as cash flow hedges. We have accounted for these derivatives by recording the effective portion of the cumulative gain

or loss on the derivative instrument as a component of OCI in shareholders' equity. We recognize deferred gains and losses into earnings in the same period or periods during which the hedged transaction affects earnings. Such reclassifications are included on the same line of the statement of operations in which the hedged item is recorded.

No ineffectiveness was recognized on commodity cash flow hedges during the years ended December 31, 2001, December 31, 2002 or during the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003.

Our pre-tax earnings for the years ended December 31, 2001, December 31, 2002, the period January 1, 2003 through December 5, 2003 and the period December 6, 2003 through December 31, 2003, were affected by an unrealized gain of $14.1 million, an unrealized gain of $20.0 million, an unrealized gain of $53.7 million and an unrealized loss of $0.7 million, respectively, associated with changes in the fair value of energy related derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

During the year ended December 31, 2002, we reclassified gains of $83.7 million from OCI to current-period earnings. During the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003 gains of $112.5 and $0 million, respectively, were reclassified from OCI to current-period earnings. Our plan of reorganization became effective December 5, 2003 and, accordingly, we made adjustments for Fresh Start in accordance with SOP 90-7. These Fresh Start adjustments resulted in a write-off of net gains recorded in OCI of $61.0 million on energy related derivative instruments accounted for as hedges. We expect to reclassify an additional $1.3 million of deferred gains to earnings during the next twelve months on energy related derivative instruments accounted for as hedges.

Interest Rates

To manage interest rate risk, we have entered into interest-rate swaps that effectively fix the interest payments of certain floating rate debt instruments. Interest-rate swap agreements are accounted for as cash flow hedges. The effective portion of the cumulative gain or loss on the derivative instrument is reported as a component of OCI in shareholders' equity and recognized into earnings as the underlying interest expense is incurred. Such reclassifications are included on the same line of the statement of operations in which the hedged item is recorded.

No ineffectiveness was recognized on interest rate cash flow hedges during the year ended December 31, 2002 or during the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003.

Our pre-tax earnings for the years ended December 31, 2001 and 2002 were increased by an unrealized loss of $0 and $32.0 million, respectively, associated with changes in the fair value of interest rate derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

Our pre-tax earnings for the period January 1, 2003 through December 5, 2003 and the period December 6, 2003 through December 31, 2003, were affected by an unrealized loss of $15.1 million and an unrealized gain of $2.0 million, respectively, associated with changes in the fair value of interest rate derivative instruments not accounted for as hedges in accordance with SFAS No. 133.

During the year ended December 31, 2002, we reclassified gains of $0.9 million from OCI to current-period earnings. During the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003 losses of $29.7 and $0 million, respectively, were reclassified from OCI to current-period earnings. Our plan of reorganization became effective December 5, 2003 and, accordingly, we made adjustments for Fresh Start in accordance with SOP 90-7. These Fresh Start adjustments resulted in a write-off of net losses recorded in OCI of $65.9 million on interest rate swaps accounted for as hedges. We

expect to reclassify an additional $0.7 million of deferred gains to earnings during the next twelve months on interest rate swaps accounted for as hedges.

Foreign Currency Exchange Rates

To preserve the U.S. dollar value of projected foreign currency cash flows, we may hedge, or protect those cash flows if appropriate foreign hedging instruments are available.

No ineffectiveness was recognized on foreign currency cash flow hedges during the years ended December 31, 2001, December 31, 2002 or during the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003.

Our pre-tax earnings for the years ended December 31, 2001 and 2002 were increased by an unrealized gain of $0.3 million and $0.3 million, respectively, associated with foreign currency hedging instruments not accounted for as hedges in accordance with SFAS No. 133.

Our pre-tax earnings for the period January 1, 2003 through December 5, 2003 and the period December 6, 2003 through December 31, 2003, were increased by an unrealized gain of $0.1 million and $0, respectively, associated with foreign currency hedging instruments not accounted for as hedges in accordance with SFAS No. 133.

During the year ended December 31, 2002, we reclassified losses of $2.1 million from OCI to current period earnings. During the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003 losses of $0 and $0 million, respectively, were reclassified from OCI to current-period earnings. Our plan of reorganization became effective December 5, 2003 and, accordingly, we made adjustments for Fresh Start in accordance with SOP 90-7. These Fresh Start adjustments resulted in a write-off of net losses recorded in OCI of $0.2 million on foreign currency swaps accounted for as hedges. We do not expect to reclassify any deferred gains or losses to earnings during the next twelve months on foreign currency swaps accounted for as hedges.

Note 17 — Debt and Capital Leases

Long-term debt and capital leases consist of the following:

	Predecessor Company			Reorganized NRG			
				Principal	Fair Value Adjustment	Principal	Fair Value Adjustment
			Principal	December 6,		December 31,	
	Stated Rate	Effective Rate	December 31, 2002	2003	2003	2003	2003
	(Percent)			(In thousands)			
NRG Recourse Debt:							
NRG New Credit Facility, due June 23, 2010	(2)	—	$ —	$ —	$ —	$1,200,000	$ —
NRG Energy Promissory Note, Xcel Energy, due June 5, 2006	3.00	9.00	—	10,000	(1,349)	10,000	(1,310)
NRG Energy ROARS, due March 15, 2020	7.97	—	257,552	—	—	—	—
NRG Energy senior debentures (corporate units), due May 16, 2006	6.50	—	285,728	—	—	—	—
NRG Energy senior notes:							
December 15, 2013	8.00	—	—			1,250,000	
February 1, 2006	7.625	—	125,000	—	—	—	—
July 15, 2006	6.75	—	340,000	—	—	—	—

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company			Reorganized NRG			
				Principal	Fair Value Adjustment	Principal	Fair Value Adjustment
			Principal	December 6,		December 31,	
	Stated Rate	Effective Rate	December 31, 2002	2003	2003	2003	2003
	(Percent)				(In thousands)		
June 15, 2007	7.50	—	250,000	—	—	—	—
June 1, 2009	7.50	—	300,000	—	—	—	—
September 15, 2010	8.25	—	350,000	—	—	—	—
April 1, 2011	7.75	—	350,000	—	—	—	—
November 1, 2003	8.00	—	240,000	—	—	—	—
April 1, 2031	8.625	—	340,000	—	—	—	—
April 1, 2031	8.625	—	160,000	—	—	—	—
NRG Project — Level, Non — Recourse Debt:							
NRG Finance Company I LLC — Construction revolver, May 2006	(2)	—	1,081,000	—	—	—	—
NRG Processing Solutions, capital lease, due November 2004	9.00	A+ 2	676	**355**	**12**	**326**	**10**
NRG Pike Energy LLC, due 2010		—	155,477	—	—	—	—
NRG Energy Center San Diego, LLC promissory note, due June 2003	8.00	—	278	—	—	—	—
NRG Energy Center Pittsburgh LLC, due November 2004	10.61	A+ 2	3,050	**1,550**	**74**	**1,550**	**66**
NRG Energy Center San Francisco LLC, senior secured notes, due November 2004	10.61	A+ 2	2,310	**860**	**45**	**860**	**41**
Meriden due May 14, 2003	10.00	—	—	**500**	—	**500**	—
LSP Kendall Energy LLC, due September 2005(1)(5)	2.65	A+3.5	495,754	**489,198**	**(31,160)**	**487,013**	**(30,370)**
Mid-Atlantic Generating LLC, due October 2005(5)	4.625	—	409,201	**406,560**	—	—	—
Camas Power Boiler LP, unsecured term loan, due June 30, 2007	3.65	A+ 2	10,896	**9,202**	**(286)**	**8,628**	**(277)**
COBEE, due July 2007	(2)	15.00	42,150	**31,800**	**(3,028)**	**31,800**	**(2,815)**
Camas Power Boiler LP, revenue bonds, due August 1, 2007	3.38	A+ 2	6,965	**5,765**	**(115)**	**5,765**	**(108)**
NRG Brazos Valley LLC, due June 30, 2008	6.75	—	194,362	—	—	—	—
Flinders Power Finance Pty, due September 2012, 6.14%-6.49%	(2)	6.00	99,175	**185,825**	**10,434**	**187,668**	**10,632**
Hsin Yu	(2)	—	85,607	**84,980**	**(45,000)**	**85,300**	**(44,480)**
NRG Energy Center Minneapolis LLC senior secured notes due 2013 and 2017, 7.12%-7.31%	(2)	A+ 2	133,099	**127,275**	**7,112**	**126,279**	**7,030**
LSP Energy LLC (Batesville), due		8.23-					

2014 and 2025, 7.16%-8.16%	(2)	9.31	314,300	**307,175**	**(12,528)**	**307,175**	**(12,292)**
PERC, due 2017 and 2018	6.75	A+ 2	28,695	**26,265**	**(1,228)**	**26,265**	**(1,203)**
Northbrook New York	4.10	4.42	—	**17,223**	**(319)**	**17,199**	**(315)**
Northbrook Carolina	5.10	6.42	—	**2,500**	**(178)**	**2,475**	**(177)**

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company			Reorganized NRG			
				Principal	Fair Value Adjustment	Principal	Fair Value Adjustment
			Principal	December 6,		December 31,	
	Stated Rate	Effective Rate	December 31, 2002	2003	2003	2003	2003
	(Percent)			(In thousands)			
Northbrook STS HydroPower	9.13	9.70	—	**24,374**	**(927)**	**24,506**	**(930)**
Saale Energie GmbH, Schkopau Capital lease, due 2021	(2)	—	325,583	**318,025**	**—**	**342,469**	**—**
Audrain County, MO — Capital lease, due December 2023	10.00	—	239,930	**239,930**	**—**	**239,930**	**—**
NRG South Central Generating LLC senior bonds, due various dates through September 15, 2024(5)	(2)	—	750,750	**750,750**	**—**	**—**	**—**
NRG Northeast Generating LLC senior bonds, due various dates through December 15, 2024(5)	(2)	—	556,500	**556,500**	**—**	**—**	**—**
NRG Peaker Finance Co. LLC (1)(5)		A+3.5	319,362	**319,362**	**(72,657)**	**311,373**	**(72,105)**
Subtotal			8,253,400	**3,915,974**	**(151,098)**	**4,667,081**	**(148,603)**
Less current maturities			7,105,813	**2,703,602**	**(151,930)**	**1,006,877**	**(149,699)**
Total			$1,147,587	**$1,212,372**	**$ 832**	**$ 3,660,204**	**$ 1,096**

(1) We have reclassified the long-term portions of these debt issuances to current as they were callable within one year from December 31, 2003.

(2) Distinguishes debt with various interest rates.

(3) A+2 equals Libor plus 2%

(4) A+ 3.5 equals Libor plus 3.5%

(5) We have reclassified the long-term portions of these debt issuances to current, as they were callable within one year from December 6, 2003.

As of December 31, 2003, we have timely made scheduled payments on interest and/or principal on all of our recourse debt and were not in default under any of our related recourse debt instruments. However, a significant amount of our subsidiaries' debt and other obligations contain terms that require that they be supported with letters of credit or cash collateral following a ratings downgrade or a default on our debt. As of December 31, 2003, as a result of the downgrades and loan defaults that we experienced in 2002, we estimate that we were in default of our obligations to post collateral of approximately $71.4 million, principally to fund contract termination penalties, revenue shortfall guarantees and late completion penalties related to NRG Peaker Finance Company LLC. On January 6, 2004, the debt held at NRG Peaker Finance Company LLC was restructured, and this collateral obligation ceased. As a result, we currently have no unmet cash collateral obligations outstanding.

Short Term Debt

On December 23, 2003, we entered into a bank facility for up to $1.45 billion, or “New Credit Facility”, which included a $950.0 million, six and a half-year senior secured term loan, a $250.0 million funded letter of credit facility, and a four-year $250.0 million revolving line of credit, or “corporate revolver”. Portions of the corporate revolver are available as a swing-line facility and as a revolving letter of credit sub-facility. As of

December 31, 2003, the corporate revolver was undrawn. The $250 million funded letter of credit is reflected as a funded deposit on the December 31, 2003 balance sheet.

Long-term Debt and Capital Leases

Senior Securities

As a result of our bankruptcy filing, we ceased recording accrued interest on the following unsecured facilities, as it was not probable of being paid. On December 5, 2003, concurrent with our emergence from bankruptcy, the following senior unsecured facilities were terminated in conjunction with certain settlement provisions. We have no outstanding obligations with respect to the following terminated debt facilities:

- NRG Energy ROARS, due March 15, 2020, 7.97%; $250.0 million in outstanding principal, $25.3 million in accrued interest, and $41.1 million in contractually obligated interest at date of termination;
- NRG Energy senior debentures, or "corporate units", due May 16, 2006, 6.5%; $287.5 million in outstanding principal, $14.2 million in accrued interest, and $26.5 million in contractually obligated interest at date of termination;
- NRG Energy senior notes due February 1, 2006, 7.625%; $125.0 million in outstanding principal, $7.7 million in accrued interest, and $14.2 million in contractually obligated interest at date of termination;
- NRG Energy senior notes due July 15, 2006, 6.75%; $340.0 million in outstanding principal, $21.9 million in accrued interest, and $34.9 million in contractually obligated interest at date of termination;
- NRG Energy senior notes due June 15, 2007, 7.50%; $250.0 million in outstanding principal, $19.4 million in accrued interest, and $30.7 million in contractually obligated interest at date of termination;
- NRG Energy senior notes due June 1, 2009, 7.50%; $300.0 million in outstanding principal, $20.4 million in accrued interest, and $37.9 million in contractually obligated interest at date of termination;
- NRG Energy senior notes due September 15, 2010, 8.25%; $350.0 million in outstanding principal, $34.5 million in accrued interest, and $56.9 million in contractually obligated interest at date of termination;
- NRG Energy senior notes, due April 1, 2011, 7.75%; $350.0 million in outstanding principal, $31.2 million in accrued interest, and $51.5 million in contractually obligated interest at date of termination;
- NRG Energy senior notes, due November 1, 2003, 8.00%; $240.0 million in outstanding principal, $17.5 million in accrued interest, and $34.6 million in contractually obligated interest at date of termination;
- NRG Energy senior notes, due April 1, 2031, 8.625%; $340.0 million and $160 million in outstanding principal, and $49.7 million in accrued interest, and $83.0 million in contractually obligated interest at date of termination; and
- NRG Energy corporate revolver, due March 8, 2003; $930.5 million in outstanding principal, $57.7 million in accrued interest, and $84.8 million in contractually obligated interest at date of termination.

As part of and concurrent with the emergence from bankruptcy, certain unsecured creditors received rights to $500.0 million of 10% NRG Energy senior notes, or "POR Notes" to be issued by us. However, the creditors accepted $500 million in cash in lieu of the POR Notes, on December 23, 2003 in conjunction with the financing described below. Accrued interest of $2.5 million was paid to these creditors based on the notional amount of the POR Notes. As of December 31, 2003, there were no outstanding obligations with respect to the POR Notes.

On December 23, 2003, we issued $1.25 billion in 8% Second Priority Notes, due and payable on December 15, 2013. The Second Priority Notes are general obligations of ours. They are secured on a second-priority basis by security interests in all assets of ours, with certain exceptions, subject to the liens securing our obligations under the New Credit Agreement (described below) and any other priority lien debt. The notes are effectively subordinated to our obligations under the New Credit Facility and any other priority lien obligation, which will be secured on a first-priority basis by the same assets that secure the Second Priority Notes. The Second Priority Notes will be senior in right of payment to any future subordinated indebtedness. Interest on the Second Priority Notes accrues at the rate of 8.0% per annum and will be payable semi-annually in arrears on June 15 and December 15, commencing on June 15, 2004.

Also on December 23, 2003, concurrently with the offering of the notes, we and PMI entered into the New Credit Facility for up to $1.45 billion with Credit Suisse First Boston, as Administrative Agent, and Lehman Commercial Paper, Inc., as Syndication Agent and a group of lenders. The New Credit Facility consists of a $950 million, six and a half-year senior secured term loan facility, a $250 million, funded letter of credit facility, and a four-year revolving credit facility in an amount of up to $250 million. Portions of the revolving credit facility are available as a swing-line facility and as a revolving letter of credit sub-facility. No borrowings had been made under the revolving credit facility as of December 31, 2003. Under the letter of credit facility, $1.7 million had been issued as of December 31, 2003.

The New Credit Facility is secured by, among other things, first-priority perfected security interests in all of the property and assets owned at any time or acquired by us and our subsidiaries, other than the property and assets of certain excluded project subsidiaries, foreign subsidiaries and certain other subsidiaries, with some exceptions.

Interest on the New Credit Facility consists of a spread of either 3% over prime or 4% over a LIBO rate, to be selected by the borrower. Other expenses associated with the New Credit Facility include commitment fees on the undrawn portion of the letter of credit facility, participation fees for the credit-linked deposit and other fees. As of December 31, 2003, we did not have an interest rate swap in place to hedge against fluctuations in prime or LIBO rates. On February 25, 2004 we amended the new credit facility to remove this requirement.

Proceeds of the December 23, 2003 Second Priority Notes issuance and the New Credit Facility were used for the following purposes:

- Repayment of secured debt held by NRG Northeast Generating LLC, including $556.5 million in outstanding principal, $1.1 million in accrued interest, and $8.3 million in a make-whole premium;
- Repayment of secured debt held by NRG South Central Generating LLC, including $750.8 million in outstanding principal, $18.7 million in accrued interest, and $11.3 million in a make-whole premium;
- Repayment of secured debt held by NRG Mid-Atlantic Generating LLC, including $406.6 million in outstanding principal and $4.1 million in accrued interest;
- Funding of the $250 million letter of credit facility under the New Credit Facility;
- Payment of cash in lieu of the $500 million, 10% POR Notes to be issued to certain unsecured creditors; and

• Additional fees and expenses related to the transactions.

Significant affirmative covenants of the Second Priority Notes and the New Credit Facility include the provision of financial reports, reports of any events of default or developments that could have a material adverse effect, provision of notice with respect to changes in corporate structure or collateral. In addition, the borrower must maintain segregated cash accounts for certain deposits or settlements. A provision that the borrower enter into an interest-rate swap agreement on a portion of the term loan was waived by the lenders pursuant to an amendment to the New Credit Agreement.

Significant negative covenants of the Second Priority Notes and the New Credit Facility include limitations on permitted indebtedness, including the provision of intercompany loans among certain subsidiaries and affiliates; permitted liens; permitted acquisitions and certain asset dispositions. In addition, certain financial ratio tests must be met.

Events of default under the Second Priority Notes and the New Credit Facility include materially false representation or warranty; payment default on principal or interest; covenant defaults; cross-defaults to material indebtedness; our or a material subsidiary's bankruptcy and insolvency; material unpaid judgments; ERISA events; failure to be perfected on any material collateral; and a change in control.

On January 28, 2004, we issued an additional $475.0 million in Second Priority Notes, under the same terms and indenture as our December 23, 2003 offering. Proceeds of the offering were used to prepay $503.5 million of the outstanding principal on the term loan under the New Credit Facility, described below, reducing the outstanding principal of the term loan from $950.0 million to $446.5 million.

Project Financings

For discussion of NRG FinCo, the Audrain capital lease and LSP Pike Energy LLC see Note 24.

The LSP Kendall Energy LLC credit facility is non-recourse to us and consists of a construction and term loan, working capital and letter of credit facilities. As of December 31, 2002, December 6, 2003 and December 31, 2003, there were borrowings totaling approximately $495.8 million, $489.2 million and $487.0 million, respectively, outstanding under the facility at a weighted average annual interest rate of 3.15%, 2.58% and 2.58%, respectively. In May 2002, LSP-Kendall Energy, LLC received a notice of default from Societe Generale, the administrative agent under LSP-Kendall's Credit and Reimbursement Agreement dated November 12, 1999. The notice asserted that an event of default had occurred under the Credit and Reimbursement Agreement as a result of liens filed against the Kendall project by various subcontractors. In consideration of the borrower's implementation of a plan to remove the liens, and our indemnification pursuant to an Indemnity Agreement dated June 28, 2002, of the lenders to the Kendall project from any claims or damages relating to these liens or any dispute or action involving the project's EPC contractor, the administrative agent, with the consent of the required lenders under the Credit and Reimbursement Agreement, withdrew the notice of default and conditionally waived any default or event of default described therein. Discussions with the administrative agent regarding the liens continue. On August 25, 2003, LSP-Kendall Energy LLC entered into a Completion Extension and Amendment Agreement with the lenders and Societe Generale whereby certain extensions were granted in respect of project construction, lien removal and other items. The Completion Extension and Amendment Agreement prohibits LSP-Kendall Energy LLC from making any distributions to equity owners until January 1, 2005, and thereafter only when certain conditions are met. LSP-Kendall Energy LLC continues to be in default with respect to certain covenants, however, and is in discussions with the lenders regarding restructuring its indebtedness.

In May 1999, LSP Energy Limited Partnership, or "Partnership" and LSP Batesville Funding Corporation, or "Funding" issued two series of Senior Secured Bonds, or "Bonds" in the following total principal amounts: $150 million 7.16% Series A Senior Secured Bonds due 2014 and $176 million 8.160% Series B Senior Secured Bonds due 2025. Interest is payable semiannually on each January 15 and July 15. In

March 2000, a registration statement was filed by Partnership and Funding and became effective. The registration statement was filed to allow the exchange of the Bonds for two series of debt securities, or "Exchange Bonds", which are in all material respects substantially identical to the Bonds. The Exchange Bonds are secured by substantially all of the personal property and contract rights of the Partnership and Funding. The Exchange Bonds are redeemable, at the option of Partnership and Funding, at any time in whole or from time to time in part, on not less than 30 nor more than 60 days prior notice to the holders of that series of Exchange Bonds, on any date prior to their maturity at a redemption price equal to 100% of the outstanding principal amount of the Exchange Bonds being redeemed and a make whole premium. In no event will the redemption price ever be less than 100% of the principal amount of the Exchange Bonds being redeemed plus accrued and unpaid interest thereon. Principal payments are payable on each January 15 and July 15 beginning July 15, 2001. Under the credit arrangements, the project is required to maintain minimum cash balances in certain reserve funds. Subject to funding these reserve accounts and anticipated working capital needs, and meeting certain debt coverage tests, the project may distribute any remaining cash to us. As of December 31, 2003, Batesville had sufficiently funded its reserve accounts, but did not meet its debt coverage test.

In June 2002, NRG Peaker Finance Company LLC, or "NRG Peaker", an indirect wholly owned subsidiary, completed the issuance of $325 million of Series A Floating Rate Senior Secured Bonds due 2019. The bonds bear interest at a floating rate equal to three-month LIBOR plus 1.07%. Interest on the bonds is payable on March 10, June 10, September 10 and December 10 of each year, commencing on September 10, 2002. NRG Peaker subsequently entered into an interest rate swap agreement pursuant to which it agreed to make 6.67% fixed rate interest payments and receive floating rate interest payments. XL Capital Assurance, or "XLCA", guarantees principal, interest and swap payments, through a financial guaranty insurance policy. Such notes are also secured by substantially all of the assets of and/or membership interests in our subsidiaries: Bayou Cove Peaking Power LLC, Big Cajun I Peaking Power LLC, NRG Sterlington Power LLC, NRG Rockford LLC, NRG Rockford II LLC and NRG Rockford Equipment LLC. As of December 31, 2003, $311.4 million in aggregate principal remained outstanding on these bonds. XLCA accelerated the bonds due to cross-defaults on our debt and liens placed upon certain assets. On January 6, 2004, we and XLCA consummated a comprehensive restructuring arrangement which provides for, among other things, the provision of a letter of credit by us for the benefit of the secured parties in the NRG Peaker financing, the cure or waiver of all defaults under the original financing agreement and the mutual release of claims by the parties. With the exception of distributions to pay taxes, distributions to equity holders are subject to tests regarding NRG Peaker reserve funding and financial ratios.

In May 2001, our wholly-owned subsidiary, NRG Finance Company I LLC, or "NRG FinCo", entered into a $2.0 billion revolving credit facility. The facility was established to finance the acquisition, development and construction of power generating plants located in the United States and to finance the acquisition of turbines for such facilities. The facility provided for borrowings of base rate loans and Eurocurrency loans and was secured by mortgages and security agreements in respect of the assets of the projects financed under the facility, pledges of the equity interests in the subsidiaries or affiliates of the borrower that own such projects, and by guaranties from each such subsidiary or affiliate. The NRG FinCo secured revolver was initially scheduled to mature on May 8, 2006; however, due to defaults hereunder by NRG FinCo and applicable guarantors, the lenders accelerated all outstanding obligations on November 6, 2002. As of our emergence, $1.1 billion was outstanding under the facility, and there was an aggregate of approximately $58 million of accrued but unpaid interest and commitment fees. Of this, $842.0 million was allowed in unsecured claims under NRG plan of reorganization, and was settled at the time of our emergence. The remaining balance will be satisfied when the NRG FinCo lenders exercise their perfected security interests in our Nelson, Audrain and Pike projects (see note 24).

Meriden Gas Turbines LLC, or "MGT" is party to a $0.5 million Promissory Note and Security Agreement with PowerSource LLC, issued and entered into on February 13, 2003. MGT used the proceeds of

the note issuance to allow the release of a lien and claim on certain MGT assets, and for costs associated with the transport of certain equipment to the MGT site. The note became due and payable on May 14, 2003. We expect to repay this note with the proceeds from the sale of the MGT assets in 2004.

In March 2001, we increased our ownership interest in Penobscot Energy Recovery Company, or "PERC", which resulted in the consolidation of our equity investment in PERC. As a result, the assets and liabilities of PERC became part of our consolidated assets and liabilities. Upon completion of the transaction, we recorded approximately $37.9 million of outstanding Finance Authority of Maine Electric, or "FAME" Rate Stabilization Revenue Refunding Bonds Series 1998, or "FAME bonds" which were issued on PERC's behalf by FAME in June 1998. The face amount of the bonds that were initially issued was approximately $44.9 million and was used to repay the Floating Rate Demand Resource Revenue Bonds issued by the Town of Orrington, Maine on behalf of PERC. The FAME bonds are fixed rate bonds with yields ranging from 3.75% to 5.2%. The weighted average yield on the FAME bonds is approximately 5.1%. The FAME bonds are subject to mandatory redemption in annual installments of varying amounts through July 1, 2018. Beginning July 1, 2008 the FAME bonds are subject to redemption at the option of PERC at a redemption price equal to 102% through June 30, 2009, 101% for the period July 1, 2009 to June 30, 2010 and 100% thereafter, of the principal amount outstanding, plus accrued interest. The loan agreement with FAME contains certain restrictive covenants relating to the FAME bonds, which restrict PERC's ability to incur additional indebtedness, and restricts the ability of the general partners to sell, assign or transfer their general partner interests. The bonds are collateralized by liens on substantially all of PERC's assets. As of December 31, 2003, $26.3 million in principal remains outstanding.

In November 2001, NRG McClain LLC entered into a $181.0 million term loan and $8.0 million working capital facility with Westdeutsche Landesbank Girozentrale, New York branch, as agent to repay an outstanding term loan used to finance the acquisition of the McClain generating facility (non-recourse to us). The final maturity date of the facility is November 30, 2006. As of December 31, 2002 and 2003, the aggregate amount outstanding under this facility was $157.3 million and $156.5 million, respectively. During the period ended December 31, 2002 and 2003, the weighted average interest rate of such outstanding borrowings was 4.51% and 5.89%, respectively. On September 17, 2002, NRG McClain LLC received notice from the agent bank that the project loan was in default as a result of our downgrades and of defaults on material obligations under the Energy Management Services Agreement. On August 19, 2003, NRG McClain signed an asset purchase agreement with Oklahoma Gas and Electric Company for substantially all of the assets of McClain and contemporaneously filed for bankruptcy pursuant to the asset purchase agreement. Upon consummation of the asset sale we anticipate that all proceeds from the sale will be used to repay outstanding project debt under the secured term loan and working capital facility. On December 18, 2003, FERC issued an order setting the application for hearing to determine remedies FERC could impose as a condition of any approval for the transaction. This sale will not be completed until FERC approval is received. NRG McClain is recorded as a discontinued operation in the accompanying balance sheets.

The Camas Power Boiler LP notes are secured principally by its long-term assets. In accordance with the terms of the note agreements, Camas Power Boiler LP is required to maintain compliance with certain financial covenants primarily related to incurring debt, disposing of assets, and affiliate transactions. Camas Power Boiler was in compliance with these covenants at December 31, 2003. Distributions to us from Camas are permitted quarterly, contingent upon the project sufficiently funding debt service accounts, and meeting certain covenants and conditions. As of December 31, 2003, Camas met all requirements for distributions.

In July 2002, NRG Energy Center Minneapolis LLC, or "MEC", an indirect wholly owned subsidiary, entered into an agreement allowing it to issue senior secured promissory notes in the aggregate principal amount of up to $150 million. In July 2002, under this agreement, MEC issued $75 million of bonds in a private placement. Two series of notes were issued in July 2002, the $55 million Series A-Notes dated July 3, 2002, which matures on August 1, 2017 and bears an interest rate of 7.25% per annum and the $20 million

Series B-Notes dated July 3, 2002, which matures on August 1, 2017 and bears an interest rate of 7.12% per annum. NRG Thermal LLC, a directly-held, wholly-owned subsidiary, which owns 100% of MEC, pledged its interests in all of its district heating and cooling investments throughout the United States as collateral. NRG Thermal and MEC are required to maintain compliance with certain financial covenants primarily related to incurring debt, disposing of assets, and affiliate transactions. In August 1993, MEC issued $84 million of 7.31% senior secured notes, due June 15, 2013. The three MEC notes contain a covenant providing the lender the option to choose prepayment of the notes if, among other things, Xcel Energy no long directly or indirectly owns a controlling interest in NRG Thermal. Xcel Energy no longer owns a controlling interest in NRG Thermal as a result of our emergence from bankruptcy. In anticipation of the change in control, NRG Thermal has entered into a forbearance agreement with the lender to allow time to negotiate a modified loan covenant package that would enable the lender to choose not to exercise its change in control option. Until a new loan covenant package has been developed, terms of the forbearance agreement prevent MEC or its subsidiaries from making distributions to us. The forbearance agreement expires June 1, 2004. As a result of the forbearance agreement, NRG Thermal and MEC were in compliance with their credit covenants at December 31, 2003.

STS Hydropower, LTD, or “STS Hydropower” which is indirectly 50% owned by NEO Corporation, or “NEO”, our wholly-owned subsidiary, entered into a Note Purchase Agreement in March 1995 with Allstate Life Insurance Co., or “Allstate”. Allstate purchased from STS Hydropower $22.1 million of 9.155% senior secured debt due December 30, 2016. The agreement was amended in 1996 to add $0.7 million of 8.24% senior secured debt due March 2011. The debt is secured by substantially all assets of and interest in STS Hydropower. Because of poor hydroelectric output due to drought conditions, no principal or interest payments have been made on this loan facility since October 2001. In May 2003, the facility was restructured and currently has a maturity of March 2023 and an interest rate of 9.133%. As of December 31, 2003, all required covenants under the restructured facility had been met and $25.2 million of principal was outstanding.

In September 1999, Northbrook New York LLC, or “NNY”, which is indirectly owned by NEO, entered into a $17.5 million term loan agreement with Heller Financial. In December 2001, the credit agreement with Heller Financial was amended to include $2.6 million of financing for Northbrook Carolina Hydro, LLC, or “NCH”, which is indirectly 50% owned by NEO, and to cross-collateralize the NNY and NCH notes. Heller Financial was subsequently purchased by GE Capital Services, which assumed the notes. The loan facilities are secured by substantially all hydroelectric assets of and membership interests in NCH and NNY. The NNY facility bears an interest rate of LIBOR plus 3% and matures in December 2018. The NCH facility bears interest at an interest rate of LIBOR plus 4% and matures in December 2016. As of December 31, 2003, the outstanding principal balance on the NNY facility and the NCH facility was $17.2 million and $2.5 million, respectively. On December 2001, NCH purchased a $0.3 million subordinated note from NEO. This subordinated note accrues interest at 11% per annum, and no payment is due until maturity on December 31, 2018.

In September 2000, Flinders Power Finance Pty Ltd, or “Flinders Power”, an Australian wholly owned subsidiary, entered into a twelve year AUD $150 million cash advance facility (US $81.4 million at September 2000). As of December 31, 2002 and 2003, there remains AUD$143.4 million (US$80.5 million) and AUD$135.0 million (US$101.6 million) outstanding under this facility, respectively. The interest has fixed and variable components. At December 31, 2002 and 2003, the interest rate was 6.49% and 7.53%, respectively and is paid semi-annually. Principal payments commence in 2006 and the facility will be fully paid in 2012.

In March 2002, Flinders Power entered into a 10 year AUD$165 million (US$85.4 million at March 2002) floating rate loan facility for the purpose of refurbishing the Flinders Playford generating station. As of December 31, 2002 and 2003, the Company had drawn AUD$33.3 million (US$18.7 million) and

AUD$114.3 million (US$86.0 million), respectively, of this facility. The interest rate has fixed and variable components. The interest rate at December 31, 2002 and 2003 was 6.14% and 7.03%, and is paid semi-annually. Principal payments for the refurbishment facility commence in 2005. Upon our downgrades in 2002, there existed a potential default under these facility agreements related to the funding of reserve accounts. On May 13, 2003, Flinders Power and its lenders entered into a Second Supplemental Deed, which resolved these potential defaults. As part of the terms of that Second Supplemental Deed, part of the refurbishment facility was voluntarily cancelled by Flinders Power so as to reduce the total available commitment from AUD$165 million to AUD$137 million (US$103.1 million).

In connection with our acquisition of a controlling interest in the COBEE facilities, we assumed non-recourse long-term debt that is due in 18 semi-annual installments of varying amounts beginning January 31, 1999 and ending July 31, 2007. The loan agreement provides an A Loan of up to $30 million and a B Loan of up to $45 million. The balance of the A and B loans was $31.8 million as of December 31, 2003. Interest is payable semi-annually in arrears at a rate equal to 6-month LIBOR plus a margin of 4.5% on the A Loan and 6-month LIBOR plus a margin of 4.0% on the B Loan. The A Loan and the B Loan are collateralized by a mortgage on substantially all of COBEE's assets.

In connection with our purchase of PowerGen's interest in Saale Energie GmbH, we have recognized a non-recourse capital lease on our balance sheet in the amount of $333.9 million and $342.5 million, as of December 31, 2002 and 2003, respectively. The capital lease obligation is recorded at the net present value of the minimum lease obligation payable over the lease's remaining period of 19 years. In addition, a direct financing lease was recorded in notes receivable in the amount of approximately $366.4 million, $435.0 million and $451.4 million, as of December 31, 2002, December 6, 2003 and December 31, 2003, respectively.

Hsin Yu, which is approximately 63% indirectly owned by us, entered into a NT$2,700.0 million syndicated loan arrangement to finance construction of what was to be the first phase of a multi-phase cogeneration facility. Chiao Tung Bank led the original financing. Principal covenants of the syndicated facility include maintaining a debt to equity ratio below 250% until 2006, and a ratio below 200% thereafter, and maintaining a debt service coverage ratio above 1.1, starting in 2004. The fair value adjustment reflects the uncertainty of repayment of such obligations from project cash flows.

Annual maturities of long-term debt and capital leases for the years ending after December 31, 2003 are as follows:

	(In thousands)
2004	$ 1,006,877
2005	135,639
2006	110,489
2007	91,224
2008	80,094
Thereafter	3,242,758
Total	$4,667,081

Future minimum lease payments for capital leases included above at December 31, 2003 are as follows:

	(In thousands)
2004	$ 125,020
2005	127,608
2006	89,875
2007	76,647
2008	68,940
Thereafter	689,165
Total minimum obligations	1,177,255
Interest	594,519
Present value of minimum obligations	582,736
Current portion	76,280
Long-term obligations	$ 506,456

Assets related to our capital leases were revalued as of December 6, 2003, to $171.0 million and remained at $171.0 million with no accumulated amortization at December 31, 2003, as the amounts have been recorded at recoverable values. Total net book value related to these assets at December 31, 2002 was $258.2 million, net of $2.3 million of accumulated amortization.

Note 18 — Capital Stock

Reorganized Capital Structure

In connection with the consummation of our plan of reorganization, on December 5, 2003 all shares of our old common stock were canceled and 100,000,000 shares of new common stock of NRG Energy were distributed pursuant to such plan to the holders of certain classes of claims. A certain number of shares of common stock was issued for distribution to holders of disputed claims as such claims are resolved or settled. In the event our disputed claims reserve is inadequate, it is possible we would have to issue additional shares of our common stock to satisfy such pre-petition claims or contribute additional cash proceeds. See Note 24 — Disputed Claims Reserve. Our authorized capital stock consists of 500,000,000 shares of NRG Energy common stock and 10,000,000 shares of Serial Preferred Stock. Further, a total of 4,000,000 shares of our common stock, representing approximately 4% of our outstanding common stock, are available for issuance under our long-term incentive plan.

In addition to our issuance of new common stock, on December 23, 2003, we completed a note offering consisting of $1.25 billion of 8% Second Priority Senior Secured Notes due 2013, and we entered into a new credit facility consisting of a $950.0 term loan facility, a $250.0 million funded letter of credit facility and a $250 million revolving credit facility. We used the proceeds of these offerings to retire certain project level debt, pay certain unsecured creditors and relieve associated cash traps. In January of 2004, we completed a supplementary note offering whereby we issued an additional $475 million of 8% Second Priority Senior Secured Notes due 2013 at a premium and used the proceeds there from to repay a portion of the $950.0 million term loan. As of March 1, 2004, the outstanding principal balance on the notes was $1.725 billion and the principal amount outstanding under the term loan was $446.5 million and $147.5 million remains available under the funded letter of credit facility. As of March 1, 2004, we had not drawn down on our revolving credit facility. Finally, in connection with the consummation of our plan of reorganization, we issued to Xcel Energy a $10.0 million non-amortizing promissory note, which will accrue interest at a rate of 3% per annum and mature 2.5 years after the effective date of our plan of reorganization.

As part of our plan of reorganization, we eliminated approximately $5.2 billion of corporate level bank and bond debt and approximately $1.3 billion of additional claims and disputes through our distribution of new common stock and $1.04 billion in cash among our unsecured creditors. In addition to the debt reduction associated with the restructuring, we used the proceeds of the recent note offering and borrowings under the New Credit Facility to retire approximately $1.7 billion of project-level debt.

For additional information on our short term and long term borrowing arrangements, see Note 17.

Sale of Stock

In June 2000, we sold 32.4 million shares of common stock at $15 per share. Net proceeds from the offering were $453.7 million. At that time we were authorized to issue capital stock consisting of 550,000,000 shares of common stock, and 250,000,000 shares of Class A common stock. At December 31, 2000, there were approximately 32,396,000 shares of common stock, and 147,605,000 shares of Class A common stock issued and outstanding.

In March 2001, we completed the sale of 18.4 million shares of common stock for an initial price of $27 per share. The offering was completed with all 18.4 million shares of common stock being sold including the over-allotment shares of 2.4 million. We received gross proceeds from the issuance of $496.6 million. Net proceeds from the issuance were $473.4 million after deducting underwriting discounts, commissions and estimated offering expenses. The net proceeds were used in part to reduce amounts outstanding under our short-term bridge credit agreement, which was used to finance, in part, our acquisition of the LS Power assets.

At December 31, 2001, there were approximately 50,939,875 shares of common stock, and 147,605,000 shares of Class A common stock issued and outstanding.

On June 3, 2002, Xcel Energy completed its exchange offer for the 26% of our common shares that had been previously publicly held. Xcel Energy issued to our shareholders 0.50 shares of Xcel Energy common stock in exchange for each outstanding share of our common stock.

Incentive Compensation Plans

In June 2000, we adopted an incentive compensation plan, or “the Stock Plan”, which was approved by shareholders in June 2001. We accounted for this plan under the recognition and measurement provisions of APB Opinion No. 25, *“Accounting for Stock Issued to Employees,”* and related Interpretations. During 2002, the Stock Plan, and all grants under the plan, were adopted by the Xcel Energy Incentive Stock Plan. There were no grants to our employees under the Xcel Energy Incentive Stock Plan. During 2001, we recognized approximately $1.9 million of stock based compensation expense under the New Stock Plan. In 2002, we recognized income due to the net reduction of our compensation expense accrual by approximately $2.3 million for terminated stock options during the period. The amount was reported as a reduction of compensation expense for the year ended December 31, 2002.

Effective January 1, 2003, we adopted the fair value recognition provisions of SFAS Statement No. 123, *“Accounting for Stock-Based Compensation”* or “SFAS No. 123.” In accordance with SFAS Statement No. 148, *“Accounting for Stock-Based Compensation — Transition and Disclosure”* or “SFAS No. 148”, we adopted SFAS No. 123 under the prospective transition method which requires the application of the recognition provisions to all employee awards granted, modified, or settled after the beginning of the fiscal year in which the recognition provisions are first applied. As a result, we recognized compensation expense for any grants issued on or after January 1, 2003. There were no grants issued during the period from January 1, 2003 through December 4, 2003.

During 2003, we recognized approximately $540,000 of stock based compensation expense under the Long-Term Incentive Plan, approximately $424,000 related to stock options and approximately $116,000

related to restricted stock. In December 2003, we adopted a new long-term incentive plan, or "the Long-Term Incentive Plan", which is described below.

Long-Term Incentive Plan

The Long-Term Incentive Plan became effective upon our emergence from bankruptcy. The long-term incentive plan provides for grants of stock options, stock appreciation rights, restricted stock, performance awards, deferred stock units and dividend equivalent rights. Our directors, officers and employees, as well as other individuals performing services for, or to whom an offer of employment has been extended by us, are eligible to receive grants under the long-term incentive plan. The purpose of the long-term inventive plan is to promote our long-term growth and profitability by providing these individuals with incentives to maximize stockholder value and otherwise contribute to our success and to enable us to attract, retain and reward the best available persons for positions of responsibility.

A total of 4,000,000 shares of our common stock, representing approximately 4% of our outstanding common stock, are available for issuance under the long-term incentive plan, subject to adjustment in the event of a reorganization, recapitalization, stock split, reverse stock split, stock dividend, combination of shares, merger or similar change in our structure or our outstanding shares of common stock.

The compensation committee of our board of directors will administer the long-term incentive plan. If for any reason a compensation committee has not been appointed by our board to administer the long-term incentive plan, our board of directors will have the authority to administer the plan and to take all actions under the plan.

The following is a summary of the material terms of the long-term incentive plan, but does not include all of the provisions of the plan.

Eligibility. Our directors, officers and employees, as well as other individuals performing services for, or to whom an offer of employment has been extended by, us are eligible to receive grants under the long-term incentive plan. In each case, the compensation committee will select the actual grantees.

Stock Options. Under the long-term incentive plan, the compensation committee may award grants of incentive stock options conforming to the requirements of Section 422 of the Internal Revenue Code or non-qualified stock options. The compensation committee may not award to any one person in any calendar year options to purchase more than 1,000,000 shares of common stock. In addition, it may not award incentive stock options first exercisable in any calendar year whose underlying shares have a fair market value greater than $100,000, determined at the time of grant.

The compensation committee will determine the exercise price of any options granted under the long-term incentive plan. However, the exercise price of any option may not be less than 100% of the fair market value of a share of our common stock on the date of grant, and the exercise price of an incentive stock option granted to a person who owns stock constituting more than 10% of the voting power of all classes of our stock may not be less than 110% of the fair market value of a share of our common stock on the date of grant.

Unless the compensation committee determines otherwise, the exercise price of any option may be paid in any of the following ways:

- in cash;
- by delivery of shares of common stock with a fair market value equal to the exercise price;
- by means of any cashless exercise procedure approved by the compensation committee; or
- by any combination of the foregoing.

The compensation committee will determine the term of each option in its discretion. However, no term may exceed 10 years from the date of grant or, in the case of an incentive stock option granted to a person who owns stock constituting more than 10% of the voting power of all classes of our stock, five years from the date of grant. In addition, all options under the long-term incentive plan, whether or not then exercisable, generally will cease vesting when a grantee ceases to be a director, officer or employee of, or to otherwise perform services for, us. Vested options will generally expire 90 days after the date of cessation of service.

There will be exceptions depending upon the circumstances of cessation. In the case of a grantee's death, all options will become fully vested and will remain exercisable for a period of one year after the date of death. In the case of a grantee's termination due to disability, vested options will remain exercisable for a period of one year after the date of termination due to disability while his or her unvested options will be forfeited. In the event of retirement, a grantee's vested options will remain exercisable for a period of two years after the date of retirement while his or her unvested options will be forfeited. Upon termination for cause, all options will terminate immediately. Upon a change in control of NRG Energy, all of the options will become fully vested and will remain exercisable until the expiration date of the options. In addition, the compensation committee will have the authority to grant options that will become fully vested and exercisable automatically upon a change in control, whether or not the grantee is subsequently terminated.

Upon a reorganization, merger, consolidation or sale or other disposition of all or substantially all of our assets, the compensation committee may cancel any or all outstanding options under the long-term incentive plan in exchange for payment of an amount equal to the portion of the consideration that would have been payable to the grantees in the transaction if their options had been fully exercised immediately prior to the transaction, less the exercise price that would have been payable, or if the exercise price is greater than the consideration that would have been payable in the transaction, then for no consideration or payment.

Stock Appreciation Rights. Under the long-term incentive plan, the compensation committee may grant stock appreciation rights, or SARs, alone or in tandem with options, subject to terms and conditions as the compensation committee may specify. SARs granted in tandem with options will become exercisable only when, to the extent and on the conditions that the related options are exercisable, and they will expire at the same time the related options expire. The exercise of an option will result in the immediate forfeiture of any related SAR to the extent the option is exercised, and the exercise of a SAR results in the immediate forfeiture of any related option to the extent the SAR is exercised.

Upon exercise of a SAR, the grantee will receive an amount in cash, shares of our common stock or our other securities equal to the difference between the fair market value of a share of common stock on the date of exercise and the exercise price of the SAR or, in the case of a SAR granted in tandem with options, of the option to which the SAR relates, multiplied by the number of shares as to which the SAR is exercised. Unless otherwise provided in the grantee's grant agreement, each SAR will be subject to the same termination and forfeiture provisions as the stock options described above.

Restricted Stock. Under the long-term incentive plan, the compensation committee may award restricted stock in the amounts that it determines in its discretion. Each grant of restricted stock will be evidenced by a grant agreement, which will specify the applicable restrictions on such shares and the duration of the restrictions (which will generally be at least six months). A grantee will be required to pay us at least the aggregate par value of any shares of restricted stock within ten days of the grant, unless the shares are treasury shares. Unless otherwise provided in the grantee's grant agreement, each unit or share of restricted stock will be subject to the same termination and forfeiture provisions as the stock options described above.

Performance Awards. Under the long-term incentive plan, the compensation committee may grant performance awards contingent upon achievement by the grantee, us or any of our divisions of specified performance criteria, such as return on equity, over a specified performance cycle, as determined by the compensation committee. Performance awards may include specific dollar-value target awards; performance

units, the value of which will be determined by the compensation committee at the time of issuance; and/or performance shares, the value of which will be equal to the fair market value of common stock. The value of a performance award may be fixed or may fluctuate based on specified performance criteria. A performance award may be paid out in cash, shares of our common stock or our other securities.

A grantee must be a director, officer or employee of, or otherwise perform services for, us at the end of the performance cycle in order to be entitled to payment of a performance award issued in respect of such cycle, provided that unless otherwise provided in the grantee's grant agreement, each performance award will be subject to the same termination and forfeiture provisions as the stock options described above.

Deferred Stock Units. Under the long-term incentive plan, the compensation committee may grant deferred stock units from time to time in its discretion. A deferred stock unit will entitle the grantee to receive the fair market value of one share of common stock at the end of the deferral period, which will be no less than one year. The payment of the value of deferred stock units may be made by us in shares of our common stock, cash or both. If a grantee ceases to be a director, officer or employee of, or otherwise perform services for, us upon his or her death prior to the end of the deferral period, the grantee will receive payment of his or her deferred stock units which would have matured or been earned at the end of the deferral period as if the deferral period has ended as of the date of his or her death. In the event of a termination due to disability or retirement prior to the end of the deferral period, the grantee will receive payment of his or her deferred stock units at the end of the deferral period. If a grantee ceases to be a director, officer or employee of, or otherwise perform services for, us for any other reason, his or her unvested deferred stock units will immediately be forfeited. Upon a change in control in NRG Energy, a grantee will receive payment of his or her deferred stock units as if the deferral period has ended as of the date of the change in control.

Dividend Equivalent Rights. Under the long-term incentive plan, the compensation committee may grant a dividend equivalent right entitling the grantee to receive amounts equal to all or any portion of the dividends that would be paid on shares of our common stock covered by an award if those shares had been delivered to the grantee pursuant to the award, subject to terms and conditions as the committee may specify.

Vesting, Withholding Taxes and Transferability of All Awards. The terms and conditions of each award made under the long-term incentive plan, including vesting requirements, will be set forth consistent with the plan in a written agreement with the grantee. Except in limited circumstances and unless the compensation committee determines otherwise, no award under the long-term incentive plan may vest and become exercisable within six months of the date of grant.

Unless the compensation committee determines otherwise, a participant may elect to deliver shares of common stock, or to have us withhold shares of common stock otherwise issuable upon exercise of an option or a SAR or deliverable upon grant or vesting of restricted stock or the receipt of common stock, in order to satisfy our tax withholding obligations in connection with any exercise, grant or vesting.

Unless the compensation committee determines otherwise, no award made under the long-term incentive plan will be transferable other than by will or the laws of descent and distribution, and each option, SAR or performance award may be exercised only by the grantee or his or her executor, administrator, guardian or legal representative, or by a family member of the grantee if he or she has acquired the option, SAR or performance award by gift or qualified domestic relations order.

Amendment and Termination of the Long-Term Incentive Plan. The board of directors or the compensation committee may amend or terminate the long-term incentive plan in its discretion, except that no amendment will become effective without prior approval of our stockholders if approval is required by applicable law or regulations, including any NASDAQ or stock exchange listing requirements, if the amendment would remove a provision of the long-term incentive plan which, without giving effect to the amendment, is subject to shareholder approval or if the amendment would directly or indirectly increase the

share limit of 4,000,000 shares. If not otherwise terminated, the long-term incentive plan will terminate on the tenth anniversary of the effective date of our plan of reorganization, which was December 5, 2003.

In December 2003, we issued one stock option grant for a total of 632,751 shares of common stock under the Long-Term Incentive Plan. These options have a three-year graded vesting schedule and become exercisable through the year 2006 at a price of $24.03. Total compensation expense under the stock option grant is approximately $8.3 million. Compensation expense for the year ended December 31, 2003 was approximately $0.4 million. Compensation expense for the years ended December 31, 2004, December 31, 2005 and December 31, 2006 will be approximately $4.9 million, $2.2 million and $0.8 million, respectively. At December 31, 2003, no employee stock options were exercisable. Stock option transactions were:

	Shares	Weighted-Average Exercise Price
Outstanding at January 1, 2003	—	$ —
Granted	632,751	24.03
Exercised	—	—
Canceled or expired	—	—
Outstanding at December 6, 2003	632,751	24.03
Exercisable December 6, 2003	—	—
Granted	—	—
Exercised	—	—
Canceled or expired	—	—
Outstanding at December 31, 2003	632,751	24.03
Exercisable December 31, 2003	—	$ —
Weighted-average fair value of options granted during the year		$13.17

The following table summarizes information about stock options outstanding at December 31, 2003:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Total Outstanding	Weighted-Average Remaining Life (In Years)	Weighted-Average Exercise Price	Total Exercisable	Weighted-Average Exercise Price
$24.03	632,751	10.0	$24.03	—	$ —

The fair value of the stock option grant was estimated on the date of grant using the Black-Scholes option-pricing model, with the following weighted-average assumptions used for grants in 2003.

	2003
Dividends per year	—
Expected volatility	35.70
Risk-free interest rate	4.24
Expected life (years)	10

In December 2003, we issued 173,394 restricted stock units under the Long-Term Incentive Plan. These units will fully vest in December 2006. Total compensation expense under the restricted stock grant is approximately $4.2 million. Compensation expense for the year ended December 31, 2003 was approximately $0.1 million. Compensation expense for the years ended December 31, 2004, December 31, 2005 and

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

December 31, 2006 will be approximately $1.4 million, $1.4 million and $1.3 million, respectively. The weighted-average fair value of our restricted stock units for 2003 is $24.03.

Note 19 — Earnings Per Share

Basic earnings per common share were computed by dividing net income by the weighted average number of common stock shares outstanding. Shares issued during the year are weighted for the portion of the year that they were outstanding. Shares of common stock granted to our officers and employees are included in the computation only after the shares become fully vested. Diluted earnings per share 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. The dilutive effect of the potential exercise of outstanding options to purchase shares of common stock is calculated using the treasury stock method. The reconciliation of basic earnings per common share to diluted earnings per share is shown in the following table:

	Reorganized NRG For the Period December 6 - December 31, 2003
	(In thousands, except per share data)
Basic earnings per share	
Numerator:	
Income from continuing operations	$ 10,481
Discontinued operations, net of tax	544
Net income	$ 11,025
Denominator:	
Weighted average number of common shares outstanding	100,000
Income from continuing operations	$ 0.10
Discontinued operations, net of tax	0.01
Net income	$ 0.11
Diluted earnings per share	
Numerator	
Income from continuing operations	$ 10,481
Discontinued operations, net of tax	544
Net income	$ 11,025
Denominator:	
Weighted average number of common shares outstanding	100,000
Incremental shares attributable to the assumed exercise of outstanding stock options (treasury stock method)	—
Incremental shares attributable to the issuance of unvested stock grants (treasury stock method)	60
Total dilutive shares	100,060
Income from continuing operations	$ 0.10
Discontinued operations, net of tax	0.01
Net income	$ 0.11

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The options to purchase 632,751 shares of common stock at a price of $24.03 per share were not included in the computation because the options' exercise price was greater than the average market price of the common shares and therefore the effect would be anti-dilutive.

Note 20 — Segment Reporting

NRG Energy conducts its business within six segments: Independent Power Generation in North America, Independent Power Generation outside North America (Europe, Asia Pacific and Other Americas regions), Alternative Energy and Thermal projects. Our revenues from majority owned operations attributable to Europe and Asia Pacific primarily relate to operations in the United Kingdom and Australia, respectively. These segments are distinct components with separate operating results and management structures in place. The "Other" category includes operations that do not meet the threshold for separate disclosure and corporate charges (primarily interest expense) that have not been allocated to the operating segments. All non U.S.A. operations are included in the Europe, Asia Pacific and Other Americas segments.

	Reorganized NRG Power Generation			
	North America	Europe	Asia Pacific	Other Americas
	(In thousands)			
For the period from December 6, 2003 through December 31, 2003				
Operations				
Operating revenues	$ 108,029	$ 11,278	$ 16,294	$ 4,514
Depreciation and amortization	9,802	—	1,711	376
Reorganization items	268	1	—	—
Operating (loss) income	18,617	1,967	(1,755)	526
Equity in earnings of unconsolidated affiliates	11,203	561	997	150
Other income (expense), net	(525)	1,363	1,565	208
Interest expense	(12,807)	226	(1,277)	(714)
Income before income taxes	16,116	4,873	(1,397)	510
Income tax expense (benefit)	357	1,050	(253)	6
Net Income (Loss) from continuing operations	15,759	3,823	(1,144)	504
Net Income (Loss) from discontinued operations	544	—	—	—
Net Income (Loss)	16,303	3,823	(1,144)	504
Balance Sheet				
Investment in projects	393,278	172,014	143,765	24,474
Total assets	5,756,324	827,442	843,482	211,049

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Reorganized NRG Non-Generation			
	Alternative Energy	Thermal	Other	Total
	(In thousands)			
Operations				
Operating revenues	$ 3,870	$ 8,632	$ (509)	$ 152,108
Depreciation and amortization	324	390	438	13,041
Reorganization items	—	—	2,192	2,461
Operating (Loss) Income	37	991	(3,884)	16,499
Equity in earnings of unconsolidated affiliates	(1)	—	611	13,521
Other income (expense), net	151	3	(1,106)	1,659
Interest expense	(1)	(570)	(6,502)	(21,645)
Income before income taxes	186	424	(10,882)	9,830
Income tax expense	—	—	(1,811)	(651)
Net Income (Loss) from continuing operations	186	424	(9,071)	10,481
Net Income (Loss) from discontinued operations	—	—	—	544
Net Income (Loss)	186	424	(9,071)	11,025
Balance Sheet				
Investments in projects	458	—	11,647	745,636
Total assets	72,274	206,670	1,343,372	9,260,613

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company Power Generation			
	North America	Europe	Asia Pacific	Other Americas
	(In thousands)			
For the period from January 1, 2003 through December 5, 2003				
Operations				
Operating revenues	$ 1,416,743	$ 118,825	$ 211,475	$ 46,407
Depreciation and amortization	193,526	136	18,685	8,500
Legal settlement	4,000	—	—	—
Fresh start reporting adjustments	2,215,758	(17,273)	80,162	154,371
Reorganization items	72,299	—	—	—
Restructuring & impairment charges	210,121	(7,508)	1,498	6,197
Operating (loss) income	(2,417,747)	48,864	(61,356)	(149,623)
Equity in earnings/ (losses) of unconsolidated affiliates	111,268	27,793	31,715	2,392
Write down and losses on equity method investments	12,125	2,871	(145,836)	—
Other income (expense), net	220	9,140	(89)	1,502
Interest expense	(260,546)	(886)	(11,099)	(6,245)
Income before income taxes	(2,557,530)	87,782	(186,047)	(151,974)
Income tax expense (benefit)	41,186	18,415	10,107	(17,424)
Net Income (Loss) from continuing operations	(2,598,716)	69,367	(196,154)	(134,550)
Net Income (Loss) from discontinued operations	(111,483)	200,069	(36,556)	2,648
Net Income (Loss)	(2,710,199)	269,436	(232,710)	(131,902)
Balance Sheet*				
Investment in projects	395,626	170,300	139,423	24,580
Total assets	6,004,182	793,934	837,777	208,797

* Reorganized NRG as of December 6, 2003.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company Non-Generation			
	Alternative Energy	Thermal	Other	Total
	(In thousands)			
Operations				
Operating revenues	$ 61,098	$ 108,068	$ 5,963	$ 1,968,579
Depreciation and amortization	4,961	10,038	10,041	245,887
Legal settlement	(9,369)	—	468,000	462,631
Fresh start reporting adjustments	50,290	129,349	(6,508,198)	(3,895,541)
Reorganization items	—	—	125,526	197,825
Restructuring & impairment charges	1,067	16	26,184	237,575
Operating (loss) Income	(39,426)	(112,020)	5,826,130	3,094,822
Equity in earnings/ (losses) of unconsolidated affiliates	(940)	—	(1,327)	170,901
Write down and losses on equity method investments	(16,284)	—	—	(147,124)
Other income (expense), net	2,521	(68)	(1,820)	11,406
Interest expense	(152)	(9,262)	(72,195)	(360,385)
Income before income taxes	(54,281)	(121,350)	5,750,788	2,767,388
Income tax expense (benefit)	1,597	(12)	(37,248)	16,621
Net Income (Loss) from continuing operations	(55,878)	(121,338)	5,788,036	2,750,767
Net Income (Loss) from discontinued operations	(23,307)	—	(15,693)	15,678
Net Income (Loss)	(79,185)	(121,338)	5,772,343	2,766,445
Balance Sheet*				
Investment in projects	458	—	11,035	741,422
Total assets	73,439	205,187	1,012,527	9,135,843

* Reorganized NRG as of December 6, 2003.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company Power Generation			
	North America	Europe	Asia Pacific	Other Americas
	(In thousands)			
2002				
Operations				
Operating Revenues	$ 1,564,360	$ 107,466	$ 228,591	$ 33,084
Depreciation and amortization	187,476	165	19,901	8,363
Restructuring & impairment changes	2,096,316	50,188	123,410	3,525
Operating Income (Loss)	(1,790,834)	(30,372)	(132,710)	4,021
Equity in earnings/ (losses) of unconsolidated affiliates	43,342	25,434	23,150	713
Write down and losses on equity method investments	(42,989)	—	(139,859)	—
Other income (expense), net	803	10,084	1,439	1,633
Interest expense	(259,106)	(703)	(9,425)	(5,456)
Income before income taxes	(2,050,539)	4,443	(235,774)	1,380
Income tax expense	15,424	15,017	(700)	646
Net Income (Loss) from continuing operations	(2,065,963)	(10,574)	(235,074)	734
Net Income (Loss) from discontinued operations	(21,793)	(448,411)	4,153	(6,284)
Net Income (Loss)	(2,087,756)	(458,985)	(230,921)	(5,550)
Balance Sheet				
Investment in projects	520,794	149,214	137,853	30,243
Total assets	7,591,169	1,261,742	688,925	417,535

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company Non-Generation			
	Alternative Energy	Thermal	Other	Total
	(In thousands)			
Operations				
Operating Revenues	$ 69,288	$ 111,809	$ 4,787	$ 2,119,385
Depreciation and amortization	6,562	10,611	7,644	240,722
Restructuring & impairment changes	27,893	31	448,267	2,749,630
Operating Income (Loss)	(28,593)	26,688	(585,769)	(2,537,569)
Equity in earnings/ (losses) of unconsolidated affiliates	(24,455)	—	812	68,996
Write down and losses on equity method investments	(15,542)	—	(2,082)	(200,472)
Other income (expense), net	1,503	(193)	(7,294)	7,975
Interest expense	(3,668)	(7,827)	(200,984)	(487,169)
Income before income taxes	(70,755)	18,668	(795,317)	(3,127,894)
Income tax expense	(16,701)	7,194	(185,278)	(164,398)
Net Income (Loss) from continuing operations	(54,054)	11,474	(610,039)	(2,963,496)
Net Income (Loss) from discontinued operations	(28,451)	—	—	(500,786)
Net Income (Loss)	(82,505)	11,474	(610,039)	(3,464,282)
Balance Sheet				
Investment in projects	21,942	—	31,649	891,695
Total assets	127,355	283,438	523,840	10,894,004

	Predecessor Company Power Generation			
	North America	Europe	Asia Pacific	Other Americas
	(In thousands)			
2001				
Operations				
Operating Revenues	$1,697,125	$ 72,540	$238,375	$21,923
Depreciation and amortization	122,405	216	17,254	4,086
Operating Income (Loss)	462,795	6,217	8,856	6,791
Equity in earnings/(losses) of unconsolidated affiliates	180,688	41,688	13,227	3,886
Other income (expense), net	6,758	3,731	2,152	527
Interest expense	(163,839)	(1,199)	(9,648)	(2,663)
Income/ (loss) before income taxes	484,600	50,438	15,631	8,499
Income tax expense (benefit)	73,382	7,956	4,936	2,846
Net Income (loss) from continuing operations	411,218	42,482	10,695	5,653
Net Income (loss) from discontinued operations	8,702	39,766	91	1,574
Net Income (loss)	419,920	82,248	10,786	7,227

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company Non-Generation			
	Alternative Energy	Thermal	Other	Total
	(In thousands)			
Operations				
Operating Revenues	$ 51,423	$108,319	$ 18,476	$2,208,181
Depreciation and amortization	5,484	11,224	3,240	163,909
Operating Income (loss)	(1,906)	18,665	(78,479)	422,939
Equity in earnings/(losses) of unconsolidated affiliates	(25,990)	—	(3,467)	210,032
Other income (expense), net	2,827	69	2,688	18,752
Interest expense	(1,724)	(5,555)	(205,242)	(389,870)
Income/ (loss) before income taxes	(26,793)	13,179	(284,500)	261,054
Income tax expense	(46,368)	5,436	(9,127)	39,061
Net Income (loss) from continuing operations	19,575	7,743	(275,373)	221,993
Net Income (loss) from discontinued operations	803	—	(7,725)	43,211
Net Income (loss)	20,378	7,743	(283,098)	265,204

Note 21 — Income Taxes

For the year ended December 31, 2002 and the period January 1, 2003 through December 5, 2003, income taxes have been recorded on the basis that Xcel Energy will not be including us in its consolidated federal income tax return following Xcel Energy's acquisition of our public shares on June 3, 2002. Since our U.S. subsidiaries and we will not be included in the Xcel Energy consolidated federal income tax return for the period January 1, 2003 through December 5, 2003, we and each of our U.S. subsidiaries that is classified as a corporation for U.S. income tax purposes must file separate federal income tax returns.

Following our emergence from Bankruptcy on December 5, 2003, we and our U.S. subsidiaries will file a consolidated federal income tax return. We have reviewed the requirements for reconsolidation and believe we satisfy them.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The provision (benefit) for income taxes consists of the following:

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
	(In thousands)			
Current				
U.S.	$ 28,892	$ 10,414	$ 2,231	**$ (1,513)**
Foreign	11,627	18,973	15,540	**1,194**
	40,519	29,387	17,771	**(319)**
Deferred				
U.S.	31,835	(191,537)	3,292	**59**
Foreign	3,899	(2,248)	(4,442)	**(391)**
	35,734	(193,785)	(1,150)	**(332)**
Tax credits recognized	(37,192)	—	—	**—**
Total income tax (benefit)	$ 39,061	$(164,398)	$ 16,621	**$ (651)**
Effective tax rate	14.9%	5.3%	0.6%	**(6.6) %**

The pre-tax (loss) income from U.S. and foreign entities was as follows:

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
	(In thousands)			
U.S.	$188,214	$(2,897,940)	$ 3,007,410	**$ 3,323**
Foreign	72,840	(229,954)	(240,022)	**6,507**
	$261,054	$(3,127,894)	$2,767,388	**$ 9,830**

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of the net deferred income tax liability were:

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
Deferred tax liabilities:			
Difference between book and tax basis of property	$ 256,536	$ —	$ —
Discount/premium on notes	—	34,602	34,136
Emissions credits	—	147,811	147,811
Net unrealized gains on mark to market transactions	37,800	14,868	13,215
Other	9,167	988	988
Total deferred tax liabilities	$ 303,503	$ 198,269	$ 196,150
Deferred tax assets:			
Deferred compensation, accrued vacation and other reserves	53,933	55,734	55,060
Development costs	11,079	3,017	2,999
Foreign tax loss carryforwards	16,088	341,991	342,017
Differences between book and tax basis of contracts	19,806	222,655	199,941
Difference between book and tax basis of property	702,905	127,190	134,101
Intangibles amortization (other than goodwill)	—	13,661	13,518
Restructuring costs	—	20,462	20,468
U.S. tax loss carry forwards	456,460	389,027	402,947
Investments in projects	7,964	164,343	159,370
Other	22,806	11,955	13,934
Total deferred tax assets (before valuation allowance)	1,291,041	1,350,035	1,344,355
Valuation allowance	(1,073,158)	(1,264,968)	(1,264,379)
Net deferred tax assets	$ 217,883	$ 85,067	$ 79,976
Net deferred tax liability	$ 85,620	$ 113,202	$ 116,174

The net deferred tax liability consists of:

	Predecessor Company	Reorganized NRG	
	December 31, 2002	December 6, 2003	December 31, 2003
		(In thousands)	
Current deferred tax asset	$ —	$ —	$ 1,850
Non-current deferred tax liability	85,620	113,202	118,024
Net deferred tax liability	$ 85,620	$ 113,202	$ 116,174

As of December 31, 2003, we provided a valuation allowance of approximately $559.7 million to account for potential limitations on utilization of U.S. and foreign net operating loss carryforwards. If unused, the U.S. net operating loss carryforward of $1.0 billion generated in 2002 and 2003 will expire by 2023. Net

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

operating loss carryforwards for foreign tax purposes have no expiration date. We also have a valuation allowance for other U.S. and foreign deferred income tax assets of approximately $704.7 million as of December 31, 2003.

As of December 5, 2003, we provided a valuation allowance of approximately $545.0 million to account for potential limitations on utilization of U.S. and foreign net operating loss carryforwards compared to a valuation allowance of $494.5 million for the same period in 2002. We also provided a valuation allowance for other U.S. and foreign deferred income tax assets of approximately $720.0 million for the period ended December 5, 2003 compared to $578.7 million for the same period in 2002.

The effective income tax rates of continuing operations for the years ended December 31, 2001, 2002 and 2003 differ from the statutory federal income tax rate of 35% as follows:

	Predecessor Company						Reorganized NRG	
	Year Ended December 31,							
	2001		2002		For the Period January 1 - December 5, 2003		For the Period December 6 - December 31, 2003	
(Loss)/ Income before taxes	$261,054		$(3,127,894)		$ 2,767,388		**$ 9,830**	
Tax at 35%	91,369	35.0%	(1,094,763)	35.0%	968,585	35.0%	**3,440**	**35.0%**
State taxes (net of federal benefit)	7,544	2.9%	(167,405)	5.4%	205,393	7.4%	**(1,834)**	**(18.6)%**
Foreign operations	(35,940)	(13.8)%	(18,522)	0.6%	14,179	0.5%	**(2,161)**	**(22.0)%**
Fresh Start accounting adjustments	—	—	—	—	(1,399,364)	(50.5)%	**—**	**—**
Tax credits	(37,192)	(14.2)%	—	—	—	—	**—**	**—**
Valuation allowance	25,972	9.9%	1,006,537	(32.2)%	191,810	6.9%	**(589)**	**(6.0)%**
Change in tax rate	—	—	—	—	36,018	1.3%	**—**	**—**
Permanent differences, reserves, other	(12,692)	(4.9)%	109,755	(3.5)%	—	—	**493**	**5.0%**
Income tax (benefit) expense	$ 39,061	14.9%	$ (164,398)	5.3%	$ 16,621	0.6%	**$ (651)**	**(6.6)%**

Income tax (benefit)/expense for the period December 6, 2003 through December 31, 2003 was a tax benefit of ($0.7) million which includes ($1.5) million benefit and $0.8 million expense of U.S. and foreign taxes, respectively. The U.S. tax benefit recorded for this period is the result of a state tax refund received from Xcel Energy pursuant to the tax matters agreement. The foreign tax expense for the period is due to earnings in the foreign jurisdictions.

The income tax (benefit)/expense for the period January 1, 2003 through December 5, 2003 was a tax expense of $16.6 million compared to a tax benefit of ($164.4) million for the year ended December 31, 2002. During 2003, an additional valuation allowance of $33 million was recorded against the deferred tax assets of NRG West Coast as a result of its conversion from a corporation to a single member limited liability company (a disregarded entity for federal income tax purposes). Subsequent to the conversion, NRG West Coast will no longer be taxed as an entity separate from us.

As of December 31, 2003, our management intends to indefinitely reinvest the earnings from our foreign operations. Accordingly, U.S. income taxes and foreign withholding taxes were not provided on the earnings from our foreign subsidiaries. As of December 31, 2003, December 5, 2003, and December 31, 2002 no U.S. income tax benefit was provided on the cumulative amount of losses from our foreign subsidiaries of $432.5 million, $438.4 million, and $341.7 million, respectively.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 22 — Related Party Transactions

While we were an indirect, wholly owned subsidiary of Xcel Energy, we became an independent public company upon our emergence from bankruptcy on December 5, 2003. We no longer have any material affiliation or relationship with Xcel Energy. Prior to December 5, 2003, we had entered into material transactions and agreements with Xcel Energy. Certain material agreements and transactions existing during 2003 between NRG Energy and Xcel Energy are described below.

Operating Agreements

We have two agreements with Xcel Energy for the purchase of thermal energy. Under the terms of the agreements, Xcel Energy charges us for certain costs (fuel, labor, plant maintenance, and auxiliary power) incurred by Xcel Energy to produce the thermal energy. We paid Xcel Energy $7.1 million, $8.2 million and $9.6 million in 2001, 2002 and the period January 1, 2003 to December 5, 2003, respectively, under these agreements. One of these agreements expired on December 31, 2002 and the other expires on December 31, 2006.

We have a renewable 10-year agreement with Xcel Energy, expiring on December 31, 2006, whereby Xcel Energy agreed to purchase refuse-derived fuel for use in certain of its boilers and we agree to pay Xcel Energy a burn incentive. Under this agreement, we received $1.6 million, $1.2 million and $1.4 million from Xcel Energy, and paid $2.8 million, $3.3 million and $3.9 million to Xcel Energy in 2001, 2002 and the period January 1, 2003 to December 5, 2003, respectively.

Administrative Services and Other Costs

We had an administrative services agreement in place with Xcel Energy. Under this agreement we reimbursed Xcel Energy for certain overhead and administrative costs, including benefits administration, engineering support, accounting, and other shared services as requested by us. In addition, our employees participated in certain employee benefit plans of Xcel Energy as discussed in Note 23. We reimbursed Xcel Energy in the amounts of $12.2 million, $21.2 million and $7.3 million during 2001, 2002 and the period January 1, 2003 to December 5, 2003, respectively, under this agreement. This agreement was terminated December 5, 2003.

Natural Gas Marketing and Trading Agreement

We had an agreement with e prime, a wholly owned subsidiary of Xcel Energy, under which e prime provided natural gas marketing and trading from time to time at our request. We paid $19.2 million to e prime in 2002 related to these services. This agreement was terminated by e prime on December 12, 2002 and a termination charge of $0.3 million was paid in the period January 1, 2003 to December 5, 2003.

Amounts owed to Xcel Energy

Included in accounts payable affiliate is approximately $42.9 of amounts owed to Xcel Energy at December 31, 2002. While we were an indirect, wholly owned subsidiary of Xcel Energy, we became an independent public company upon our emergence from bankruptcy on December 5, 2003. As part of our restructuring, amounts owed to Xcel Energy were forgiven and replaced by a $10.0 million promissory note, which was outstanding as of December 6, 2003 and December 31, 2003.

Xcel Settlement Agreement

Included in the company's balance sheet is a $640.0 million receivable from Xcel Energy. Under the terms of the settlement agreement, payments were to be made in three installments. As of December 6, 2003 and December 31, 2003, the balance was $640.0 million.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 23 — Benefit Plans and Other Postretirement Benefits

Reorganized NRG

Substantially all of our employees participate in defined benefit pension plans. We have initiated a new NRG Energy noncontributory, defined benefit pension plan effective January 1, 2004, with credit for service from December 5, 2003. On December 5, 2003, we recorded a liability of approximately $48.0 million to record our accumulated benefit obligations at fair value. As of December 31, 2003, there were no plan assets related to the plans assumed from Xcel Energy. We have chosen the plan Trustee and are in the preliminary stages of defining the investment strategies for this plan.

In addition, we provide postretirement health and welfare benefits (health care and death benefits) for certain groups of our employees. Generally, these are groups that were acquired in recent years and for whom prior benefits are being continued (at least for a certain period of time or as required by union contracts). Cost sharing provisions vary by acquisition group and terms of any applicable collective bargaining agreements.

Cash Flow

We expect to contribute approximately $2.0 million to our NRG pension plan and our postretirement health and welfare plan in 2004.

NRG Flinders Retirement Plan

Employees of NRG Flinders, a wholly owned subsidiary of NRG Energy, are members of the multiemployer Electricity Industry Superannuation Schemes, or “EISS.” Members of the EISS make contributions from their salary and the EISS Actuary makes an assessment of our liability. As a result of adopting Fresh Start we recorded a liability of approximately $13.8 million at December 5, 2003, to record our accumulated benefit obligation plan assets on the balance sheet at fair value. The balance sheet includes a liability related to the Flinders retirement plan of $12.3 million, $13.8 million and $13.7 million at December 31, 2002, December 5, 2003 and December 31, 2003, respectively. NRG Flinders contributed $5.8 million, $4.5 million and $0 for the year ended December 31, 2002, the period January 1 through December 5, 2003 and the period December 6 through December 31, 2003, respectively.

The Superannuation Board is responsible for the investment of Scheme assets. The assets may be invested in government securities, shares, property and a variety of other securities and the Board may appoint professional investment managers to invest all or part of the assets on its behalf.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

NRG Pension and Postretirement Medical Plans

Components of Net Periodic Benefit Cost

The net annual periodic pension cost related to all of our plans, include the following components:

	Pension Benefits				Other Benefits			
	Predecessor Company			Reorganized NRG	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003	2001	2002	2003	2003
	(In thousands)							
Service cost benefits earned	$ —	$ —	$ —	**$ 800**	$ 902	$1,206	$ 1,220	**$ 130**
Interest cost on benefit obligation	—	—	—	**205**	1,402	1,831	1,900	**180**
Amortization of prior service cost	—	—	—	**—**	(25)	(24)	(22)	**—**
Expected return on plan assets	—	—	—	**—**	—	—	—	**—**
Recognized actuarial (gain)/loss	—	—	—	**—**	(56)	5	178	**—**
Net periodic benefit cost	$ —	$ —	$ —	$ 1,005	$2,223	$3,018	$ 3,276	$ 310

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reconciliation of Funded Status

A comparison of the pension benefit obligation and pension assets at December 6, 2003 and December 31, 2003 for all of our plans on a combined basis is as follows:

	Pension Benefits		Other Benefits	
Reorganized NRG	December 6, 2003	December 31, 2003	December 6, 2003	December 31, 2003
		(In thousands)		
Benefit obligation at Jan. 1/ Dec. 6	$ —	$ 47,950	$ 31,584	$ 41,900
Service cost	—	800	1,220	130
Interest cost	—	205	1,900	180
Plan initiation	$ 47,950	—	—	—
Employee contributions	—	—	—	—
Plan amendments	—	—	2,100	—
Actuarial (gain)/loss	—	—	5,396	—
Benefit payments	—	—	(300)	(40)
Foreign currency translation	—	—	—	—
Benefit obligation at Dec. 5/ Dec. 31	$ 47,950	$ 48,955	$ 41,900	$ 42,170
Fair value of plan assets at Jan. 1/ Dec 6	$ —	$ —	$ —	$ —
Actual return on plan assets	—	—	—	—
Employee contributions	—	—	—	—
Employer contributions	—	—	300	40
Benefit payments	—	—	(300)	(40)
Foreign currency translation	—	—	—	—
Fair value of plan assets at Dec. 5/ Dec. 31	$ —	$ —	$ —	$ —
Funded status at Dec. 5/ Dec. 31 — excess of obligation over assets	$ (47,950)	$ (48,955)	$ (41,900)	$ (42,170)
Unrecognized prior service cost	—	—	—	—
Unrecognized net (gain) loss	—	—	—	—
Accrued benefit liability recognized on the consolidated balance sheet at Dec. 5/ Dec. 31	$ (47,950)	$ (48,955)	$ (41,900)	$ (42,170)

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

A comparison of the pension benefit obligation and pension assets at December 31, 2002 for all of our plans on a combined basis is as follows:

Predecessor Company	Pension Benefits 2002	Other Benefits 2002
		(In thousands)
Benefit obligation at Jan. 1	$ —	$ 24,602
Service cost	—	1,206
Interest cost	—	1,831
Plan initiation	—	—
Employee contributions	—	—
Plan amendments	—	—
Actuarial (gain)/loss	—	4,101
Acquisitions (transfers)	—	—
Benefit payments	—	(156)
Foreign currency translation	—	—
Benefit obligation at Dec. 31	$ —	$ 31,584
Fair value of plan assets at Jan. 1	$ —	$ —
Actual return on plan assets	—	—
Employee contributions	—	—
Employer contributions	—	156
Benefit payments	—	(156)
Foreign currency translation	—	—
Fair value of plan assets at Dec. 31	$ —	$ —
Funded status at Dec. 31 — excess of obligation over assets	$ —	$ (31,584)
Unrecognized prior service cost	—	(229)
Unrecognized net (gain) loss	—	5,967
Accrued benefit liability recognized on the consolidated balance sheet at Dec. 31	$ —	$ (25,846)

The following table presents significant assumptions used:

	Pension Benefits		Other Benefits	
	2002	2003	2002	2003
Weighted-average assumption as of December 31,				
Discount rate	—	6.00%	6.75%	6.00%
Expected return on plan assets	—	NA*	—	—
Rate of compensation increase	—	4.50	3.50-4.50	4.50

* We did not determine an expected return on plan assets for the NRG pension plan as there are no plan assets at December 31, 2003.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effect (in thousands):

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	$ 440	$ (400)
Effect on postretirement benefit obligation	4,175	(4,048)

Defined Contribution Plans

Our employees have also been eligible to participate in defined contribution 401(K) plans. Our contributions to these plans were approximately $3.2 million, $4.6 million and $3.8 million in 2001, 2002 and 2003, respectively.

Predecessor Company

Prior to December 5, 2003, all eligible employees participated in Xcel Energy's multiemployer noncontributory, defined benefit pension plan, which was formerly sponsored by NSP. We sponsored two defined benefit plans that were merged into Xcel Energy's plan as of June 30, 2002. Benefits are generally based on a combination of an employee's years of service and earnings. Some formulas also take into account Social Security benefits. Plan assets principally consisted of the common stock of public companies, corporate bonds and U.S. government securities.

Prior to December 5, 2003, certain former NRG Energy retirees were covered under the legacy Xcel Energy plan, which was terminated for non-bargaining employees retiring after 1998 and for bargaining employees retiring after 1999.

As a result of our emergence from bankruptcy on December 5, 2003, we are no longer owned by or affiliated with Xcel Energy and our employees are no longer participants of the Xcel Energy plans.

Participation in Xcel Energy, Inc. Pension Plan and Postretirement Medical Plan

We did not make contributions to the Xcel Energy pension plan and postretirement plan in 2001, 2002 or 2003. The balance sheet includes a liability related to the Xcel Energy Pension Plan of $1.7 million for 2002. The balance sheet also includes a liability related to the Xcel Energy Postretirement Medical Plan of $2.2 million for 2002. As of December 31, 2003, there are no liabilities recorded related to the Xcel Energy plans. The liabilities associated with these plans were settled as part of the NRG plan of reorganization. The net annual periodic cost (credit) related to our portion of the Xcel Energy pension plan and postretirement plans totaled $(8.9) million, $(8.9) million and $0.2 million for 2001, 2002 and 2003, respectively.

Prior to December 5, 2003, certain employees also participated in Xcel Energy's noncontributory defined benefit supplemental retirement income plan. This plan is for the benefit of certain qualifying executive personnel. Benefits for this unfunded plan are paid out of operating cash flows. The balance sheet includes a liability related to this plan of $3.2 million and $0.4 million as of December 31, 2002 and 2003, respectively.

2003 Medicare Legislation

On December 8, 2003, President Bush signed into law the Medicare Prescription Drug Improvement and Modernization Act of 2003, or "the Act." The Act expanded Medicare to include, for the first time, coverage for prescription drugs. This coverage is generally effective January 1, 2006. The execution of this new legislation had no significant impact on our statement of financial position or results of operation as of

December 31, 2003 and for the period December 6, 2003 through December 31, 2003. Any future impact will be recognized as incurred.

Note 24 — Commitments and Contingencies

Operating Lease Commitments

We lease certain of our facilities and equipment under operating leases, some of which include escalation clauses, expiring on various dates through 2023. Rental expense under these operating leases was $10.0 million, and 13.4 million for the years ended December 31, 2001 and 2002, respectively and $12.2 million and $0.7 million for the periods January 1, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003, respectively. Future minimum lease commitments under these leases for the years ending after December 31, 2003 are as follows:

	(In thousands)
2004	$ 9,224
2005	8,133
2006	7,391
2007	4,314
2008	3,526
Thereafter	14,934
Total	$ 47,522

Capital Commitments

We anticipate funding our ongoing capital requirements through committed debt facilities, operating cash flows, and existing cash. Our capital expenditure program is subject to continuing review and modification. The timing and actual amount of expenditures may differ significantly based upon plant operating history, unexpected plant outages, and changes in the regulatory environment, and the availability of cash.

NRG FinCo Settlement

In May 2001, our wholly-owned subsidiary, NRG FinCo, entered into a $2.0 billion revolving credit facility. The facility was established to finance the acquisition, development and construction of power generating plants located in the United States and to finance the acquisition of turbines for such facilities. The facility provided for borrowings of base rate loans and Eurocurrency loans and was secured by mortgages and security agreements in respect of the assets of the projects financed under the facility, pledges of the equity interests in the subsidiaries or affiliates of the borrower that own such projects, and by guaranties from each such subsidiary or affiliate. The NRG FinCo secured revolver was initially scheduled to mature on May 8, 2006; however, due to defaults hereunder by NRG FinCo and applicable guarantors, the lenders accelerated all outstanding obligations on November 6, 2002. As of our emergence, $1.1 billion was outstanding under the facility, and there was an aggregate of approximately $58 million of accrued but unpaid interest and commitment fees. Of this, $842.0 million was allowed in unsecured claims under NRG plan of reorganization, and was settled at the time of our emergence. The remaining balance will be satisfied when the NRG FinCo lenders exercise their perfected security interests in our Nelson, Audrain and Pike projects. These project companies hold assets with estimated fair market values of approximately $55.2 million, $172.0 million and $48.0 million, respectively. The amount of $55.2 million for Nelson consists of a partially completed project. Since the Nelson entity is currently in bankruptcy, we are recording the entity as a cost method investment with the fair value of the assets equaling the fair value of the obligation to the NRG FinCo lenders. The Audrain project cost of $172.0 million represents the fair value of the operating assets consisting of property

plant and equipment. An offsetting liability of $172.0 million was recorded as of Fresh Start to the NRG FinCo lenders. The Pike entity holds a turbine with an estimated fair value of approximately $48.0 million. Additionally, we also recorded an equal liability of $48.0 million to the NRG FinCo lenders. The obligations of Audrain and Pike totaling $220.0 million is reflected on the balance sheet as other bankruptcy settlement. We are in the process of marketing for sale each of the Audrain, Pike, and Nelson projects on behalf of the NRG FinCo lenders. The NRG FinCo lenders have authority under their perfected security interest to accept or reject all offers. As a result these entities are not reflected as a discontinued operations. We believe we have no additional risk of loss related to these entities.

In connection with our acquisition of the Audrain facilities, we have recognized a capital lease on its balance sheet within long-term debt in the amount of $239.9 million, as of December 31, 2003 and 2002. The capital lease obligation is recorded at the net present value of the minimum lease obligation payable. The lease terminates in May 2023. During the term of the lease only interest payments are due, no principal is due until the end of the lease. In addition, we have recorded in notes receivable, an amount of approximately $239.9 million, which represents its investment in the bonds that the county of Audrain issued to finance the project. During February 2004, we received a notice of a waiver of a $24.0 million interest payment due on the capital lease obligation. In connection with the transfer of the security in the Audrain projects to NRG FinCo Lenders, the Audrain entity will be liquidated resulting in the termination of the lease obligation and the note receivable.

Environmental Regulatory 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. These laws and regulations generally require lengthy and complex processes to obtain licenses, permits and approvals from federal, state and local agencies. If such laws and regulations become more stringent and our facilities are not exempted from coverage, we could be required to make extensive modifications to further reduce potential environmental impacts.

Under various federal, state and local environmental laws and regulations, a current or previous owner or operator of any facility, including an electric generating facility, may be required to investigate and remediate releases or threatened releases of hazardous or toxic substances or petroleum products located at the facility, and may be held liable to a governmental entity or to third parties for property damage, personal injury and investigation and remediation costs incurred by the party in connection with any releases or threatened releases. These laws, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, impose liability without regard to whether the owner knew of or caused the presence of the hazardous substances, and courts have interpreted liability under such laws to be strict (without fault) and joint and several. The cost of investigation, remediation or removal of any hazardous or toxic substances or petroleum products could be substantial. Although we have been involved in on-site contamination matters, to date, we have not been named as a potentially responsible party with respect to any off-site waste disposal matter.

We strive to exceed the standards of compliance with applicable environmental and safety regulations. Nonetheless, we expect that future liability under or compliance with environmental and safety requirements could have a material effect on our operations or competitive position. It is not possible at this time to determine when or to what extent additional facilities or modifications of existing or planned facilities will be required as a result of possible changes to environmental and safety regulations, regulatory interpretations or enforcement policies. In general, the effect of future laws or regulations is expected to require the addition of pollution control equipment or the imposition of restrictions on our operations.

As part of acquiring existing generating assets, we have inherited certain environmental liabilities associated with regulatory compliance and site contamination. Often potential compliance implementation plans are changed, delayed or abandoned due to one or more of the following conditions: (a) extended

negotiations with regulatory agencies, (b) a delay in promulgating rules critical to dictating the design of expensive control systems, (c) changes in governmental/regulatory personnel, (d) changes in governmental priorities or (e) selection of a less expensive compliance option than originally envisioned.

West Coast Region

The Asset Purchase Agreements for the Long Beach, El Segundo, Encina, and San Diego gas turbine generating facilities provide that Southern California Edison and San Diego Gas & Electric retain liability and indemnify us for existing soil and groundwater contamination that exceeds remedial thresholds in place at the time of closing. Along with our business partner, we conducted Phase I and Phase II Environmental Site Assessments at each of these sites for purposes of identifying such existing contamination and provided the results to the sellers. San Diego Gas & Electric has undertaken corrective actions at the Encina and San Diego gas turbine generating sites related to issues identified in these assessments, although final government agency approval to certify completeness of the corrective action has not yet been obtained. While spills and releases of various substances have occurred at many sites since establishing the historical baseline, all but one has been remediated in accordance with existing laws. An unquantified amount of soil contaminated by lubricating oil that leaked from underground piping at the El Segundo Generating Station has been allowed by the Regional Water Quality Control Board to remain under the foundation of the Unit I powerhouse until the building is demolished.

Our affiliates have incurred capital expenditures at the Encina Generating Station to install Selective Catalytic Reduction, or "SCR" emission control technology on all five generating units. Units 4 & 5 were retrofitted with SCRs during 2002; while Units 1, 2, and 3 were retrofitted with SCRs in 2003. The cost to retrofit all five units totaled approximately $42 million.

Eastern Region

Coal ash is produced as a by-product of coal combustion at the Dunkirk, Huntley, and Somerset Generating Stations. We attempt to direct its coal ash to beneficial uses. Even so, significant amounts of ash are landfilled at on and off-site locations. At Dunkirk and Huntley, ash is disposed at landfills owned and operated by us. No material liabilities outside the costs associated with closure, post-closure care and monitoring are expected at these facilities. We maintain financial assurance to cover costs associated with closure, post-closure care and monitoring activities. In the past, we have provided financial assurance via financial test and corporate guarantee. As a result of our debt restructuring process, we were required to re-establish financial assurance via an instrument requiring complete collateralization of closure and post-closure-related costs, such costs currently estimated at approximately $5.9 million. We provided such financial assurance via a trust fund established in this amount on April 30, 2003.

We must also maintain financial assurance for closing interim status RCRA facilities at the Devon, Middletown, Montville and Norwalk Harbor Generating Stations. Previously, we have provided financial assurance via financial test. As a result of our debt restructuring process, we were required to re-establish financial assurance via an instrument requiring complete collateralization of closure and post-closure-related costs, such costs currently estimated at approximately $1.5 million. We provided such financial assurance via a trust fund established in this amount on April 30, 2003.

Historical clean-up liabilities were inherited as a part of acquiring the Somerset, Devon, Middletown, Montville, Norwalk Harbor, Arthur Kill and Astoria Generating Stations. We have recently satisfied clean-up obligations associated with the Ledge Road property (inherited as part of the Somerset acquisition). Site contamination liabilities arising under the Connecticut Transfer Act at the Devon, Middletown, Montville and Norwalk Harbor Stations have been identified and are currently being refined as part of on-going site investigations. We do not expect to incur material costs associated with completing the investigations at these Stations or future work to cover and monitor ash management areas pursuant to the Connecticut require-

ments. Remedial liabilities at the Arthur Kill Generating Station have been established in discussions between us and the New York State DEC and are expected to cost on the order of $1.0 million. Remedial investigations are on-going at the Astoria Generating Station. At this time, our long-term cleanup liability at this site is not expected to exceed $1.5 million.

We estimate that we will incur total environmental capital expenditures of $79.7 million during 2004 through 2008 for the facilities in New York, Connecticut and Massachusetts. These expenditures will be primarily related to changes required to accommodate Power River Basin coal at selected plants, landfill construction, installation of NO_x controls, installation of the best technology available for minimizing environmental impacts associated with impingement and entrainment of fish and larvae, particulate matter control improvements, spill prevention controls, and undertaking remedial actions. NRG Energy estimates that it will incur in 2004 at all of its plants in the Northeast Region approximately $23 million in capital expenditures for plant modifications and upgrades required to comply with environmental regulations.

As of December 31, 2003, we had recorded an accrual of approximately $2.1 million to cover penalties associated with historical opacity exceedances.

We are responsible for the costs associated with closure, post-closure care and monitoring of the ash landfill owned and operated by us on the site of the Indian River Generating Station. No material liabilities outside such costs are expected. Financial assurance to provide for closure and post-closure-related costs is currently maintained by a trust fund collateralized in the amount of approximately $6.6 million.

We estimate that we will incur capital expenditures of approximately $14.7 million during the years 2004 through 2008 related to resolving environmental concerns at the Indian River Generating Station. These concerns include the expected closure of the existing ash landfill, the construction of a new ash landfill nearby, the addition of controls to reduce NO_x emissions, fuel yard modifications, and electrostatic precipitator refurbishments to reduce opacity.

Central Region

Liabilities associated with closure, post-closure care and monitoring of the ash ponds owned and operated on site at the Big Cajun II Generating Station are addressed through the use of a trust fund maintained by us (one of the instruments allowed by the Louisiana Department of Environmental Quality for providing financial assurance for expenses associated with closure and post-closure care of the ponds). The current value of the trust fund is approximately $4.8 million and we are making annual payments to the fund in the amount of about $116,000. See Note 14.

We estimate approximately $18 million of capital expenditures will be incurred during the period 2004 through 2008 for the addition of NO_x controls on Units 1 and 2 of Big Cajun II. In addition, NRG Energy estimates that it would incur up to $5 million to reduce particulate matter emissions during start-up of Units 1 and 2 at Big Cajun II.

NYISO Claims

In November 2002, the NYISO notified us of claims related to New York City mitigation adjustments, general NYISO billing adjustments and other miscellaneous charges related to sales between November 2000 and October 2002. The New York City mitigation adjustments totaled $11.5 million. We did not contest that claim and it has been fully reserved. The general NYISO billing adjustment issue totaled $10.2 million and related to NYISO's concern that NRG would not have sufficient revenue to cover for subsequent revisions to its energy market settlements. As of December 31, 2003, the NYISO held $4.5 million in escrow for such future settlement revisions.

Conectiv Agreement Termination

On November 8, 2002 Conectiv provided us with a Notice of Termination of Transaction under the Master Power Purchase and Sale Agreement, or "Master PPA", dated June 21, 2001. Under the Master PPA, which was assumed by us in our acquisition of various assets from Conectiv, we had been required to deliver 500 MW of electrical energy around the clock at a specified price through 2005. In connection with the Conectiv acquisition, we recorded as an out-of-market contract obligation for this contract. As a result of the cancellation, we will lose approximately $383.1 million in future contracted revenues. Also, in conjunction with the terms of the Master PPA, we received from Conectiv a termination payment in the amount of $955,000. At December 31, 2002, the remaining unamortized balance of the contract obligation was recognized as revenue. As a result, during the fourth quarter approximately $50.7 million was recognized as revenue.

Legal Issues

California Wholesale Electricity Litigation and Related Investigations

People of the State of California ex. rel. Bill Lockyer, Attorney General, v. Dynegy, Inc. et al., United States District Court, Northern District of California, Case No. C-02-O1854 VRW; United States Court of Appeals for the Ninth Circuit, Case No. 02-16619.

This action was filed in state court on March 11, 2002 against us, Dynegy, Dynegy Power Marketing, Inc., Xcel Energy, West Coast Power and four of West Coast Power's operating subsidiaries. Through our subsidiary, NRG West Coast LLC, we are a 50 percent beneficial owner with Dynegy of West Coast Power, which owns, operates, and markets the power of California plants. Dynegy and its affiliates and subsidiaries are responsible for gas procurement and marketing and trading activities on behalf of West Coast Power. It alleges that the defendants violated California Business & Professions Code § 17200 by selling ancillary services to the Cal ISO, and subsequently selling the same capacity into the spot market. The California Attorney General seeks injunctive relief as well as restitution, disgorgement and civil penalties.

On April 17, 2002, the defendants removed the case to the United States District Court in San Francisco. Thereafter, the case was transferred to Judge Vaughn Walker, who is also presiding over various other "ancillary services" cases brought by the California Attorney General against other participants in the California market, as well as other lawsuits brought by the Attorney General against these other market participants. We have tolling agreements in place with the Attorney General with respect to such other proposed claims against us.

The Attorney General filed motions to remand, which the defendants opposed in July of 2002. In an Order filed in early September 2002, Judge Walker denied the remand motions. The Attorney General has appealed that decision to the United States Court of Appeal for the Ninth Circuit, and the appeal is pending. The Attorney General also sought a stay of proceedings in the district court pending the appeal, and this request was also denied. In a lengthy opinion filed March 25, 2003, Judge Walker dismissed the Attorney General's action against Dynegy and us with prejudice, finding it was barred by the filed-rate doctrine and preempted by federal law. The Attorney General filed a Notice of Appeal, and the appeal was argued in August 2003 and also is pending.

Public Utility District of Snohomish County v. Dynegy Power Marketing, Inc et al., Case No. 02-CV-1993 RHW, United States District Court, Southern District of California (part of MDL 1405).

This action was filed against us, Dynegy, Xcel Energy and several other market participants in the United States District Court in Los Angeles on July 15, 2002. The complaint alleges violations of the California Business & Professions Code § 16720 (the Cartwright Act) and Business & Professions Code § 17200. The basic claims are price fixing and restriction of supply, and other market "gaming" activities.

The action was transferred from Los Angeles to the United States District Court in San Diego and was made a part of the Multi-District Litigation proceeding described below. All defendants filed motions to dismiss and to strike in the fall of 2002. In an Order dated January 6, 2003, Judge Robert Whaley, a federal judge from Spokane sitting in the United States District Court in San Diego, pursuant to the Order of the Multi-District Litigation Panel, granted the motions to dismiss on the grounds of federal preemption and filed-rate doctrine. The plaintiffs have filed a notice of appeal, and the appeal is pending.

In re: Wholesale Electricity Antitrust Litigation, MDL 1405, United States District Court, Southern District of California, pending before Judge Robert H. Whaley. The cases included in this proceeding are as follows:

Pamela R Gordon, on Behalf of Herself and All Others Similarly Situated v Reliant Energy, Inc. et al., Case No. 758487, Superior Court of the State of California, County of San Diego (filed on November 27, 2000).

Ruth Hendricks, On Behalf of Herself and All Others Similarly Situated and On Behalf of the General Public v. Dynegy Power Marketing, Inc. et al., Case No. 758565, Superior Court of the State of California, County of San Diego (filed November 29, 2000).

The People of the State of California, by and through San Francisco City Attorney Louise H. Renne v. Dynegy Power Marketing, Inc. et al., Case No. 318189, Superior Court of California, San Francisco County (filed January 18, 2001).

Pier 23 Restaurant, A California Partnership, On Behalf of Itself and All Others Similarly Situated v PG&E Energy Trading et al., Case No. 318343, Superior Court of California, San Francisco County (filed January 24, 2001).

Sweetwater Authority, et al. v. Dynegy, Inc. et al., Case No. 760743, Superior Court of California, County of San Diego (filed January 16, 2001).

Cruz M Bustamante, individually, and Barbara Matthews, individually, and on behalf of the general public and as a representative taxpayer suit, v. Dynegy Inc. et al., inclusive. Case No. BC249705, Superior Court of California, Los Angeles County (filed May 2, 2001).

All of West Coast Power's operating subsidiaries are defendants in at least one of these six consolidated cases, which were all filed in late 2000 and 2001 in various state courts throughout California. They allege unfair competition, market manipulation and price fixing. All the cases were removed to the appropriate United States District Courts, and were thereafter made the subject of a petition to the Multi-District Litigation Panel (Case No. MDL 1405). The cases were ultimately assigned to Judge Whaley. Judge Whaley entered an order in 2001 remanding the cases to state court, and thereafter the cases were coordinated pursuant to state court coordination proceedings before a single judge in San Diego Superior Court. Thereafter, Reliant Energy and Duke Energy filed cross-complaints naming various Canadian, Mexican and United States government entities. Some of these defendants once again removed the cases to federal court, where they were again assigned to Judge Whaley. The defendants filed motions to dismiss and to strike under the filed-rate and federal preemption theories, and the plaintiffs challenged the district court's jurisdiction and sought to have the cases remanded to state court. In December 2002, Judge Whaley issued an opinion finding that federal jurisdiction was absent in the district court, and remanding the cases to state court. Duke Energy and Reliant Energy then filed a notice of appeal with the Ninth Circuit, and also sought a stay of the remand pending appeal. The stay request was denied by Judge Whaley. On February 20, 2003, however, the Ninth Circuit stayed the remand order and accepted jurisdiction to hear the appeal of Reliant Energy and Duke Energy on the remand order. We anticipate that filed-rate/federal preemption pleading challenges will be renewed once the remand appeal is decided.

"Northern California" cases against various market participants, not including us (part of MDL 1405). These include the *Millar, Pastorino, RDJ Farms, Century Theatres, El Super Burrito, Leo's, J&M Karsant,* and *Bronco Don* cases. We were not named in any of these cases, but in virtually all of them, either West Coast Power or one or more of its operating subsidiaries is named as a defendant. These cases all allege violation of Business & Professions Code § 17200, and are similar to the various allegations made by the Attorney General. Dynegy is named as a defendant in all these actions, and Dynegy's outside counsel is representing both Dynegy and the West Coast Power entities in each of these cases. These cases all were removed to federal court, made part of the Multi-District Litigation, and denied remand to state court. In late August 2003, Judge Whaley granted the defendants' motions to dismiss in these various cases, which are now the subject of the plaintiff's appeal to the Ninth Circuit Court of Appeals.

Bustamante v. McGraw-Hill Companies, Inc., et al., No. BC 235598, California Superior Court, Los Angeles County.

This putative class action lawsuit was filed on November 20, 2002. The complaint generally alleges that the defendants attempted to manipulate gas indexes by reporting false and fraudulent trades. Named defendants in the suit include numerous industry participants unrelated to us, as well as the operating subsidiaries established by West Coast Power for each of its four plants: El Segundo Power, LLC; Long Beach Generation, LLC; Cabrillo Power I LLC; and Cabrillo Power II LLC. The complaint seeks restitution and disgorgement of "ill-gotten gains," civil fines, compensatory and punitive damages, attorneys' fees and declaratory and injunctive relief. The plaintiff filed an amended complaint in 2003.

Jerry Egger, et al. v. Dynegy, Inc., et al., Case No. 809822, Superior Court of California, San Diego County (filed May 1, 2003). This class action complaint alleges violations of California's Antitrust Law, Business and Professional Code, and unlawful and unfair business practices. The named defendants include "West Coast Power, Cabrillo II, El Segundo Power, Long Beach Generation." We are not named. This case now has been removed to the United States District Court, and the defendants have moved to have this case included as Multi-District Litigation along with the above referenced cases before Judge Walker. Plaintiffs have filed a motion to remand to state court, which was heard on February 19, 2004. At the hearing, the court decided to stay the case pending a decision from the Ninth Circuit Court of Appeals in the Pastorino appeal, referenced above.

Texas-Ohio Energy, Inc., on behalf of Itself and all others similarly situated v. Dynegy, Inc. Holding Co., West Coast Power, LLC, et al., Case No. CIV.S-03-2346 DFL GGH. This putative class action was filed on November 10, 2003, in the United States District Court for the Eastern District of California. The complaint alleges violations of the federal Sherman and Clayton Acts and California's Cartwright Act and Business and Professions Code. In addition to naming West Coast Power and Dynegy the complaint names numerous industry participants, as well as "unnamed co-conspirators." The complaint alleges that defendants conspired to manipulate the spot price and basis differential of natural gas with respect to the California market allegedly enabling defendants to reap exorbitant and illicit profits by gouging natural gas purchasers. Specifically, the complaint alleges that defendants and their co-conspirators employed a variety of false reporting techniques to manipulate the published natural gas price indices. The complaint seeks unspecified amounts of damages, including a trebling of plaintiff's and the putative class's actual damages. We are unable at this time to predict the outcome of this dispute or the ultimate liability, if any, of West Coast Power.

California Investigations

FERC — California Market Manipulation

The Federal Energy Regulatory Commission has an ongoing "Investigation of Potential Manipulation of Electric and Natural Gas Prices," which involves hundreds of parties (including our affiliate, West Coast Power) and substantial discovery. In June 2001, FERC initiated proceedings related to California's demand

for $8.9 billion in refunds from power sellers who allegedly inflated wholesale prices during the energy crisis. Hearings have been conducted before an administrative law judge who issued an opinion in late 2002. The administrative law judge stated that after assessing a refund of $1.8 billion for "unjust and unreasonable" power prices between October 2, 2000 and June 20, 2001, power suppliers were owed $1.2 billion because the State was holding funds owed to suppliers.

In August 2002, the United States Circuit Court of Appeals for the Ninth Circuit granted a request by the Electricity Oversight Board, the California Public Utilities Commission and others, to seek out and introduce to FERC additional evidence of market manipulation by wholesale sellers. This decision resulted in FERC ordering an additional 100 days of discovery in the refund proceeding, and also allowing the relevant time period for potential refund liability to extend back an additional nine months, to January 1, 2000.

On December 12, 2002, FERC Administrative Law Judge Birchman issued a Certification of Proposed Findings on California Refund Liability in Docket No. EL00-95-045 et al., which determined the method for calculating the mitigated energy market clearing price during each hour of the refund period. On March 26, 2003, FERC issued an Order on Proposed Findings on Refund Liability in Docket No. EL00-95-045, or "Refund Order", adopting, in part, and modifying, in part, the Proposed Findings issued by Judge Birchman on December 12, 2002. In the Refund Order, FERC adopted the refund methodology in the Staff Final Report on Price Manipulation in Western Markets issued contemporaneously with the Refund Order in Docket No. PA02-2-000. This refund calculation methodology makes certain changes to Judge Birchman's methodology, because of FERC Staff's findings of manipulation in gas index prices. This could materially increase the estimated refund liability. The Refund Order directed generators wanting to recover any fuel costs above the mitigated market clearing price during the refund period to submit cost information justifying such recovery within 40 days of the issuance of the Refund Order, which West Coast Power did. Dynegy and the West Coast Power entities are currently engaged in settlement negotiations with FERC Staff, the California Attorney General, the California Public Utility Commission, the California Electricity Oversight Board, PG&E, and Southern California Edison.

CFTC — Dynegy/ West Coast Power Natural Gas Futures Index Manipulation

On December 18, 2002, a Dynegy subsidiary, Dynegy Marketing & Trade, or "DMT", and West Coast Power, collectively "the Respondents", entered into a consent Offer of Settlement and Order, "the Consent Order", with the Commodity Futures and Trading Commission, or "CFTC." The action is captioned In re Dynegy Marketing & Trade and West Coast Power LLC, CFTC Docket No. 03-03. The CFTC asserted various violations of the Commodity Exchange Act, as well as CFTC regulations.

The CFTC alleged in the Consent Order that DMT natural gas traders reported false natural gas trading information, including price and volume information, to certain industry publications that establish and publish indexes for natural gas prices. The CFTC alleged that DMT submitted the false information in an attempt to manipulate the indexes for DMT's benefit. The CFTC further alleged that DMT traders directed other Dynegy personnel to report each of the same false trades in the name of West Coast Power, as counterparty, in an effort to lend credence to the trades' validity. The Respondents to the Consent Order did not admit or deny the allegations or findings made by the CFTC, but agreed to an Offer of Settlement, and agreed to pay a civil monetary fine of $5 million. The Respondents also agreed to undertakings regarding further cooperation with the CFTC and public statements concerning the Consent Order. Dynegy agreed to pay and be entirely responsible for the $5 million fine imposed by the CFTC.

U.S. Attorney — Houston

The U.S. Attorney indicted two fired Dynegy traders in connection with the index reporting scheme, and is reportedly investigating other Dynegy activity and employees.

U.S. Attorney — San Francisco

According to press reports, the U.S. Attorney in San Francisco has assembled an "energy crisis" task force. While Dynegy received a grand jury subpoena in November 2002, the scope and targets of this investigation are unknown to us. We did not receive a subpoena.

California State Senate Select Committee

This Committee, chaired by Senator Dunn, subpoenaed records from us during the Summer of 2001. We produced about 5,000 pages of documents; Dynegy produced a much larger volume of documents. The Committee has apparently concluded its activities without issuing any reports or findings.

CPUC

The CPUC continues to request data and documents in several settings. First, it is one of the parties in the FERC proceeding mentioned above. Second, inspectors have visited West Coast Power plants, usually unannounced and usually immediately following an unplanned outage. They have demanded documentation concerning the reason for the outage. Third, the CPUC has demanded documents to allow it to prepare "reports," one of which was issued in the fall of 2002, and another of which was issued January 30, 2003. The FERC's above-referenced March 26 Refund Order undercut the accuracy and reliability of these CPUC reports. Dynegy has made extensive productions to the CPUC of plant-related materials as well as trading data.

California Attorney General

In addition to the litigation it has undertaken described above, the California Attorney General has undertaken an investigation entitled "In the Matter of the Investigation of Possibly Unlawful, Unfair, or Anti-Competitive Behavior Affecting Electricity Prices in California." In this connection, the Attorney General has issued subpoenas to Dynegy, served interrogatories on Dynegy and us, and informally requested documents and interviews from Dynegy and Dynegy employees as well as us and our employees. We responded to the interrogatories in the summer of 2002, with the final set of responses being served on September 3, 2002. We have also produced a large volume of documentation relating to the West Coast Power plants. In addition, our employees in California have sat for informal interviews with representatives of the Attorney General's office. Dynegy employees have also been interviewed.

On November 21, 2003, in conjunction with confirmation of the NRG plan of reorganization, we reached an agreement with the Attorney General and the State of California, generally, whereby for purposes of distributions, if any, to be made to the State of California under the NRG plan of reorganization, the liquidated amount of any and all allowed claims shall not exceed $1.35 billion in the aggregate. The agreement neither affects our right to object to these claims on any and all grounds nor admits any liability whatsoever. We further agreed to waive any objection to the liquidation of these claims in a non-bankruptcy forum having proper jurisdiction.

Although any evaluation of the likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss in the above-referenced private actions and various investigations cannot be made at this time, we note that the Gordon complaint alleges that the defendants, collectively, overcharged California ratepayers during 2000 by $4.0 billion. We know of no evidence implicating us in the various private plaintiffs' allegations of collusion. We cannot predict the outcome of these cases and investigations at this time.

Electricity Consumers Resource Council v. Federal Energy Regulatory Commission, Case No. 03-1449

On December 19, 2003 the Electricity Consumers Resource Council, or "ECRC", appealed to the United States Court of Appeals for the District of Columbia Circuit a recent decision by FERC approving the

implementation of a demand curve for the New York installed capacity, or "ICAP", market. ECRC claims that the implementation of the ICAP demand curve violates section 205 of the Federal Power Act because it constitutes unreasonable ratemaking. We are a party to this appeal and will contest ECRC's assertions, but at this time cannot assess what the eventual outcome will be.

Connecticut Light & Power Company v. NRG Power Marketing, Inc., Docket No. 3:01-CV-2373 (AWT), pending in the United States District Court, District of Connecticut

This matter involves a claim by CL&P for recovery of amounts it claims are owing for congestion charges under the terms of a SOS contract between the parties, dated October 29, 1999. CL&P has served and filed its motion for summary judgment to which PMI filed a response on March 21, 2003. CL&P has withheld approximately $30 million from amounts owed to PMI, claiming that it has the right to offset those amounts under the contract. PMI has counterclaimed seeking to recover those amounts, arguing among other things that CL&P has no rights under the contract to offset them. By reason of the previous bankruptcy stay, the court has not ruled on the pending motion. On November 6, 2003, the parties filed a joint stipulation for relief from the automatic stay in order to allow the proceeding to go forward. PMI cannot estimate at this time the likelihood of an unfavorable outcome in this matter, or the overall exposure for congestion charges for the full term of the contract.

Connecticut Light & Power Company, Docket No. EL03-135, pending at the Federal Energy Regulatory Commission

This matter involves a dispute between CL&P and PMI concerning which of party is responsible, under the terms of the October 29, 1999 SOS contract, for costs related to congestion and losses associated with the implementation of standard market design, or "SMD-Related Costs." CL&P has withheld, in addition to the $30 million discussed above, approximately $79 million from amounts owed to PMI, claiming that it is entitled under the contract to offset those additional amounts for SMD-Related Costs. The parties have now reached a settlement, subject to board approval, whereby CL&P will pay PMI $38.4 million plus interest, and subject to adjustments and true-ups upon final approval by FERC. The settlement agreement was filed with FERC on March 3, 2004.

The State of New York and Erin M. Crotty, as Commissioner of the New York State Department of Environmental Conservation v. Niagara Mohawk Power Corporation et al., United States District Court for the Western District of New York, Civil Action No. 02-CV-002S

In January 2002, the New York Department of Environmental Conservation, or "DEC", sued Niagara Mohawk Power Corporation, or "NiMo", and us in federal court in New York. The complaint asserted that projects undertaken at our Huntley and Dunkirk plants by NiMo, the former owner of the facilities, required preconstruction permits pursuant to the Clean Air Act and that the failure to obtain these permits violated federal and state laws. In July, 2002, we filed a motion to dismiss. On March 27, 2003, the court dismissed the complaint against us with prejudice as to the federal claims and without prejudice as to the state claims. It is possible the state will appeal this dismissal to the Second Circuit Court of Appeals. In the meantime, on December 31, 2003, the trial court granted the state's motion to amend the complaint to again sue us and various affiliates in this same action in the federal court in New York, asserting against us violations of operating permits and deficient operating permits at the Huntley and Dunkirk plants. If the case ultimately is litigated to an unfavorable outcome that could not be addressed otherwise, we have estimated that the total investment that would be required to install pollution control devices could be as high as $300 million over a ten to twelve-year period. We also could be found responsible for payment of certain penalties and fines.

Niagara Mohawk Power Corporation v. NRG Energy, Inc., Huntley Power, LLC, and Dunkirk Power, LLC, Supreme Court, State of New York, County of Onondaga, Case No. 2001-4372

We have asserted that NiMo is obligated to indemnify it for any related compliance costs associated with resolution of the above enforcement action. NiMo has filed suit in state court in New York seeking a declaratory judgment with respect to its obligations to indemnify us under the asset sales agreement. We have pending a summary judgment motion on its entitlement to be reimbursed by NiMo for the attorneys' fees we have incurred in the enforcement action.

Huntley Power LLC, Dunkirk Power LLC and Oswego Power LLC

The DEC has alleged violations by the Huntley Generating Station, the Dunkirk Generating Station and the Oswego Generating Station with respect to opacity exceedances. The above entities have been engaged in consent order negotiations with the DEC relative to such opacity issues affecting all three facilities since the plants were acquired. In late February, 2004, a representative of each of the six entities signed a proposed final version of the consent order, which, if executed and thereby issued by the DEC, would quantify the number of opacity exceedances at the three facilities through the second quarter of 2003 and assess a cumulative penalty of $1 million. In addition, among other provisions, the consent order would establish stipulated penalties for future violations of opacity requirements and of the consent order and impose a Schedule of Compliance. In the event that the consent order is not issued by DEC in the form in which it was agreed to by the six entities and any subsequent negotiations prove unsuccessful, it is not known what relief the DEC will seek through an enforcement action and what the result of such action will be.

Huntley Power LLC

On April 30, 2003, the Huntley Station submitted a self-disclosure letter to the DEC reporting violations of applicable sulfur in fuel limits, which had occurred during 6 days in March 2003 at the chimney stack serving Huntley Units 63-66. The Huntley Station self-disclosed that the average sulfur emissions rates for those days had been 1.8 lbs/mm BTU, rather than the maximum allowance of 1.7 lbs/mm BTU. NRG Huntley Operations discontinued use of Unit 65 (the only unit utilizing the subject stack at the time) and has kept the remaining three units off line until adherence with the applicable standard is assured. On May 19, 2003, the DEC issued Huntley Power LLC a Notice of Violation. Huntley Power LLC has met with the DEC to discuss the circumstances surrounding the event and the appropriate means of resolving the matter. Huntley Power LLC does not know what relief the DEC will seek through an enforcement action. Under applicable provisions of the Environmental Conservation Law, the DEC asserts that it may impose a civil penalty up to $10,000, plus an additional penalty not to exceed $10,000 for each day that a violation continues and may enjoin continuing violations.

Niagara Mohawk Power Corporation v. Dunkirk Power LLC, NRG Dunkirk Operations, Inc., Huntley Power LLC, NRG Huntley Operations, Inc., Oswego Power LLC and NRG Oswego Operations, Inc., Supreme Court, Erie County, Index No. 1-2000-8681 — Station Service Dispute

On October 2, 2000, plaintiff NiMo commenced this action against us to recover damages plus late fees, less payments received through the date of judgment, as well as any additional amounts due and owing, for electric service provided to the Dunkirk Plant after September 18, 2000. Plaintiff NiMo claims that we have failed to pay retail tariff amounts for utility services commencing on or about June 11, 1999 and continuing to September 18, 2000 and thereafter. Plaintiff has alleged breach of contract, suit on account, violation of statutory duty and unjust enrichment claims. On or about October 23, 2000, we served an answer denying liability and asserting affirmative defenses.

After proceeding through discovery, and prior to trial, the parties and the court entered into a Stipulation and Order filed August 9, 2002 consolidating this action with two other actions against our Huntley and

Oswego subsidiaries, both of which cases assert the same claims and legal theories for failure to pay retail tariffs for utility services at those plants.

On October 8, 2002, a Stipulation and Order was filed in the Erie County Clerk's Office staying this action pending submission to FERC of some or all of the disputes in the action. We cannot make an evaluation of the likelihood of an unfavorable outcome. The cumulative potential loss could exceed $35 million.

Niagara Mohawk Power Corporation v. Huntley Power LLC, NRG Huntley Operations, Inc., NRG Dunkirk Operations, Inc., Dunkirk Power LLC, Oswego Harbor Power LLC, and NRG Oswego Operations, Inc., Case Filed November 26, 2002 in Federal Energy Regulatory Commission Docket No. EL 03-27-000

This is the companion action filed by NiMo at FERC, similarly asserting that NiMo is entitled to receive retail tariff amounts for electric service provided to the Huntley, Dunkirk and Oswego plants. On October 31, 2003, the FERC Trial Staff, a party to the proceedings, filed a reply brief in which it supported and agreed with each position taken by our facilities. In short, the staff argued that our facilities: (1) self-supply station power under the NYISO tariff (which took effect on April 1, 2003) in any month during which they produce more energy than they consume and, as such, should not be assessed a retail rate; (2) are connected only to transmission facilities and, as such, at most should only pay NiMo a FERC-approved transmission rate; and (3) should be allowed to net consumption and output even if power is injected into the grid at a different point from which it is drawn off. We are presently awaiting a ruling by FERC. At this stage of the proceedings, we cannot estimate the likelihood of success on this action. As noted above, the cumulative potential loss could exceed $35 million.

In the Matter of Louisiana Generating, LLC, Adversary Proceeding No. 2002-1095 1-EQ on the docket of the Louisiana Division of Administrative Law

During 2000, DEQ issued a Part 70 Air Permit modification to Louisiana Generating to construct and operate two 240 MW natural gas-fired turbines. The Part 70 Air Permit set emissions limits for the criteria air pollutants, including NO_x, based on the application of Best Available Control Technology, or "BACT." The BACT limitation for NO_x was based on the guarantees of the manufacturer, Siemens-Westinghouse. Louisiana Generating sought an interim emissions limit to allow Siemens-Westinghouse time to install additional control equipment. To establish the interim limit, DEQ issued a Compliance Order and Notice of Potential Penalty, No. AE-CN-02-0022, on September 8, 2002, which is, in part, subject to the referenced administrative hearing. DEQ alleged that Louisiana Generating did not meet its NO_x emissions limit on certain days, did not conduct all opacity monitoring and did not complete all record keeping and certification requirements. Louisiana Generating intends to vigorously defend certain claims and any future penalty assessment, while also seeking an amendment of its limit for NO_x. An initial status conference was held with the Administrative Law Judge and quarterly reports are being submitted to that judge to describe progress, including settlement and amendment of the limit. In late February 2004, we timely submitted to the DEQ an amended BACT analysis and amended Prevention of Significant Deterioration and Title V permit application to amend the NO_x limit. In addition, Louisiana Generating may assert breach of warranty claims against the manufacturer. With respect to the administrative action described above, at this time we are unable to predict the eventual outcome of this matter or the potential loss contingencies, if any, to which we may be subject.

NRG Sterlington Power, LLC

During 2002, NRG Sterlington conducted a review of the Sterlington Power Facility's Part 70 Air Permit obtained by the facility's former owner and operator, Koch Power, Inc. Koch had outlined a plan to install eight 25 MW capacity turbines to reach a 200 MW capacity limit in the permit. Due to the inability of several

units to reach their nameplate capacity, Koch determined that it would need additional units to reach the electric output target. In August 2000, NRG Sterlington acquired the remaining interests in the facility not originally held on a passive basis and sought the transfer of the Part 70 Air Permit along with a modification to incorporate two 17.5 MW turbines installed by Koch and to increase the total number of turbines to ten. The permit modification was issued February 13, 2002. During further review, NRG Sterlington determined that a ninth unit had been installed prior to issuance of the permit modification. In keeping with its environmental policy, it disclosed this matter to DEQ in April, 2002. NRG Sterlington provided to DEQ additional information during July 2002. A Consolidated Compliance Order & Notice of Potential Penalty, No. AE-CN-01-0393, was issued by DEQ on September 10, 2003, wherein DEQ formally alleged that NRG Sterlington did not complete all certification requirements, and installed a ninth unit prior to issuance of its permit modification. We met with DEQ on November 19, 2003 to discuss mitigating circumstances and a settlement has been agreed to between the parties. Under the settlement agreement, without admitting any liability, NRG Sterlington has agreed to pay DEQ the sum of $4,500. The agreement is subject to a public comment period and review by the Louisiana attorney general.

United States Environmental Protection Agency Request for Information under Section 114 of the Clean Air Act

On January 27, 2004, Louisiana Generating, LLC and Big Cajun II received a request for information under Section 114 of the Clean Air Act from the United States Environmental Protection Agency, or "EPA", seeking information primarily relating to physical changes made at Big Cajun II in 1994 and 1995 by the predecessor owner of that facility. Louisiana Generating, LLC and Big Cajun II intend to respond to the EPA request in an appropriate and cooperative manner. At the present time, we cannot predict the probable outcome in this matter.

General Electric Company and Siemens Westinghouse Turbine Purchase Disputes

We and/or our affiliates have entered into several turbine purchase agreements with affiliates of General Electric Company, or "GE" and Siemens Westinghouse Power Corporation, or "Siemens." GE and Siemens have notified us that we are in default under certain of those contracts, terminated such contracts, and demanded that we pay the termination fees set forth in such contracts. GE's claim amounts to $120 million and Siemens' approximately $45 million in cumulative termination charges. We cannot estimate the likelihood of unfavorable outcomes in these disputes.

Itiquira Energetica, S.A.

Our indirectly controlled Brazilian project company, Itiquira Energetica S.A., the owner of a 156 MW hydro project in Brazil, is currently in arbitration with the former EPC contractor for the project, Inepar Industria e Construcoes, or "Inepar." The dispute was commenced by Itiquira in September of 2002 and pertains to certain matters arising under the former EPC contract. Itiquira principally asserts that Inepar breached the contract and caused damages to Itiquira by (i) failing to meet milestones for substantial completion; (ii) failing to provide adequate resources to meet such milestones; (iii) failing to pay subcontractors amounts due; and (iv) being insolvent. Itiquira's arbitration claim is for approximately U.S. $40 million. Inepar has asserted in the arbitration that Itiquira breached the contact and caused damages to Inepar by failing to recognize events of force majeure as grounds for excused delay and extensions of scope of services and material under the contract. Inepar's damage claim is for approximately U.S. $10 million. The parties submitted their respective statements of claims, counterclaims and responses, and a preliminary arbitration hearing was held on March 21, 2003. In lieu of taking expert testimony at hearing, the court of arbitration ordered an expert investigation process to cover technical and accounting issues. We anticipate that the final report from the expert investigation process will be delivered to the court of arbitration in the last week of March, 2004. After reviewing the final report, the court of arbitration may, if it deems it necessary,

require expert testimony on technical and accounting issues, which we anticipate would commence on approximately May 15, 2004. We expect the arbitration panel to issue its decision no later than July 31, 2004. We cannot estimate the likelihood of an unfavorable outcome in this dispute.

CFTC Trading Inquiry

On June 17, 2002, the CFTC served Xcel Energy, on behalf of its affiliates, which then included us and PMI, with a subpoena requesting certain information regarding "round trip" or "wash" trading and general trading practices in its investigation of several energy trading companies. The CFTC now appears focused on possible efforts by traders to submit false reports to index publications in an attempt to manipulate the index. In January, 2004, the CFTC and Xcel Energy's subsidiary e prime, inc., reached a settlement in connection with this investigation, which included the payment of a $16 million fine and the entry of a cease and desist order. Other industry participants that have settled with the CFTC have paid fines of between $1 million and $30 million and have agreed to the terms of cease and desist orders. The CFTC has requested additional related information from us and has subpoenaed to appear for testimony a number of our present and former employees. We have sought to cooperate with the CFTC and have submitted materials responsive to the CFTC's requests, while vigorously denying that we engaged in any improper conduct. We cannot at this time predict the outcome or financial impact of this investigation.

Additional Litigation

In addition to the foregoing, we are parties to other litigation or legal proceedings, which may or may not be material. There can be no assurance that the outcome of such matters will not have a material adverse effect on our business, financial condition or results of operations.

Disputed Claims Reserve

As part of the NRG plan of reorganization, we have funded a disputed claims reserve for the satisfaction of certain general unsecured claims that were disputed claims as of the effective date of the plan. Under the terms of the plan, to the extent such claims are resolved now that we have emerged from bankruptcy, the claimants will be paid from the reserve on the same basis as if they had been paid out in the bankruptcy. That means that their allowed claims will be reduced to the same recovery percentage as other creditors would have received and will be paid in pro rata distributions of cash and common stock. We believe we have funded the disputed claims reserve is at a sufficient level to settle the remaining unresolved proofs of claim we received during the bankruptcy proceedings. However, to the extent the aggregate amount of these payouts of disputed claims ultimately exceeds the amount of the funded claim reserve, we are obligated to provide additional cash and common stock to the disputed claims reserve. We will continue to monitor our obligation as the disputed claims are settled. However, if excess funds remain in the disputed claims reserve after payment of all obligations, such amounts will be reallocated to the Creditor Pool. We have provided our common stock and cash contribution to an escrow agent to complete the distribution and settlement process. Since we have surrendered control over the common stock and cash provided to the disputed claims reserve, we recognized the issuance of the common stock as of December 6, 2003 and removed the cash amounts from our balance sheet. Similarly, we have moved the obligations relevant to the claims from our balance sheet when the common stock was issued and cash contributed.

In conjunction with confirmation of the NRG plan of reorganization, we reached an agreement with the Attorney General and the State of California that limits the potential maximum amount of its claims, if any. Under the NRG plan of reorganization, the liquidated amount of any allowed claims shall not exceed $1.35 billion in total. The agreement neither affects our right to object to these claims on any grounds nor admits any liability. We further agreed to waive any objection to the liquidation of these claims in a non-bankruptcy forum having proper jurisdiction. Although we cannot make at this time any evaluation of the

likelihood of an unfavorable outcome or an estimate of the amount or range of potential loss in the private actions and various investigations, we know of no evidence implicating us in the various private plaintiffs' allegations of collusion. We cannot predict the outcome of these cases and investigations at this time.

Note 25 — Cash Flow Information

Detail of supplemental disclosures of cash flow and non-cash investing and financing information was:

	Predecessor Company			Reorganized NRG
	Year Ended December 31,		For the Period January 1 - December 5,	For the Period December 6 - December 31,
	2001	2002	2003	2003
	(In thousands)			
Interest paid (net of amount capitalized)	$ 385,885	$331,679	$ 182,355	**$ 86,874**
Income taxes paid/(refunds)	$ 57,055	$ (17,406)	$ 27,064	**$ 1,726**
Detail of businesses and assets acquired:				
Current assets (including restricted cash)	$ 184,874	$ —	$ —	**$ —**
Fair value of non-current assets	4,779,530	—	—	**—**
Liabilities assumed, including deferred taxes	(2,151,287)	—	—	**—**
Cash paid net of cash acquired	$ 2,813,117	$ —	$ —	**$ —**

Reorganization Cash Payments and Receipts

Cash Receipts

During the period May 14, 2003 through December 31, 2003, we received $1.1 million of interest income on cash balances. No such amounts were received during the period December 6, 2003 through December 31, 2003.

Cash Payments

Professional fees

During the period May 14, 2003 through December 5, 2003 and December 6, 2003 through December 31, 2003, we made cash payments for professional fees to our financial and legal advisors of $33.5 million and $14.4 million, respectively.

Refinancing activities

We made cash payments of $1.3 billion related to the repayment of NRG Northeast Generating and NRG South Central Generating's debt, including accrued interest upon their emergence from bankruptcy on December 23, 2003 with proceeds from our recently completed corporate level refinancing. We also made cash payments of $19.6 million for a prepayment settlement upon our early payment of the NRG Northeast Generating and NRG South Central Generating debt.

Creditor payments

Upon our emergence from bankruptcy, we made cash payments to our creditors in the amounts of $518.6 million during the period December 6, 2003 through December 31, 2003.

Note 26 — Guarantees

In November 2002, the FASB issued FASB Interpretation No. 45, *"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others."* The initial recognition and initial measurement provisions of this interpretation are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year-end. The disclosure requirements are effective for financial statements of interim or annual periods ending after December 15, 2002. The interpretation addresses the disclosures to be made by a guarantor in its interim and annual financial statements about its obligations under guarantees. The interpretation also clarifies the requirements related to the recognition of a liability by a guarantor at the inception of the guarantee for the obligations the guarantor has undertaken in issuing the guarantee.

In connection with the adoption of Fresh Start, all outstanding guarantees were considered new; accordingly we applied the provisions of FIN 45 to all of those guarantees. Each guarantee was reviewed for the requirement to recognize a liability at inception. As a result, we recorded a $15.0 million liability, which is included in other long-term liabilities.

We are directly liable for the obligations of certain of our project affiliates and other subsidiaries pursuant to guarantees relating to certain of their indebtedness, equity and operating obligations. In addition, in connection with the purchase and sale of fuel, emission credits and power generation products to and from third parties with respect to the operation of some of our generation facilities in the United States, we may be required to guarantee a portion of the obligations of certain of our subsidiaries. Additionally, as a result of the downgrades of our unsecured debt ratings, we were required to but failed to post cash collateral in the amount of $71.4 million as of December 31, 2003. At the time of the January 6, 2004 restructuring of the project financing of NRG Peaker Finance Co., LLC, this equity contribution requirement was extinguished and was replaced with a $36.2 million NRG Energy letter of credit, for the benefit of the secured parties in the Peaker financing, as well as other provisions of the restructuring.

As of December 31, 2002, December 6, 2003 and December 31, 2003, our obligations pursuant to our guarantees of the performance, equity and indebtedness obligations of our subsidiaries were as follows:

Description	Predecessor Company	Reorganized NRG	
	December 31 2002	December 6 2003	December 31 2003
		(In thousands)	
Guarantees of subsidiaries	$ 1,587,022	**$601,859**	**$564,114**
Standby letters of credit	110,676	**90,360**	**92,050**
Total guarantees	$1,697,698	**$692,219**	**$656,164**

As of December 6, 2003 and December 31, 2003, the nature and details of our guarantees were as follows:

Project or Subsidiary	Maximum Amount (Dec. 6, 2003) (In thousands)	Maximum Amount (Dec. 31, 2003) (In thousands)	Nature of Guarantee	Expiration Date	Triggering Event
Astoria/ Arthur Kill	Indeterminate	Indeterminate	Performance under Purchase and Sale Agreement	None stated	Non-performance

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Project or Subsidiary	Maximum Amount (Dec. 6, 2003) (In thousands)	Maximum Amount (Dec. 31, 2003) (In thousands)	Nature of Guarantee	Expiration Date	Triggering Event
Cadillac	$ 773	$ 778	Obligation under Promissory Note	April 15, 2007	Non-payment
Elk River	$ 14,090	$ 11,990	Obligation under Bond Arrangement with NSP	Undetermined	Non-payment of Obligation
Flinders	$ 9,244	$ 9,125	Superannuation (pension) Reserve	September 8, 2012	Credit Agreement Default
Flinders	$ 51,555	$ 52,703	Debt Service Reserve Guarantee	September 8, 2012	Credit Agreement Default
Flinders	$ 59,964	$ 61,601	Plant Removal and Site Remediation Obligation	Undetermined, at end of site lease	Non-performance
Flinders	$ 73,650	$ 75,290	Guarantee of Employee Separation Benefits	None stated	Non-payment
Flinders (Flinders Osborne Trading)	$ 249,281	$ 252,487	Guarantee of Obligation to Purchase Gas	None stated	Non-payment
Flinders (Flinders Osborne Trading)	Indeterminate	Indeterminate	Indemnification of Government Entity for Payment for Power and Fuel	Fourth quarter 2018	Non-payment
Gladstone	$ 23,699	$ 24,346	Payment of Penalties in the Event of an Extraordinary Operational Breach	None stated	Non-performance
Gladstone	Indeterminate	Indeterminate	Obligations under Credit Agreement	March 31, 2009	Non-performance
McClain	$ 1,015	$ 1,015	Obligation to Fund Debt Service Reserve Shortfall	None stated	Non-payment of Subsidiary Obligation
MIBRAG	$ 8,296	$ 8,601	Guarantee of Share Purchase Agreement	None stated	Non-performance
Newport	$ 9,700	$ 7,500	Obligation under Bond Arrangement with NSP	Undetermined	Non-payment of Obligation
PMI	$ 99,093	$ 57,179	Guarantees of NRG Energy, Inc. on behalf of NRG Power Marketing Inc. for various projects	Various	Non-performance
Saguaro	$ 754	$ 754	Guarantee of Tax Indemnity Payments	Undetermined	Non-payment
SLAP I	Indeterminate	Indeterminate	Guarantee of Subscription Agreement in Favor of Scudder Latin American Power I-P LDC and I-C LDC	None stated	Non-performance

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Project or Subsidiary	Maximum Amount (Dec. 6, 2003) (In thousands)	Maximum Amount (Dec. 31, 2003) (In thousands)	Nature of Guarantee	Expiration Date	Triggering Event
West Coast LLC	$ 744	$ 744	Guarantee of Environmental Clean-up Costs	None stated	Non-performance
West Coast LLC	Indeterminate	Indeterminate	Continuing Obligations Under Asset Sales Agreement and Related Contracts (shared with Dynegy)	None stated	Non-performance

Recourse provisions for each of the guarantees above are to the extent of their respective liability. Additionally, no assets are held as collateral for any of the above guarantees.

As of December 6, 2003 and December 31, 2003, the nature and details of our unmet cash collateral obligations were as follows:

Project	Maximum Amount (Dec. 6, 2003) (In thousands)	Maximum Amount (Dec. 31, 2003) (In thousands)	Nature of Collateral Call	Expiration Date	Triggering Event
NRG Peaker Finance Company LLC	$ 71,472	$ 71,472	Penalty for Early Termination	June 18, 2019	Non-performance

Note 27 — Sales to Significant Customers

Reorganized NRG

For the period from December 6, 2003 through December 31, 2003, we derived approximately 35.5% of our total revenues from majority-owned operations from two customers: NYISO (24.1%) and ISO New England (11.4%).

Predecessor Company

For the period from January 1, 2003 through December 5, 2003, sales to one customer (NYISO) accounted for 30.5% of our total revenues from majority owned operations. During 2002, sales to one customer (NYISO) accounted for 23.7% of our total revenues from majority owned operations in 2002. During 2001, sales to two customers accounted for 33.6% (NYISO) and 17.5% (Connecticut Light and Power Co.) of our total revenues from majority owned operations in 2001.

Note 28 — Jointly Owned Plants

Big Cajun II Unit 3

On March 31, 2000, we acquired a 58% interest in the Big Cajun II, Unit 3 generation plant. Entergy Gulf States owns the remaining 42%. Big Cajun II, Unit 3 is operated and maintained by Louisiana Generating pursuant to a joint ownership participation and operating agreement. Under this agreement, Louisiana Generating and Entergy Gulf States are each entitled to their ownership percentage of the hourly net electrical output of Big Cajun II, Unit 3. All fixed costs are shared in proportion to the ownership interests. Fixed costs include the cost of operating common facilities. All variable costs are incurred in proportion to the energy delivered to the owners. Our income statement includes its share of all fixed and variable costs of operating the unit.

Reorganized NRG

Our 58% share of the Property, Plant and Equipment and construction in progress as revalued to fair value upon the adoption of the fresh start provisions of SOP 90-7 at December 6, 2003 and December 31, 2003 was $183.2 million and $183.2 million and corresponding accumulated depreciation and amortization was $0 million and $0.5 million, respectively.

Predecessor Company

Our 58% share of the original cost included in Property, Plant and Equipment and construction in progress at December 31, 2002 was $189.0 million and corresponding accumulated depreciation and amortization was $12.3 million.

Keystone and Conemaugh

In June 2001, we completed the acquisition of an approximately 3.7% interest in both the Keystone and Conemaugh coal-fired generating facilities. The Keystone and Conemaugh facilities are located near Pittsburgh, Pennsylvania and are jointly owned by a consortium of energy companies. We purchased our interest from Conectiv, Inc. Keystone and Conemaugh are operated by GPU Generation, Inc., which sold its assets and operating responsibilities to Sithe Energies. Keystone and Conemaugh both consist of two operational coal-fired steam power units with a combined net output of 1,700 MW, four diesel units with a combined net output of 11 MW and an on-site landfill. The units are operated pursuant to a joint ownership participation and operating agreement. Under this agreement each joint owner is entitled to its ownership ratio of the net available output of the facility. All fixed costs are shared in proportion to the ownership interests. All variable costs are incurred in proportion to the energy delivered to the owners. Our income statement includes our share of all fixed and variable costs of operating the facilities.

Reorganized NRG

Our 3.70% and 3.72% share of the Keystone and Conemaugh facilities original cost included in Property, Plant and Equipment and construction in progress at December 6, 2003 was $60 million and $63 million, respectively. The corresponding accumulated depreciation and amortization at December 6, 2003 for Keystone and Conemaugh was $0 million and $0 million, respectively.

Our 3.70% and 3.72% share of the Keystone and Conemaugh facilities Property, Plant and Equipment and construction in progress as revalued to fair value upon the adoption of the fresh start provisions of SOP 90-7 at December 31, 2003 was $57.9 million and $69.7 million, respectively. The corresponding accumulated depreciation and amortization at December 31, 2003 for Keystone and Conemaugh was $0.2 million and $0.3 million, respectively.

Predecessor Company

Our 3.70% and 3.72% share of the Keystone and Conemaugh facilities original cost included in Property, Plant and Equipment and construction in progress at December 31, 2002 was $57.9 million and $62.8 million, respectively. The corresponding accumulated depreciation and amortization at December 31, 2002 for Keystone and Conemaugh was $3.5 million and $4.1 million, respectively.

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 29 — Unaudited Quarterly Financial Data

Summarized quarterly unaudited financial data is as follows:

	Predecessor Company					Reorganized NRG
	Quarter Ended 2003			Period Ended 2003		Period Ended 2003
	March 31	June 30	September 30	October 1 - December 5	Total through December 5, 2003	December 6 - December 31
	(In thousands)					
Revenue	$ 535,842	$ 486,253	$ 619,397	$ 327,087	$ 1,968,579	**$152,108**
Operating income/(loss)	(14,381)	(436,887)	(301,754)	3,847,844	3,094,822	**16,499**
Net (loss) income from continuing operations	(172,177)	(504,574)	(282,650)	3,710,168	2,750,767	**10,481**
Net income (loss) from discontinued operations	159,545	(103,827)	(2,144)	(37,896)	15,678	**544**
Net (loss) income	(12,632)	(608,401)	(284,794)	3,672,272	2,766,445	**11,025**
Weighted Average Number of Common Shares Outstanding — Basic						**100,000**
Income From Continuing Operations per Weighted Average Common Share — Basic						**$ 0.10**
Income From Discontinued Operations per Weighted Average Common Share — Basic						**$ 0.01**
Net Income per Weighted Average Common Share — Basic						**$ 0.11**
Weighted Average Number of Common Shares Outstanding — Diluted						**100,060**
Income From Continuing Operations per Weighted Average Common Share — Diluted						**$ 0.10**
Income From Discontinued Operations per Weighted Average Common Share — Diluted						**$ 0.01**
Net Income per Weighted Average Common Shares — Diluted						**$ 0.11**

NRG ENERGY, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor Company				
	Quarter Ended 2002				
	March 31	June 30	September 30	December 31	Total Year
			(In thousands)		
Revenue	$446,528	$542,332	$ 638,494	$ 492,031	$ 2,119,385
Operating income/(loss)	23,214	33,893	(2,652,885)	58,209	(2,537,569)
Net loss from continuing operations	(31,701)	(30,261)	(2,567,851)	(333,683)	(2,963,496)
Net income/(loss) from discontinued operations	5,238	(11,091)	(487,543)	(7,390)	(500,786)
Net loss	(26,463)	(41,352)	(3,055,394)	(341,073)	(3,464,282)

REPORT OF INDEPENDENT AUDITORS ON

FINANCIAL STATEMENT SCHEDULES

To the Board of Directors

and Stockholders of NRG Energy, Inc.:

Our audits of the consolidated financial statements referred to in our report dated March 10, 2004 appearing in this Annual Report on Form 10-K also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Annual Report on Form 10-K. In our opinion, this financial statement schedule for the period from December 6, 2003 to December 31, 2003 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
March 10, 2004

REPORT OF INDEPENDENT AUDITORS ON

FINANCIAL STATEMENT SCHEDULES

To the Board of Directors

and Stockholders of NRG Energy, Inc.:

Our audits of the consolidated financial statements referred to in our report dated March 10, 2004 appearing in this Annual Report on Form 10-K also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Annual Report on Form 10-K. In our opinion, this financial statement schedule for the period from January 1, 2003 to December 5, 2003 and for the two years ended December 31, 2002, present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Minneapolis, Minnesota
March 10, 2004

NRG ENERGY, INC.

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 2003, 2002 and 2001

Column A	Column B	Column C		Column D	Column E
		Additions			
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
			(In thousands)		
Allowance for doubtful accounts, deducted from accounts receivable in the balance sheet:					
Predecessor Company					
Year ended December 31, 2001	$21,199	$ —	$ —	$ (7,565)	$13,634
Year ended December 31, 2002	13,634	4,529	—	—	18,163
January 1 - December 5, 2003	18,163	15,576	—	(33,739)	—*
Reorganized NRG					
December 6 - December 31, 2003	—	—	—	—	—

* December 6, 2003 — Fresh Start Balance

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other	Deductions	Balance at End of Period
			(In thousands)		
Income tax valuation allowance, deducted from deferred tax assets in the balance sheet:					
Predecessor Company					
Year ended December 31, 2001	$ 40,649	$ 25,972	$ —	$ —	$ 66,621
Year ended December 31, 2002	66,621	1,006,537	—	—	1,073,158
January 1 - December 5, 2003	1,073,158	191,810	—	—	1,264,968*
Reorganized NRG					
December 6 - December 31, 2003	1,264,968	(589)	—	—	1,264,379

* December 6, 2003 — Fresh Start Balance

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 CRANE

David Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ GEORGE P. SCHAEFER

George P. Schaefer,
Vice President and Treasurer
(Principal Financial Officer)

/s/ WILLIAM T. PIEPER

William T. Pieper,
Vice President and Controller
(Principal Accounting Officer)

Date: March 12, 2004

POWER OF ATTORNEY:

Each person whose signature appears below constitutes and appoints David W. Crane, Scott J. Davido and David T. Quinby, each or any of them, such person's true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for such person and in such person's name, place and stead, in any and all capacities, to sign any and all amendments to this report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing necessary or desirable to be done in and about the premises, as fully to all intents and purposes as such person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant in the capacities indicated on March 12, 2004.

Signature	Title	Date
/s/ DAVID CRANE David Crane	President and Chief Executive Officer	March 12, 2003
/s/ HOWARD E. COSGROVE Howard Cosgrove	Chairman of the Board	March 12, 2003
/s/ RAMON BETOLAZA Ramon Betolaza	Director	March 12, 2003
/s/ JOHN CHLEBOWSKI John Chlebowski	Director	March 12, 2003
/s/ LAWRENCE S. COBEN Lawrence Coben	Director	March 12, 2003
/s/ STEPHEN L. CROPPER Stephen Cropper	Director	March 12, 2003
/s/ MARK R. PATTERSON Mark Patterson	Director	March 12, 2003
/s/ FRANK S. PLIMPTON Frank Plimpton	Director	March 12, 2003
/s/ HERBERT H. TATE Herbert Tate	Director	March 12, 2003
/s/ WALTER R. YOUNG Walter Young	Director	March 12, 2003
/s/ THOMAS WEIDEMEYER Thomas Weidemeyer	Director	March 12, 2003

EXHIBIT 31.1

CERTIFICATION

I, David Crane, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) Omitted pursuant to SEC Release 33-8238;

(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 registrant's board of directors (or persons performing the equivalent function):

(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 CRANE

David Crane
Chief Executive Officer
(Principal Executive Officer)

Date: March 12, 2004

EXHIBIT 31.2

CERTIFICATION

I, George P. Schaefer, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) Omitted pursuant to SEC Release 33-8238;

(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 registrant's board of directors (or persons performing the equivalent function):

(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/ GEORGE P. SCHAEFER

George P. Schaefer
Vice President and Treasurer
(Principal Financial Officer)

Date: March 12, 2004

EXHIBIT 31.3

CERTIFICATION

I, William T. Pieper, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) Omitted pursuant to SEC Release 33-8238;

(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 registrant's board of directors (or persons performing the equivalent function):

(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/ WILLIAM T. PIEPER

William T. Pieper
Vice President and Controller
(Principal Accounting Officer)

Date: March 12, 2004

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 Annual Report of NRG Energy, Inc. (the Company) on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), 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-K 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-K 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-K.

Date: March 12, 2004

/s/ DAVID CRANE

David Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ GEORGE P. SCHAEFER

George P. Schaefer,
Vice President and Treasurer
(Principal Financial Officer)

/s/ WILLIAM T. PIEPER

William T. Pieper,
Vice President and Controller
(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 the Report 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.

Table of Contents

EXHIBIT INDEX

3.1	Amended and Restated Certificate of Incorporation.(1)
3.2	Amended and Restated By-Laws.(1)
4.1	Indenture dated as of December 23, 2003 by and among NRG Energy, Inc., certain subsidiaries of NRG Energy, Inc. and Law Debenture Trust Company of New York, as Trustee, re: NRG Energy, Inc.'s 8% Second Priority Senior Secured Notes due 2013.(1)
4.2	Purchase Agreement dated as of December 17, 2003 by and among NRG Energy, Inc., as Issuer, certain subsidiaries of NRG Energy, Inc., as guarantors, and Lehman Brothers, Inc., Credit Suisse First Boston LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities, Inc., as Initial Purchasers, re: $1,250,000,000 8% Second Priority Senior Secured Notes due 2013.(1)
4.3	Registration Rights Agreement dated as of December 23, 2003 by and among NRG Energy, Inc,.as Issuer, certain subsidiaries of NRG Energy, Inc., as Guarantors, and Lehman Brothers Inc., Credit Suisse First Boston LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities, Inc., as Initial Purchasers.(1)
4.4	Purchase Agreement dated as of January 21, 2003 by and among NRG Energy, as Issuer, certain subsidiaries of NRG Energy, Inc., as Guarantors, and Credit Suisse First Boston LLC and Lehman Brothers, Inc., as Initial Purchasers, re: $475,000,000 8% Second Priority Senior Secured Notes due 2013(1)
4.5	Registration Rights Agreement dated as of January 28, 2004 by and among NRG Energy, Inc., as Issuer, certain subsidiaries of NRG Energy, Inc., as Guarantors, and Credit Suisse First Boston LLC and Lehman Brothers, Inc., as Initial Purchasers.(1)
4.6	$1,450,000 Credit Agreement dated as of December 23, 2003 among NRG Energy, NRG Power Marketing, Inc., the Lenders party thereto, and Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers Inc., as joint lead book runners and joint lead arrangers, Credit Suisse First Boston, acting though its Cayman Islands Branch, as administrative agent, General Electric Capital Corporation, as revolver agent, and Lehman Commercial Paper Inc., as syndication agent.(1)
4.7	Guarantee and Collateral Agreement made by NRG Energy, Inc., NRG Power Marketing, Inc. and certain of the subsidiaries of NRG Energy, Inc. in favor of Deutsche Bank Trust Company Americas, as Collateral Trustee, Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent, and Law Debenture Trust Company of New York, as Trustee.(1)
4.8	Collateral Trust Agreement dated as of December 23, 2003 among NRG Energy, Inc., NRG Power Marketing, Inc., the Guarantors from time to time party hereto, Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent, Law Debenture Trust Company of New York, as Trustee, and Deutsche Bank Trust Company Americas, as Collateral Trustee.
4.9	Amended and Restated Common Agreement among XL Capital Assurance Inc., Goldman Sachs Mitsui Marine Derivative Products, L.P., Law Debenture Trust Company of New York, as Trustee, The Bank of New York, as Collateral Agent, NRG Peaker Finance Company LLC and each Project Company Party thereto dated as of January 6, 2004, together with Annex A to the Common Agreement.(1)
4.10	Amended and Restated Security Deposit Agreement among NRG Peaker Finance Company, LLC and each Project Company party thereto, and the Bank of New York, as Collateral Agent and Depositary Agent, dated as of January 6, 2004.(1)
4.11	NRG Parent Agreement by NRG Energy, Inc. in favor of the Bank of New York, as Collateral Agent, dated as of January 6, 2004.(1)
4.12	Indenture dated June 18, 2002, between NRG Peaker Finance Company LLC, as Issuer, Bayou Cove Peaking Power LLC, big Cajun I Peaking Power LLC, NRG Rockford LLC, NRG Rockford II LLC and Sterlington Power LLC, as Guarantors, XL Capital Assurance Inc., as Insurer, and Law Debenture Trust Company, as Successor Trustee to the Bank of New York.(2)
10.1*	Employment Agreement dated November 10, 2003 between NRG Energy, Inc. and David Crane(1)
10.2	Note Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc. and each of the purchasers named therein.(3)

10.3	Master Shelf and Revolving Credit Agreement, dated August 20, 1993, between NRG Energy, Inc., Energy Center, Inc., The Prudential Insurance Registrants of America and each Prudential Affiliate, which becomes party thereto.(3)
10.4	Asset Sales Agreement, dated December 23, 1998, between NRG Energy, Inc., and Niagara Mohawk Power Corporation.(4)
10.5	Generating Plant and Gas Turbine Asset Purchase and Sale Agreement for the Arthur Kill generating plants and Astoria gas turbines, dated January 27, 1999, between NRG Energy and Consolidated Edison Company of New York, Inc.(4)
10.6	Amendment to the Asset Sales Agreement, dated June 11, 1999, between NRG Energy, Inc., and Niagara Mohawk Power Corporation.(4)
10.7	Third Amended Joint Plan of Reorganization of NRG Energy, Inc., NRG Power Marketing, Inc., NRG Capital LLC, NRG Finance Company I LLC, and NRGenerating Holdings (No. 23) B.V.(5)
10.8	First Amended Joint Plan of Reorganization of NRG Northeast Generating LLC (and certain of its subsidiaries), NRG South Central Generating (and certain of its subsidiaries) and Berrians I Gas Turbine Power LLC.(5)
10.9*	Key Executive Retention, Restructuring Bonus and Severance Agreement between NRG Energy, Inc. and Scott J. Davido dated July 1, 2003.(1)
10.10*	Severance Agreement between NRG Energy, Inc. and Ershel Redd Jr. dated January 30, 2003.(2)
10.11*	Severance Agreement between NRG Energy and William Pieper dated March 1, 2003.(1)
10.12*	Severance Agreement between NRG Energy, Inc. and George Schaefer dated December 18, 2002.(2)
10.13*	Severance Agreement between NRG Energy and John P. Brewster dated July 23, 2003.(1)
21	Subsidiaries of NRG Energy. Inc.(1)
31.1	Rule 13a-14(a)/15d-14(a) certification of David Crane(1)
31.2	Rule 13a-14(a)/15d-14(a) certification of George P. Schaefer(1)
31.3	Rule 13a-14(a)/15d-14(a) certification of William T. Pieper(1)
32	Section 1350 Certification(1)
99.1	Financial Statements of “West Coast Power.”(1)

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* Exhibit relates to compensation arrangements.

(1) Filed herewith

(2) Incorporated herein by reference to NRG Energy, Inc.’s annual report on Form 10-K filed on March 31, 2003

(3) Incorporated herein by reference to NRG Energy’s Registration Statement on Form S-1, as amended, Registration No. 333-33397.

(4) Incorporated herein by reference to NRG Energy, Inc.’s quarterly report on Form 10-Q for the quarter ended June 30, 1999

(5) Incorporated herein by reference to NRG Energy, Inc.’s current report on Form 8-K filed on November 19, 2003.

EXHIBIT 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

NRG ENERGY, INC.

ARTICLE ONE

The name of the Corporation is NRG Energy, Inc.

ARTICLE TWO

The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE FOUR

Section 1. Authorized Shares. The total number of shares of capital stock which the Corporation has authority to issue is 510,000,000 shares, consisting of:

(a) 10,000,000 shares of Preferred Stock, par value $.01 per share ("Preferred Stock"); and

(b) 500,000,000 shares of Common Stock, par value $.01 per share ("Common Stock").

The Preferred Stock and the Common Stock shall have the rights, preferences and limitations set forth below.

Section 2. Preferred Stock. The Preferred Stock may be issued from time to time and in one or more series. By resolution adopted by the affirmative vote of at least a majority of the total number of Directors then in office, the Board of Directors of the Corporation is authorized to determine or alter the powers, preferences and rights, and the qualifications, limitations and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and within the limitations or restrictions stated in any resolution or resolutions of the Board of Directors adopted by the affirmative vote of at least a majority of the total number of Directors then in office, originally fixing the number of shares constituting any series of Preferred Stock, to increase or decrease (but not below the number of shares of any such series of Preferred Stock then outstanding) the number of shares of any such series of Preferred Stock, and to fix the

number of shares of any series of Preferred Stock. In the event that the number of shares of any series of Preferred Stock shall be so decreased, the shares constituting such decrease shall resume the status which such shares had prior to the adoption of the resolution originally fixing the number of shares of such series of Preferred Stock subject to the requirements of applicable law. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series

at any time outstanding. Any of the powers, preferences and rights of, and the qualifications, limitations and restrictions granted to or imposed upon, any such series of Preferred Stock may be made dependent upon facts ascertainable outside the resolutions or resolutions providing for the issue of such Preferred Stock adopted by the affirmative vote of at least a majority of the total number of Directors then in office, provided that the manner in which such facts shall operate upon the powers, preferences and rights of, and the qualifications, limitations and restrictions granted to or imposed upon, such series of Preferred Stock is clearly and expressly set forth in the resolution or resolutions providing for the issue of such series of Preferred Stock adopted by the affirmative vote of at least a majority of the total number of Directors then in office.

Section 3. Common Stock.

(a) Dividends and Other Distributions. Except as otherwise provided by the Delaware General Corporation Law or this Certificate of Incorporation (this "Certificate"), the holders of Common Stock, subject to the rights of holders of any series of Preferred Stock, shall share ratably in all dividends as may from time to time be declared by the Board of Directors of the Corporation in respect of the Common Stock out of funds legally available for the payment thereof and payable in cash, stock or otherwise, and in all other distributions (including, without limitation, the dissolution, liquidation and winding up of the Corporation), whether in respect of liquidation or dissolution (voluntary or involuntary) or otherwise, after payment of liabilities and liquidation preference on any outstanding Preferred Stock.

(b) Preemptive Rights. No holder of Common Stock shall have any preemptive rights with respect to the Common Stock or any other securities of the Corporation, or to any obligations convertible (directly or indirectly) into securities of the Corporation, whether now or hereafter authorized.

(c) Voting Rights. Except as otherwise provided by the Delaware General Corporation Law or this Certificate and subject to the rights of holders of any series of Preferred Stock, all of the voting power of the stockholders of the Corporation shall be vested in the holders of the Common Stock, and each holder of Common Stock shall have one vote for each share held by such holder on all matters voted upon by the stockholders of the Corporation.

ARTICLE FIVE

The Corporation is to have perpetual existence.

ARTICLE SIX

Except as otherwise provided in this Certificate (including any duly authorized certificate of designation of any series of Preferred Stock), Directors shall be elected by a plurality of the

votes of the shares entitled to vote in the election of Directors present in person or represented by proxy at the meeting of the stockholders at which Directors are elected. Elections of Directors need not be by written ballot unless the By-laws of the Corporation shall so provide.

ARTICLE SEVEN

Subject to any rights of the holders of any series of Preferred Stock to elect additional Directors under specified circumstances, the number of Directors which shall constitute the Board of Directors shall initially be established at eleven and, thereafter, may be enlarged only with the approval of the holders of at least a majority of the shares of Common Stock then outstanding and may be reduced by resolution adopted by the affirmative vote of a majority of the total number of Directors then in office. Newly created directorships resulting from an increase in the size of the Board of Directors

shall be filled by vote of the stockholders.

ARTICLE EIGHT

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend or repeal the By-laws of the Corporation.

ARTICLE NINE

Section 1. Indemnification; Limitation of Liability.

(a) To the fullest extent permitted by the Delaware General Corporation Law as it now exists or may hereafter be amended, and except as otherwise provided in the Corporation's By-laws, (i) no Director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages arising from a breach of fiduciary duty owed to the Corporation or its stockholders; and (ii) the Corporation shall indemnify its officers and Directors.

(b) Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation in respect of any act, omission or condition existing or event or circumstance occurring prior to the time of such repeal or modification.

ARTICLE TEN

Section 1. Classification of Directors. At each annual meeting of stockholders, Directors of the Corporation shall be elected to hold office until the expiration of the term for which they are elected, and until their successors have been duly elected and qualified; except that if any such election shall be not so held, such election shall take place at a stockholders meeting called and held in accordance with the Delaware General Corporation Law. The Directors of the Corporation shall be divided into three classes as nearly equal in size as is practicable, hereby designated Class I, Class II and Class III. The term of office of the initial Class I Directors shall expire at the first annual meeting of the stockholders after the effective date of the Corporation's Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code, dated October 10, 2003, as may be amended or supplemented from time to time (the "Plan"), the term of office of the initial Class II Directors shall expire at the second annual meeting of the stockholders after the effective date of the Plan and the term of office of the initial Class III

Directors shall expire at the third annual meeting of the stockholders after the effective date of the Plan. For the purposes hereof, the initial Class I, Class II and Class III Directors shall be those Directors elected by the stockholders of the Corporation in connection with the amendment and restatement of this Certificate and designated pursuant to the Plan. At each annual meeting after the effective date of the Plan, Directors to replace those of a class whose terms expire at such annual meeting shall be elected to hold office until the third succeeding annual meeting and until their respective successors shall have been duly elected and qualified. If the number of Directors is hereafter changed, any newly created directorships or decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as practicable.

Section 2. Removal. Subject to the rights, if any, of the holders of any series of Preferred Stock to remove Directors (with or without cause) and fill the vacancies thereby created (as specified in any duly authorized certificate of designation of any series of Preferred Stock), no Director may be removed from office except for cause and the affirmative vote of the holders of a majority of the shares of Common Stock then outstanding. Notwithstanding the foregoing, if the holders of any class or series of capital stock are entitled

by the provisions of this Certificate (including any duly authorized certificate of designation of any series of Preferred Stock) to elect one or more Directors, such Director or Directors so elected may be removed with or without cause by the vote of the holders of a majority of the outstanding shares of that class or series entitled to vote.

Section 3. Vacancies. Subject to the rights of the holders of any series of Preferred Stock to remove Directors and fill the vacancies thereby created (as specified in any duly authorized certificate of designation of any series of Preferred Stock) and subject to ARTICLE SEVEN, vacancies occurring on the Board of Directors for any reason may be filled by vote of a majority of the remaining members of the Board of Directors, although less than a quorum, at any meeting of the Board of Directors. A person so elected by the Board of Directors to fill a vacancy shall hold office until the next election of the class for which such Directors shall have been chosen and until his or her successor shall have been duly elected and qualified.

ARTICLE ELEVEN

Meetings of stockholders may be held within or without the State of Delaware, as the By-laws may provide. The books of the Corporation may be kept (subject to any provision contained in the Delaware General Corporation Law) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-laws of the Corporation.

ARTICLE TWELVE

Subject to the rights of holders of any series of Preferred Stock to act by written consent as specified in any duly authorized certificate of designation of any series of Preferred Stock, the stockholders of the Corporation may not take any action by written consent in lieu of a meeting, and must take any actions at a duly called annual or special meeting of stockholders and the power of stockholders to consent in writing without a meeting is specifically denied. Except as otherwise required by law, special meetings of stockholders of the Corporation may be called

only by the Board of Directors pursuant to a resolution adopted by the affirmative vote of the majority of the total number of Directors then in office, by the chief executive officer of the Corporation or, if there is no chief executive officer, by the most senior executive officer of the Corporation.

ARTICLE THIRTEEN

Notwithstanding any other provisions of this Certificate or any provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of the capital stock required by law or this Certificate (including any duly authorized certificate of designation of any series of Preferred Stock), the affirmative vote of the holders of at least two-thirds (2/3) of the combined voting power of all of the then outstanding shares of the Corporation eligible to be cast in the election of Directors generally shall be required to alter, amend or repeal or ARTICLES NINE, TEN or TWELVE hereof, or this ARTICLE THIRTEEN, or any provision thereof or hereof.

ARTICLE FOURTEEN

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders, Directors or any other person herein are granted subject to this reservation.

ARTICLE FIFTEEN

The Corporation expressly elects to be governed by Section 203 of the Delaware General Corporation Law.

ARTICLE SIXTEEN

The Corporation shall not issue any class of non-voting equity securities unless and solely to the extent permitted by Section 1123(a)(6) of the United States Bankruptcy Code (the "Bankruptcy Code") as in effect on the date of filing this Certificate with the Secretary of State of the State of Delaware; provided, however, that this ARTICLE SIXTEEN: (a) will have no further force and effect beyond that required under Section 1123(a)(6) of the Bankruptcy Code; (b) will have such force and effect, if any, only for so long as Section 1123(a)(6) of the Bankruptcy Code is in effect and applicable to the Corporation; and (c) in all events may be amended or eliminated in accordance with applicable law from time to time in effect.

* * * * * *

EXHIBIT 3.2

AMENDED AND RESTATED

BY-LAWS

OF

NRG ENERGY, INC.

A Delaware Corporation
(Adopted as of December 5, 2003)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of NRG Energy, Inc. (the "Corporation") in the State of Delaware shall be located at 1209 Orange Street, Wilmington, DE 19801. The name of the Corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the Board of Directors.

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Annual Meeting. An annual meeting of the stockholders shall be held at such date and time specified by the Board of Directors for the purpose of electing Directors and conducting such other proper business as may come before the annual meeting. At the annual meeting, stockholders shall elect Directors and transact such other business as properly may be brought before the annual meeting pursuant to Section 11 of ARTICLE II hereof.

Section 2. Special Meetings. Special meetings of the stockholders may only be called in the manner provided in the Amended and Restated Certificate of Incorporation.

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the Corporation. If for any reason any annual meeting shall not be held during any year, the business thereof may be transacted at any special meeting of the stockholders.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote on the record date, determined in accordance with the provisions of Section 3 of ARTICLE VI. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. An affidavit of the secretary or an assistant secretary or of the transfer agent of the Corporation that the notice required by this Section 4 has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. Whenever the giving of any notice to stockholders is required by applicable law,

the Amended and Restated Certificate of Incorporation or these By-laws, a waiver thereof, given by the person entitled to said notice, whether before or after the event as to which such notice is required, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any waiver of notice unless so required by applicable law, the Amended and Restated Certificate of Incorporation or these By-laws.

Section 5. Stockholders List. The officer having charge of the stock ledger of the Corporation shall make, at least 10 days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, the stockholder's agent or attorney, at the stockholder's expense, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list shall be provided with the notice of the meeting or (ii) during ordinary business hours, at the principal place of business of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. Except as provided by applicable law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote at the meeting of stockholders, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by the Delaware General Corporation Law or by the Amended and Restated Certificate of Incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place. When a specified item of business requires a vote by the holders of a class or series of shares of capital stock (if the Corporation shall then have outstanding shares of more than one class or series) voting as a class or series, the holders of a majority of the shares of such class or series shall constitute a quorum (as to such class or series) for the transaction of such item of business, except as otherwise provided by the Delaware General Corporation Law or by the Amended and Restated Certificate of Incorporation.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. When a quorum is present, the affirmative vote of the majority in voting power of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders, unless (i) by express provisions of an applicable law, the rules and regulations of any stock exchange applicable to the Corporation, or of the Amended and Restated Certificate of Incorporation a different vote is required, in which case such express provision shall govern and control the decision of such question, or (ii) the subject matter is the election of Directors, in which case ARTICLES SIX and TEN of the Amended and Restated

Certificate of Incorporation shall govern and control the approval of such subject matter.

Section 9. Voting Rights. Except as otherwise provided by the Delaware General Corporation Law, the Amended and Restated Certificate of Incorporation or these By-laws, every stockholder entitled to vote at any meeting of stockholders shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of capital stock held by such stockholder which has voting power upon the matter in question.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Any proxy is suspended when the person executing the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person executing the proxy. At each meeting of the stockholders, and before any voting commences, all proxies filed at or before the meeting shall be submitted to and examined by the secretary or a person designated by the secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Business Brought Before a Meeting of the Stockholders.

(A) Annual Meetings. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of

Directors, (ii) brought before the meeting by or at the direction of the Board of Directors or (iii) otherwise properly brought before the meeting by a stockholder who was a stockholder of record of the Corporation at the time the notice provided for in this paragraph (A) is delivered to the secretary of the Corporation and who is entitled to vote at the meeting. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. A stockholder's notice to the secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election as a director (i) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as

amended (the "Exchange Act") and (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the By-laws, the language of the proposed amendment), and the reasons for conducting such business at the meeting; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (ii) the class and number of shares of the Corporation which are beneficially owned by the stockholder, (iii) any material interest of the stockholder, or the beneficial owner, if any, on whose behalf the proposal is made, in such business, (iv) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (v) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee and/or (y) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual

meeting. The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation. Notwithstanding anything in this paragraph to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this paragraph (A) shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this section. The presiding officer of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this section; if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(B) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this paragraph (B) is delivered to the Corporation's secretary, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 11. In the event the Corporation

calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (A) of this Section 11 shall be delivered to the Corporation's secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(C) General.

(1) Only such persons who are nominated in accordance with the procedures set forth in this Section 11 shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors and only such business

shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 11. Notwithstanding the foregoing provisions of this Section 11, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(2) For purposes of this section, "public announcement" shall mean disclosure in a press release reported by Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11.

(4) Nothing in this section shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act, or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Amended and Restated Certificate of Incorporation.

Section 12. Voting Procedures and Inspectors of Election at Meetings of Stockholders. The Board of Directors, in advance of any meeting of stockholders, may, and shall if required by applicable law, appoint one or more inspectors, who may be employees of the Corporation, to act at the meeting and make a written report thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting, the person presiding at the meeting may, and shall if required by applicable law, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall (a) ascertain the number of shares outstanding and the voting power of each, (b) determine the shares represented at the meeting and the validity of proxies and ballots, (c) count

all votes and ballots, (d) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of their duties. Unless otherwise provided by the Board of Directors, the date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be determined by the person presiding at the meeting and shall be announced at the meeting. No ballot, proxies or votes, or any revocation thereof or change thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery of the State of Delaware upon application by a stockholder shall determine otherwise. In determining the validity and counting of proxies and ballots cast at any meeting of

stockholders, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for office at an election may serve as an inspector at such election.

Section 13. Conduct of Meetings; Organization. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. The chairman of the board shall preside at all meetings of the stockholders. If the chairman of the board is not present at a meeting of the stockholders, the chief executive officer or the president (if the president is a Director and is not also the chairman of the board) shall preside at such meeting, and, if the chief executive officer or the president is not present at such meeting, a majority of the Directors present at such meeting shall elect one of their members to so preside. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene and to adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding officer of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the person presiding over the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding officer at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding officer should so determine, such person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure. The secretary, or in his or her absence, one of the assistant secretaries, shall act as secretary of the meeting. In case none of the officers above designated to act as the person presiding over the meeting or as secretary of the meeting, respectively, shall be present, a person presiding over the meeting or a secretary of the meeting, as the case may be, shall be designated by the Board of Directors, and in case the Board of Directors has not so acted, in the case of the designation of a person to act as secretary of the meeting, designated by the person presiding over the meeting.

Section 14. Order of Business. The order of business at all meetings of stockholders shall be as determined by the person presiding over the meeting.

ARTICLE III

DIRECTORS

Section 1. General Powers. Except as provided in the Amended and Restated Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or

under the direction of the Board of Directors. In addition to such powers as are herein and in the Amended and Restated Certificate of Incorporation expressly conferred upon it, the Board of Directors shall have and may exercise all the powers of the Corporation, subject to the provisions of the laws of Delaware, the Amended and Restated Certificate of Incorporation and these By-laws.

Section 2. Number, Election and Term of Office. The number of Directors which constitute the entire Board of Directors of the Corporation shall be such number as is specified in, and the Directors shall be elected and shall hold office only in the manner provided in, the Amended and Restated Certificate of Incorporation.

Section 3. Resignation. Any Director may resign at any time upon written or electronic notice to the Corporation. Such resignation shall take effect at the time therein specified, and, unless otherwise specified in such resignation, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. Vacancies and newly created directorships resulting from any increase in the total number of Directors may be filled only in the manner provided in the Amended and Restated Certificate of Incorporation.

Section 5. Nominations.

(a) Subject to the provisions contained in the Amended and Restated Certificate of Incorporation, only persons who are nominated in accordance with the procedures set forth in these By-laws shall be eligible to serve as Directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of stockholders (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in these By-laws, who is entitled to vote generally in the election of Directors at the meeting and who shall have complied with the notice procedures set forth in Section 11 of ARTICLE II.

(b) Subject to the Amended and Restated Certificate of Incorporation, no person shall be eligible to serve as a Director of the Corporation unless nominated in accordance with the procedures set forth in Section 11 of ARTICLE II. The person presiding over the meeting of the stockholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by this section, and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded. A stockholder seeking to nominate a person to serve as a Director must also comply with all applicable requirements of the Exchange Act, and the rules and regulations thereunder with respect to the matters set forth in this section.

Section 6. Annual Meetings. The annual meeting of the Board of Directors shall be held without other notice than these By-laws immediately after, and at the same place as, the annual meeting of stockholders.

Section 7. Other Meetings and Notice. Regular meetings, other than the

annual meeting, of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by resolution of the Board of Directors. Special meetings of the Board of Directors may be called by the chief executive officer of the Corporation, the most senior executive officer of the Corporation (if there is no chief executive officer) or at least three Directors then in office, on at least 24 hours' notice to each Director, either personally, by telephone, by mail, by telecopy or by other means of electronic transmission (notice by mail shall be deemed delivered three days after deposit in the U.S. mail).

Section 8. Quorum, Required Vote and Adjournment. A majority of the total number of Directors then in office shall constitute a quorum for the transaction of business. Unless by express provision of an applicable law, the Amended and Restated Certificate of Incorporation or these By-laws a different vote is required, the vote of a majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting. At least 24 hours' notice of any adjourned meeting of the Board of Directors shall be given to each Director whether or not present at the time of the adjournment, if such notice shall be given by one of the means specified in Section 7 of this ARTICLE III other than by mail, or at least three days' notice if by mail. Any business may be transacted at an adjourned meeting that might have been transacted at the meeting as originally called.

Section 9. Committees. The Board of Directors may, by resolution passed by a majority of the total number of Directors then in office, designate one or more committees, each committee to consist of one or more of the Directors of the Corporation, which may consider various matters and make recommendations to the Board of Directors; provided, however, that the Board of Directors may, by resolution adopted by a majority of the total number of Directors then in office, designate one or more committees and delegate to each such committee the powers of the Board of Directors: (i) to the extent required by applicable law or the rules and regulations of the Nasdaq Stock Market or any national securities exchange on which the Corporation's securities may be listed; (ii) to consider potential litigation against any Director; or (iii) to permit application of the business judgment rule if a decision by the Board of Directors is challenged or to shift the burden of proving the unfairness of a transaction approved by the Board of Directors to a plaintiff in litigation. Except as otherwise expressly authorized in the immediately preceding sentence of this Section 9 of ARTICLE III, the Board of Directors shall not delegate any authority to any committee. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors upon request. Each committee designated by the Board of Directors shall be formed and function in compliance with applicable law and the rules and regulations of the Nasdaq Stock Market or any national securities exchange on which any securities of the Corporation are listed.

Section 10. Committee Rules. Subject to applicable law and the rules and regulations of the Nasdaq Stock Market or any national securities exchange on which any securities of the

Corporation are listed, each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum. Unless otherwise provided in such a resolution, in the event that a member and that member's alternate, if alternates are designated by the Board of Directors, of such committee is or are

absent or disqualified, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member.

Section 11. Communications Equipment. Members of the Board of Directors or any committee thereof may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear and speak with each other, and participation in the meeting pursuant to this section shall constitute presence in person at the meeting.

Section 12. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

Section 13. Action by Written Consent. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of such board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a chairman of the board, a chief executive officer, a president, one or more vice-presidents, a secretary, a chief financial officer and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person, except that neither the chief executive officer nor the president shall also hold the office of secretary. In its discretion, the Board of Directors may

choose not to fill any office for any period as it may deem advisable, except that the offices of president and secretary shall be filled as expeditiously as possible.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as convenient. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors at its discretion, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of

death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors.

Section 5. Compensation. Subject to applicable law and the rules and regulations of the Nasdaq Stock Market or any national securities exchange on which any securities of the Corporation are listed, the compensation of all executive officers shall be approved by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a Director of the Corporation.

Section 6. Chairman of the Board. The Board of Directors shall elect, by the affirmative vote of a majority of the total number of Directors then in office, a chairman of the board. The chairman of the board shall preside at all meetings of the stockholders and of the Board of Directors and shall have such other powers and perform such other duties as may be prescribed to him or her by the Board of Directors or provided in these By-laws. If the chairman of the board is not present at a meeting of the stockholders or the Board of Directors, the chief executive officer or the president (if the president is a Director and is not also the chairman of the board) shall preside at such meeting, and, if the chief executive officer or the president is not present at such meeting, a majority of the Directors present at such meeting shall elect one of their members to so preside.

Section 7. Chief Executive Officer. The chief executive officer shall have the powers and perform the duties incident to that position. Subject to the powers of the Board of Directors, the chief executive officer shall be in the general and active charge of the entire business and affairs of the Corporation, and shall be its chief policy making officer. The chief executive officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or provided in these By-laws. The chief executive officer is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. Whenever the president is unable to serve, by reason of sickness, absence or otherwise, the chief executive officer shall perform all the duties and responsibilities and exercise all the powers of the president.

Section 8. The President. The president of the Corporation shall, subject to the powers of the Board of Directors and the chief executive officer, have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees. The president shall see that all orders and resolutions of the Board of Directors are carried into effect. The president is authorized to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The president shall have such other powers and perform such other duties as may be prescribed by the chief executive officer, the Board of Directors or as may be provided in these By-laws.

Section 9. Vice Presidents. The vice president, or if there shall be more than one, the vice presidents in the order determined by the Board of Directors, shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice presidents shall also perform such other duties and have such other powers as the Board of Directors, the chief executive officer, the president or these By-laws may, from time to time, prescribe. The vice presidents may also be designated as executive vice presidents or senior vice presidents, as the Board of Directors may from time to time prescribe.

Section 10. The Secretary and Assistant Secretaries. The secretary

shall attend all meetings of the Board of Directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose or shall ensure that his or her designee attends each such meeting to act in such capacity. Under the chairman of the board's supervision, the secretary shall give, or cause to be given, all notices required to be given by these By-laws or by law; shall have such powers and perform such duties as the Board of Directors, the chief executive officer, the president or these By-laws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, any of the assistant secretaries, shall in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors, the chief executive officer, the president, or the secretary may, from time to time, prescribe.

Section 11. The Chief Financial Officer. The chief financial officer shall have the custody of the corporate funds and securities; shall keep full and accurate all books and accounts of the Corporation as shall be necessary or desirable in accordance with applicable law or generally accepted accounting principles; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the chief executive officer or the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly authorized, taking proper vouchers for such disbursements; shall render to the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; and shall have such powers and perform such duties as

the Board of Directors, the chief executive officer, the president or these By-laws may, from time to time, prescribe. If required by the Board of Directors, the chief financial officer shall give the Corporation a bond (which shall be rendered every six years) in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of chief financial officer and for the restoration to the Corporation, in case of death, resignation, retirement or removal from office of all books, papers, vouchers, money and other property of whatever kind in the possession or under the control of the chief financial officer belonging to the Corporation.

Section 12. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these By-laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 13. Absence or Disability of Officers. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any Director, or to any other person selected by it.

ARTICLE V

INDEMNIFICATION

Section 1. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved (including involvement as a witness) in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the

fact that he or she is or was a Director or officer of the Corporation or a wholly owned subsidiary of the Corporation or, while a Director or officer of the Corporation or a wholly owned subsidiary of the Corporation, is or was serving at the request of the Corporation or a wholly owned subsidiary of the Corporation as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of another corporation or of a partnership, joint venture, limited liability company, trust or other entity or enterprise, including service with respect to an employee benefit plan (an "indemnitee"), shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a Director, officer, employee, partner, member, manager, trustee, fiduciary or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 2 of this ARTICLE V with respect to proceedings to enforce rights to indemnification, the Corporation shall not indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee except to the extent such proceeding (or part thereof) was authorized in writing by the Board of Directors of the Corporation. The right to indemnification conferred in this Section 1 of this ARTICLE V shall be a contract right and shall include the

obligation of the Corporation to pay the expenses incurred in defending any such proceeding in advance of its final disposition (an "advance of expenses"); provided, however, that an advance of expenses incurred by an indemnitee in his or her capacity as a Director or officer shall be made only upon delivery to the Corporation of an undertaking (an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Section 1 of this ARTICLE V or otherwise. For purposes of this ARTICLE V, a wholly owned subsidiary of the Corporation shall be deemed to include any subsidiary for which nominal equity interests have been issued to a persons other than the Corporation or any of its subsidiaries pursuant to the laws of such subsidiary's jurisdiction of incorporation or organization.

Section 2. Procedure for Indemnification. Any indemnification of a Director or officer of the Corporation or advance of expenses under Section 1 of this ARTICLE V shall be made promptly, and in any event within thirty days (or, in the case of an advance of expenses, twenty days), upon the written request of the Director or officer. If the Corporation denies a written request for indemnification or advance of expenses, in whole or in part, or if payment in full pursuant to such request is not made within thirty days (or, in the case of an advance of expenses, twenty days), the right to indemnification or advances as granted by this ARTICLE V shall be enforceable by the Director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation.

Section 3. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a Director, officer, employee or agent of the Corporation or a wholly owned subsidiary of the Corporation or was serving at the request of the Corporation or a wholly owned subsidiary of the Corporation as a Director, officer, employee, partner, member, manager, trustee, fiduciary or agent of another corporation, partnership, joint venture, limited liability company, trust or other entity or enterprise against any expense, liability or loss asserted against him or her and incurred by him or her in any such capacity, whether or not the Corporation would have the power to indemnify such person against such

expenses, liability or loss under the Delaware General Corporation Law.

Section 4. Amendment or Repeal. Any repeal or modification of the foregoing provisions of this ARTICLE V shall not adversely affect any right or protection hereunder of any Director or officer in respect of any act, omission or condition existing or event or circumstance occurring prior to the time of such repeal or modification.

Section 5. Non-Exclusivity of Rights. The rights to indemnification and to the advance of expenses conferred in this ARTICLE V and in the Amended and Restated Certificate of Incorporation shall not be exclusive of any other right which any person may have or hereafter acquire hereunder or under any statute, by-law, agreement, vote of stockholders or disinterested Directors or otherwise.

Section 6. Other Sources. The Corporation's obligation, if any, to indemnify or to advance expenses to any Director or officer who was or is serving at its request as a director, officer, employee or agent of an other entity shall be reduced by any amount such Director or officer may collect as indemnification or advancement of expenses from such other entity.

Section 7. Other Indemnification and Prepayment of Expenses. This ARTICLE V shall not limit the right of the Corporation, to the extent and in the manner permitted by applicable law, to indemnify and to advance expenses to persons other than Directors or officers (including employees and agents) with the same or lesser scope and effect as provided herein when and as authorized by appropriate corporate action.

Section 8. Merger or Consolidation. For purposes of this ARTICLE V, references to the "Corporation" shall include, in addition to the corporation resulting from or surviving a consolidation or merger with the Corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger with the Corporation which, if its separate existence had continued, would have had power and authority to indemnify its Directors or officers, so that any person who is or was a Director or officer of such constituent corporation or a wholly owned subsidiary of such constituent corporation or, while a Director or officer of such constituent corporation or a wholly owned subsidiary of such constituent corporation is or was serving at the request of such constituent corporation or a wholly owned subsidiary of such constituent corporation as a director, officer, employee, partner, member, manager, trustee, fiduciary or agent of another corporation or of a partnership, joint venture, limited liability company, trust or other entity or enterprise, including service with respect to an employee benefit plan, shall stand in the same position under this ARTICLE V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

Section 9. Severability. If any provision of this ARTICLE V shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. General. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the president or vice president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. If such a certificate is countersigned by a transfer agent or a registrar, the required signatures may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation,

such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the

Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates and record the transaction on its books. Each such new certificate will be registered in such name as is requested by the holder of the surrendered certificate and shall be substantially identical in form to the surrendered certificate. The Board of Directors may appoint one or more transfer agents or registrars or both in connection with the transfer of any class or series of securities of the Corporation.

Section 2. Lost Certificates. A new certificate or certificates may be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Other Purposes. In order that the Corporation may determine: (i) the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights; or (ii) the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days nor less than 10 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5. Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications and otherwise to exercise all the rights and powers of an owner. The Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

Section 6. Subscriptions for Stock. Unless otherwise provided for in any subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the Board of Directors. Any call made by the Board of Directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when such payment is due, the Corporation may proceed to collect the amount due in the same manner as any debt due the Corporation.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the Amended and Restated Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, in accordance with applicable law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the Amended and Restated Certificate of Incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the Directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts or other orders for the payment of money by or to the Corporation and all notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.

Section 3. Contracts. In addition to the powers otherwise granted to officers pursuant to ARTICLE IV hereof, the Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer or employee who is a Director of the Corporation or its subsidiaries,

whenever, in the judgment of the Directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation and would not violate applicable law. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation, subject to applicable law. Nothing in this Section 4 shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. Corporate Seal. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 7. Voting Securities Owned By Corporation. Voting securities in any other company held by the Corporation shall be voted by the chief executive officer, the president or a vice president, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 8. Inspection of Books and Records. The Board of Directors shall have power from time to time to determine to what extent and at what times and places and under what conditions and regulations the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by the laws of the State of Delaware, unless and until authorized so to do by resolution of the Board of Directors or of the stockholders of the Corporation.

Section 9. Section Headings. Section headings in these By-laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 10. Inconsistent Provisions. In the event that any provision of these By-laws is or becomes inconsistent with any provision of the Amended and Restated Certificate of Incorporation, the Delaware General Corporation Law, the Exchange Act or any regulation thereunder, or any other applicable law or regulation, the provision of these By-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

Section 11. Notices. Except as provided in Section 4 of ARTICLE II hereof and Section 7 of ARTICLE III hereof, all notices referred to herein shall be in writing, shall be delivered personally or by first class mail, postage prepaid, and shall be deemed to have been given when so delivered or mailed to the Corporation at its principal executive offices and to any

stockholder at such holder's address as it appears in the stock records of the Corporation (unless otherwise specified in a written notice to the Corporation by such holder).

Section 12. Amended and Restated Certificate of Incorporation. Unless the context requires otherwise, references in these By-laws to the Amended and Restated Certificate of Incorporation of the Corporation (as it may be amended and restated from time to time) shall also be deemed to include any duly authorized certificate of designation relating to any series of Preferred Stock of the Corporation that may be outstanding from time to time.

ARTICLE VIII

AMENDMENTS

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to make, alter, amend, change, add to or repeal these By-laws by the affirmative vote of a majority of the total number of Directors then in office, subject to further action by stockholders. Any alteration or repeal of these By-laws by the stockholders of the Corporation shall require the affirmative vote of a majority

of the combined voting power of the then outstanding shares of the Corporation entitled to vote on such alteration or repeal.

EXHIBIT 4.1

EXECUTION COPY

NRG ENERGY, INC.

AND EACH OF THE GUARANTORS PARTY HERETO

8% SECOND PRIORITY SENIOR SECURED NOTES DUE 2013

INDENTURE

Dated as of December 23, 2003

Law Debenture Trust Company of New York

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	13.03
(c)	13.03
313(a)	7.06
(b)(1)	N.A.
(b)(2)	7.06; 7.07
(c)	7.06; 13.02
(d)	7.06
314(a)	4.03;13.02; 13.05
(b)	N.A.
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(d)	N.A.
(e)	13.05
(f)	N.A.
315(a)	7.01
(b)	7.05,13.02
(c)	7.01
(d)	7.01
(e)	6.11
316(a) (last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12

317(a)(1)		6.08
(a)(2)		6.09
(b)		2.04
318(a)		13.01
(b)		N.A.
(c)		13.01

N.A. means not applicable.

* This Cross Reference Table is not part of the Indenture.

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EXHIBITS AND SCHEDULES

INDENTURE dated as of December 23, 2003 among NRG Energy, Inc., a Delaware corporation (the "Company"), the Guarantors (as defined) and Law Debenture Trust Company of New York, as trustee (the "Trustee").

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined) of the 8% Second Priority Senior Secured Notes due 2013 (the "Notes"):

ARTICLE 1.
DEFINITIONS AND INCORPORATION
BY REFERENCE

Section 1.01 Definitions.

"144A Global Note" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Account" has the meaning assigned to that term in the UCC.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Non-Recourse Debt" means Indebtedness of an Excluded Subsidiary of the Company that would qualify as Non-Recourse Debt but for the fact that Excluded Subsidiaries are obligors with respect thereto.

"Additional Notes" means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof, as part of the same series as the Initial Notes.

"Administrative Agent" means Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative agent under the Credit Agreement.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"Agent" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream, as applicable, that apply to such transfer or exchange.

"Arrangers" means Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers Inc., as joint lead arrangers under the Credit Agreement.

"Asset Acquisition" means (1) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person if, as a result of such Investment, such Person becomes a Restricted Subsidiary of the Company, or is merged with or into the Company or any Restricted Subsidiary of the Company, or (2) the acquisition by the Company or any Restricted Subsidiary of the Company of all or substantially all of the assets of any other Person or any division or line of business of any other Person.

"Asset Sale" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by Section 4.15 hereof and/or Section 5.01 hereof and not by Section 4.10 hereof; and

(2) the issuance of Equity Interests in any of the Company's Restricted Subsidiaries or the sale of Equity Interests in any of its Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions for which the Company or its Restricted Subsidiaries receive aggregate cash consideration of less than $30.0 million;

(2) a transfer of assets or Equity Interests between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(4) the sale or lease of products or services in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business;

(5) the sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof;

(6) the licensing of intellectual property;

(7) the sale, lease, conveyance or other disposition for value of fuel or emission credits in the ordinary course of business;

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate Section 4.07 hereof or a Permitted Investment; and

(10) a disposition of assets (other than any assets securing Secured Debt) in connection with a foreclosure, transfer or deed in lieu of foreclosure or other exercise of remedial action.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; provided, however, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "Capital Lease Obligation."

"Bankruptcy Case" means any case under Title 11 of the United States Code or any or any comparable foreign law equivalent, or any successor bankruptcy law commenced voluntarily or involuntarily against the Company or any other Obligor.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act. The terms "Beneficially Owns" and

"Beneficially Owned" have a corresponding meaning.

"Board of Directors" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Equivalents" means:

(1) United States dollars, Euros or, in the case of any Foreign Subsidiary, any local currencies held by it from time to time;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (provided that the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding 12 months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above

entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within 12 months after the date of acquisition; and

(6) money market funds that invest primarily in securities described in clauses (1) through (5) of this definition.

"Casualty Event" means any damage to or destruction of a Facility that results in insurance proceeds in excess of $30.0 million.

"Change of Control" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the Exchange Act, but excluding any employee benefit plan of the Company or any of its Restricted Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of such plan);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) becomes the Beneficial Owner,

directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares;

(4) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance); or

(5) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"Change of Control Offer" has the meaning assigned to it in this Indenture governing the Notes.

"Class" means all Secured Parties having the same priority.

"Clearstream" means Clearstream Banking, S.A.

"Collateral" means all properties and assets of the Obligors, now or hereafter acquired, other than the Excluded Assets.

"Collateral Agent" means Credit Suisse First Boston, acting through its Cayman Islands Branch, under the Credit Agreement.

"Collateral Trust Agreement" means that certain Collateral Trust Agreement, dated as of December 23, 2003, by and among the Company, PMI, the Guarantors party thereto, Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent, the Trustee and the Collateral Trustee.

"Collateral Trustee" means Deutsche Bank Trust Company Americas in its capacity as collateral trustee under the Collateral Trust Agreement, together with its successors in such capacity.

"Commodity Account" has the meaning assigned to that term in the UCC.

"Commodity Contract" has the meaning assigned to that term in the UCC.

"Company" means NRG Energy, Inc., and any and all successors thereto.

"Confirmation Order" means a certified order confirming any of the Plans.

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any extraordinary loss (including any loss on the extinguishment or conversion of Indebtedness) plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale (without giving effect of the threshold provided in the definition thereof), to the extent such losses were deducted in computing such Consolidated Net Income; plus

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(4) all non-recurring costs and expenses of the Company and its Restricted Subsidiaries incurred in connection with the Reorganization Events, including but not limited to non-recurring costs and expenses incurred in the related financing transactions and as a result of operating changes implemented within 18 months of the completion of the Reorganization Events; plus

(5) the amount of any restructuring charges (including, without limitation, retention, severance, facility closure costs and benefit charges) related to the Reorganization Events; plus

(6) any professional and underwriting fees related to any equity offering, Permitted Investment, acquisition, recapitalization or Indebtedness permitted to be incurred under this Indenture and, in each case, deducted in such period in computing Consolidated Net Income; plus

(7) any non-cash compensation charges, including any such charges arising from stock options, restricted stock grants or other equity-incentive programs to the extent that such charges were deducted in computing such Consolidated Net Income; plus

(8) depreciation, depletion, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, depletion, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; minus

(9) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business;

in each case, on a consolidated basis and determined in accordance with GAAP; provided, however, that Consolidated Cash Flow of the Company will exclude the Consolidated Cash Flow attributable to Excluded Subsidiaries to the extent that the declaration or payment of dividends or similar distributions by the Excluded Subsidiary of that Consolidated Cash Flow is not, as a result of an Excluded Subsidiary Debt Default, then permitted by operation of the terms of the relevant Excluded Subsidiary Debt Agreement; provided that the Consolidated Cash Flow of the Excluded Subsidiary will only be so excluded for that portion of the period during which the condition described in the preceding proviso has occurred and is continuing.

"Consolidated Net Income" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the Net Income of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions (including pursuant to other intercompany payments) paid in cash to the specified Person or a Restricted Subsidiary of the Person;

(2) for purposes of Section 4.07 hereof only, the Net Income of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(3) the cumulative effect of a change in accounting principles will be excluded; and

(4) notwithstanding clause (1) above, the Net Income of any Unrestricted Subsidiary will be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of such Board of Directors on the date of this Indenture; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Core Collateral" shall mean all Equity Interests in, and property and assets of, NRG Mid-Atlantic, NRG Northeast and NRG South Central and their respective subsidiaries (other than NRG Sterlington Power LLC, Big Cajun I Peaking Power LLC and Bayou Cove Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries), whether now owned or hereafter acquired.

"Corporate Trust Office of the Trustee" will be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

"Credit Agreement" means that certain Credit Agreement, dated as of December 23, 2003 by and among the Company; PMI; the lenders party thereto; Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers, Inc., as joint lead book runners and joint lead arrangers; Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative

agent and collateral agent; Lehman Commercial Paper Inc., as syndication agent, and General Electric Capital Corporation, as revolver agent; providing for up to $1.450 billion of revolving credit and term loan borrowings, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Credit Agreement Agent" means, at any time, so long as the Credit Agreement is in effect, the Person serving at such time as the "Administrative Agent" under the Credit Agreement or any other representative of the Lenders then most recently designated by the Lenders in accordance with the terms of the Credit Agreement, in a written notice delivered to each Secured Debt Representative and the Collateral Trustee, as the Credit Agreement Agent for the purposes of each of the Priority Lien Documents, and, at any time when the Credit Agreement shall no longer be in effect, the person serving at such time as the "Agent" or the "Administrative Agent" under the applicable Credit Facility or any other representative of the lenders thereunder then most recently designated by such lenders in accordance with the terms of the agreement relating to such facility, in a written notice delivered to each Secured Debt

Representative and the Collateral Trustee, as the Credit Agreement Agent for the purposes of each of the Priority Lien Documents.

"Credit Agreement Documents" means the Credit Agreement and the Security Documents relating to the Credit Agreement.

"Credit Facilities" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, credit-linked deposits (or similar deposits), receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Credit-Linked Deposits" means the cash deposit made by the Lenders to reimburse drawings on certain letters of credit issued under the Credit Agreement, which deposit is held by the Administrative Agent in accordance with the Credit Agreement.

"Creditor Notes" shall mean unsecured notes issued by the Company in an aggregate principal amount of up to $100.0 million which may be issued pursuant to the NRG Plan of Reorganization to certain holders of unsecured pre-petition claims against the Company and PMI to the extent that the Company does not maintain a reserve for such claims after the date of this Indenture; provided that such notes (a) shall have an interest rate not to exceed 10%, (b) shall not be guaranteed by any Subsidiaries of the Company and (c) shall not have a stated maturity, and shall not be subject to repurchase, redemption or amortization (other than pursuant to customary asset sale or change of control provisions requiring redemption or repurchase only if and to the extent permitted by this Indenture), prior to the date that is seven years following the date of this Indenture.

"Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof,

substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Deposit Account" shall have the meaning assigned to such term in the UCC.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature.

Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Domestic Subsidiary" means any Restricted Subsidiary of the Company that was formed under the laws of the United States or any state of the United States or the District of Columbia or that guarantees or otherwise provides direct credit support for any Indebtedness of the Company.

"Equally and Ratably" means, in reference to sharing of Liens or proceeds thereof as between the Secured Parties of the same Class, that such Liens or proceeds:

(1) shall be allocated and distributed first to each Secured Debt Representative for each outstanding Series of Secured Debt within that Class, for the account of the holders of such Series of Secured Debt, ratably in proportion to the principal of (and, in the case of the Credit Agreement, any Credit-Linked Deposits) and interest and premium (if any) and reimbursement obligations (contingent or otherwise) with respect to letters of credit, if any, outstanding (whether or not drawings have been made under such letters of credit) on each outstanding Series of Secured Debt within that Class when the allocation or distribution is made, and thereafter

(2) shall be allocated and distributed (if any remain after payment in full of all of the principal of (and, in the case of the Credit Agreement, any Credit-Linked Deposit) and interest and premium (if any) on all outstanding Secured Obligations within that Class) to each Secured Debt Representative for each outstanding series of Secured Obligations within that Class, for the account of the holders of any remaining Secured Obligations within that Class with respect to such outstanding Series of Secured Debt within that Class, ratably in proportion to the aggregate unpaid amount of such remaining Secured Obligations within that Class due and demanded (with written notice to the applicable Secured Debt Representative and the Collateral Trustee) prior to the date such distribution is made;

it being understood and agreed that Liens and proceeds will not be shared between Classes.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equity Offering" means an offer and sale of Capital Stock (other than Disqualified Stock) of the Company pursuant to (1) a public offering or (2) a private placement to Persons who are not Affiliates of the Company.

"Euroclear" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

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

"Exchange Notes" means the Notes issued in the Exchange Offer pursuant to Section 2.06(f) hereof.

"Exchange Offer" has the meaning set forth in the Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Excluded Assets" means each of the following:

(1) any lease, license, contract, property right or agreement to which any Obligor is a party or any of such Obligor's rights or interests thereunder if and only for so long as the grant of a security interest under the Security Documents shall constitute or result in a breach, termination, default or invalidity under any such lease, license, contract, property right or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law or principles of equity); provided that such lease, license, contract, property right or agreement shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result;

(2) any interests in real property owned or leased by any Obligor only for so long as such interest represents an Excluded Perfection Asset;

(3) any Equity Interests in any Excluded Project Subsidiary the pledge of which pursuant to the Security Documents would constitute a default under the applicable Non-Recourse Debt in respect of which it is an obligor and any voting Equity Interests in excess of 66% (or, in the case of NRG International Holdings GmbH, NRG International Holdings (No.2) GmbH and NRGenerating International BV, 65%) of the total outstanding voting Equity Interests in any Excluded Foreign Subsidiary;

(4) any Deposit Account, Securities Account or Commodities Account (and all cash and cash equivalents and Commodity Contracts permitted by the terms of the Secured Debt Documents that are held therein) if and only for so long as such Deposit Account, Securities Account or Commodities Account is subject to a Lien permitted under clause (19) of the definition of "Permitted Liens";

(5) the Equity Interests in, and all properties and assets of, NRG Energy Insurance Ltd. (Cayman Islands);

(6) the Equity Interests in, and all properties and assets of, NRGenerating Holdings (No. 4) GmbH (only for so long as such entity shall remain a direct subsidiary of NRG International LLC and shall have no assets other than those owned on the date of this Indenture), NRGenerating III (Gibraltar),

NRGenerating Holdings (No. 23) BV, NRGenerating IV Gibraltar, ONSITE Marianas Corporation, NRG Pacific Corporate Services Pty Ltd., Coniti Holding BV (only for so long as such entity shall own no assets other than the Equity Interests in Tosli (Gibraltar) BV) and Tosli (Gibraltar) BV (only for so long as such entity shall own no assets);

(7) the Equity Interests in, and all properties and assets of, NRG Latin America Inc., Sterling Luxembourg (No. 4) S.a.r.l, NRGenerating Luxembourg (No. 6) S.a.r.l., NRGenerating Holdings (No. 21) BV (only for so long as such entity shall own no assets other than the stock of its subsidiaries owned on the date of this Indenture) and Compania Boliviana de Energia Electrica S.A. (Cobee Nova Scotia);

(8) the Equity Interests in NRG Sterlington Power LLC and Big Cajun I Peaking Power LLC for so long as such Equity Interests are pledged within 90 days of the date of this Indenture to the lenders of Non-Recourse Debt of NRG Peaker Finance Company LLC existing on the date of this Indenture;

(9) any Equity Interest of a person (other than a Subsidiary) held by any Obligor if and for so long as the pledge thereof under the Security Documents shall constitute or result in a breach, termination or default under any joint venture, stockholder or partnership agreement between such Obligor and one or more other holders of Equity Interests of such person; provided that (a) such Obligor shall have used reasonable efforts to obtain the consent or waiver of such other holders of Equity Interests of such person to such a pledge and such consent or waiver shall not have been obtained and (b) such Equity Interest shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result;

(10) all personal property and equipment (except two heat recovery steam generators) of Meriden Gas Turbines LLC; provided that such equipment is transferred to Dick Corporation within 180 days of the date of this Indenture;

(11) all properties and assets of NRG Energy Inc.'s resource recovery facility located at North Newport, MN and all property and assets of NRG Energy Inc.'s resource recovery facility located at Elk River, MN if and for so long as the grant of a security interest therein under the Security Documents shall constitute or result in a breach, termination or default under any service agreement with the applicable municipalities in which such facilities reside; provided that (a) the Company shall have used reasonable efforts to obtain the consent or waiver of such municipalities to the grant of such security interests and such consent or waiver shall not have been obtained and (b) such properties and assets shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result;

(12) any Account of PMI solely to the extent that (a) such Account relates to the sale by PMI of power or capacity that was purchased by PMI from a Subsidiary that is an Excluded Project Subsidiary and (b) the grant of a security interest in such Account under the Security Documents shall constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Non-Recourse Debt of such Subsidiary (as such agreement or instrument is in effect on the date of this Indenture);

(13) the Deposit Account (and all cash held therein not to exceed $37,000,000) which has been pledged to ANZ Bank to cash collateralize a letter of credit issued by ANZ Bank and the Deposit Account (and all cash held therein not to exceed $600,000) which has been pledged to Bremer Bank to cash collateralize a letter of credit issued by Bremer Bank; provided that each such Deposit Account (and all cash held therein) shall automatically cease to be an

Excluded Asset from and after the date that is 60 days after the date of this Indenture;

(14) the Equity Interests in (a) either of the NEO Companies and (b) any of Commonwealth Atlantic Power LLC, Hanover Energy Company or Chickahominy River Energy Corp., in the case of each of clause (a) and (b), to the extent that a grant of a security interest in such Equity Interests under the Security Documents shall constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Non-Recourse Debt of their subsidiaries (as such agreement or instrument is in effect on the date of this Indenture); provided that the Equity Interests in the entities listed in clause (b) shall automatically cease to be Excluded Assets from and after the date that is 180 days after the date of this Indenture;

(15) the Deposit Account established by the Company pursuant to the NRG Plan of Reorganization in respect of the Consolidated Edison dispute and all cash held therein not to exceed (a) $11,700,000 as of the date of this Indenture plus (b) any amounts required by the NRG Plan of Reorganization to be deposited therein in respect of invoices owing to Consolidated Edison; provided that such Deposit Account (and all cash therein) shall automatically cease to be an Excluded Asset from and after the date that such dispute is resolved in accordance with the NRG Plan of Reorganization; and

(16) the Xcel Cash.

"Excluded Foreign Subsidiary" means, at any time, any Foreign Subsidiary that is (or is treated as) for United States federal income tax purposes either (1) a corporation or (2) a pass-through entity owned directly or indirectly by another Foreign Subsidiary that is (or is treated as) a corporation; provided that (a) none of NRG Mid-Atlantic, NRG Northeast or NRG South Central or any of their respective Subsidiaries may at any time be an Excluded Foreign Subsidiary and (b) notwithstanding the foregoing, the following entities will be deemed to be "Excluded Foreign Subsidiaries": Sterling Luxembourg (No. 4) S.a.r.l., Tosli Acquisition BV, NRGenerating (No. 6) S.a.r.l., NRGenerating Holdings (No. 4) GmbH (only for so long as such entity shall remain a direct subsidiary of NRG International LLC and shall have no other assets other than those owned on the date of this Indenture), NRGenerating Holdings (No. 23) BV, NRG Pacific Corporate Services Pty Ltd., NRGenerating III (Gibraltar), NRGenerating IV (Gibraltar), Coniti Holding BV (only for so long as such entity shall own no assets other than the Equity Interests in Tosli (Gibraltar) BV) and Tosli (Gibraltar) BV (only for so long as such entity shall own no assets). As of the date of this Indenture, the Excluded Foreign Subsidiaries are: Compania Boliviana de Energia Electrica S.A - Bolivian Power Company Limited; Csepel Luxembourg (No. 1) S.a.r.l.; Coniti Holding B.V.; Entrade Holdings B.V.; Flinders Coal Pty Ltd; Flinders Labuan (No. 1) Ltd.; Flinders Labuan (No. 2) Ltd.; Flinders Osborne Trading Pty Ltd; Flinders Power Partnership; Gunwale B.V.; Hsin Yu Energy Development Co., Ltd.; Itiquira Energetica S.A.; Kiksis B.V.; Kladno Power (No. 1) B.V.; Kladno Power (No. 2) B.V.; Lambique Beheer B.V.; NRG Andean Development Ltda.; NRG Australia Holdings (No. 4) Pty Ltd.; NRG Caymans Company; NRG Caymans-C; NRG Caymans-P; NRG Collinsville Operating Services Pty Ltd; NRG do Brasil Ltda.; NRG Energy Development B.V. NRG Energy Development GmbH; NRG Energy Insurance, Ltd.; NRG Energy Ltd.; NRG Flinders Operating Services Pty Ltd; NRG Gladstone Operating Services Pty Ltd; NRG Gladstone Superannuation Pty Ltd - in liquidation; NRG International Holdings (No. 2) GmbH; NRG International Holdings GmbH; Nrg pacific Corporate Services Pty Ltd.; NRG Taiwan Holding Company Limited; NRG Victoria I Pty Ltd; NRG Victoria II Pty Ltd; NRG Victoria III Pty Ltd; NRGenerating (Gibraltar); NRGenerating Energy Trading Ltd; NRGenerating Holdings (No. 11) B.V..; NRGenerating Holdings (No. 13) B.V.; NRGenerating Holdings (No. 14) B.V.; NRGenerating Holdings (No. 15) B.V.; NRGenerating Holdings (No. 16) B.V.; NRGenerating Holdings (No. 18) B.V.; NRGenerating Holdings (No. 19) B.V.; NRGenerating Holdings (No. 2) GmbH; NRGenerating Holdings (No. 23) B.V.; NRGenerating Holdings (No. 24) B.V.; NRGenerating Holdings (No. 3) B.V.; NRGenerating Holdings (No. 4) B.V.; NRGenerating Holdings (No. 4) GmbH; NRGenerating Holdings (No. 5) B.V.; NRGenerating Holdings (No. 6) B.V.;

NRGenerating Holdings (No. 7) B.V.; NRGenerating Holdings (No. 8) B.V.; NRGenerating Holdings GmbH; NRGenerating II (Gibraltar); NRGenerating III (Gibraltar); NRGenerating International B.V.; NRGenerating IV (Gibraltar); NRGenerating Luxembourg (No. 1) S.a.r.l.; NRGenerating Luxembourg (No. 2) S.a.r.l.; NRGenerating Luxembourg (No. 6) S.a.r.l.; NRGenerating Rupali B.V.; NRGenerating, Ltd.; ONSITE Marianas Corporation; OU NRG Energy Est - Dissolution in Progress; P.T. NRG West Java; Rybnik Power B.V.; Saale Energie GmbH; Saale Energie Services GmbH; Sachsen Holding B.V.; Servicios Energeticos, S.A; Sterling (Gibraltar); Sterling Luxembourg (No. 1) s.a.r.l.; Sterling Luxembourg (No. 2) s.a.r.l.; Sterling Luxembourg (No. 4) s.a.r.l.; Sunshine State Power (No. 2) B.V.; Sunshine State Power B.V.; Tosli Acquisition B.V. and Tosli Gibraltar B.V.

"Excluded NEO Subsidiaries" means NEO Hackensack LLC and NEO Prima Deshecha LLC, in each case, if and for so long as the provision of a full and unconditional guarantee by such subsidiary of the Notes will constitute or result in a breach, termination or default under the agreement or instrument governing the applicable Non-Recourse Debt of such subsidiary; provided that such subsidiary shall be an Excluded NEO Subsidiary only to the extent that and for so long as the requirements and consequences above shall exist.

"Excluded Perfection Assets" means each of the following:

(1) any Specified Assets Held for Sale if and only to the extent that the grant of a security interest with respect thereto cannot be perfected by the filing of a financing statement under the UCC of the relevant jurisdiction or, in the case of any Specified Assets Held for Sale that consist of Equity Interests, either the filing of a financing statement under the UCC of the relevant jurisdiction or the possession of certificates representing such Equity Interests; provided that any of such Specified Assets Held for Sale that are not sold or otherwise disposed of by the Company or any of its Subsidiaries to any person other than the Company or any of its subsidiaries within 12 months of the issue date of the Notes shall cease to be an Excluded Perfection Asset; and

(2) any other property or assets (other than any Core Collateral except (i) the lease of Dunkirk Power LLC relating to 347 Seneca Street, Buffalo, NY, (ii) the lease of Astoria Gas Turbine Power LLC relating to the Consolidated Edison site located at 31-02 20th Avenue, Astoria, NY, (iii) the lease of Astoria Gas Turbine Power LLC relating to the A-11 dock located at 31-02 20th Avenue, Astoria, NY, (iv) the lease of NRG New Roads Holding LLC relating to the turbine storage facilities located at GTS Duratek, 1790 Dock Street, Memphis, TN, (v) the lease of NRG New Roads Holding LLC relating to the turbine storage facilities located at Liebherr American Inc., 4100 Chestnut, Newport News, VA and (vi) the lease of NRG New Roads Holding LLC relating to the warehouse facilities for turbine storage located at Tidewater Warehouses, Bay 3, 814 Childs Avenue, Hampton, VA) in which a security interest cannot be perfected by the filing of a financing statement under the UCC of the relevant jurisdiction or, in the case of Equity Interests, either the filing of a financing statement under the UCC of the relevant jurisdiction or the possession of certificates representing such Equity Interests; provided that such property or assets shall not have a Fair Market Value at any time exceeding $2.0 million (or, if such property or asset is a Deposit Account or Securities Account, $250,000) individually or $20.0 million in the aggregate and, to the extent that the Fair Market Value of any such property or asset shall exceed $2.0 million (or, if such property or asset is a Deposit Account or Securities Account, $250,000) individually, such property or asset shall cease to be an Excluded Perfection Asset and, to the extent that the Fair Market Value of such property or assets shall exceed $20.0 million in the aggregate at any time, such property or assets shall cease to be Excluded Perfection Assets to the extent of such excess Fair Market Value.

"Excluded Proceeds" means any Net Proceeds of an Asset Sale involving the sale of Specified Assets Held for Sale.

"Excluded Project Subsidiary" shall mean, at any time, (a) any

subsidiary of the Company existing on the date of this Indenture that is an obligor with respect to Non-Recourse Debt outstanding at such time and (b) any Subsidiary that is an Excluded Project Subsidiary as of the date of this Indenture (so long as such Subsidiary does not become (and remain for a period of 365 days or more) a Guarantor after the date of this Indenture) or any Subsidiary that becomes a Subsidiary after the date of this Indenture that is an obligor with respect to Additional Non-Recourse Debt outstanding at such time, in each case, if and for so long as the grant of a security interest in the property or assets of such subsidiary or the pledge of the Equity Interests of such subsidiary, in each case in favor of the Collateral Trustee for the benefit of the Secured Parties, shall constitute or result in a breach, termination or default under the

agreement or instrument governing the applicable Non-Recourse Debt; provided that such subsidiary shall be an Excluded Project Subsidiary only to the extent that and for so long as the requirements and consequences above shall exist; provided further, that none of NRG Mid-Atlantic, NRG Northeast or NRG South Central or any of their respective Subsidiaries (other than NRG Sterlington Power LLC, NRG Big Cajun I Peaking Power LLC and Bayou Cove Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries) may at any time be an Excluded Project Subsidiary. As of the date of this Indenture, the Excluded Project Subsidiaries are: Bayou Cove Peaking Power LLC; Big Cajun I Peaking Power LLC; Cadillac Renewable Energy LLC; Camas Power Boiler Limited Partnership; Commonwealth Atlantic, Limited Partnership; Flinders Power Finance Pty Ltd; LSP Batesville Funding Corporation; LSP Batesville Holding LLC; LSP Energy Limited Partnership; LSP Energy, Inc.; LSP Equipment, LLC; LSP-Energy, LLC; LSP-Kendall Energy, LLC; LSP-Nelson Energy, LLC; Northbrook New York, LLC; NRG Audrain Generating LLC; NRG Audrain Holding LLC; NRG Batesville LLC; NRG Cadillac, Inc.; NRG Capital II LLC; NRG Energy Center Dover LLC; NRG Energy Center Harrisburg Inc.; NRG Energy Center Minneapolis LLC; NRG Energy Center Paxton LLC; NRG Energy Center Pittsburgh LLC; NRG Energy Center Rock Tenn LLC; NRG Energy Center San Diego LLC; NRG Energy Center San Francisco LLC; NRG Energy Center Smyrna LLC; NRG Energy Center Washco LLC; NRG McClain LLC; NRG Nelson Turbines LLC; NRG Peaker Finance Company LLC; NRG Rockford Equipment II LLC; NRG Rockford II LLC; NRG Rockford LLC; NRG Sterlington Power LLC; NRG Thermal LLC; NRG Thermal Operating Services LLC; NRG Thermal Services LLC; Statoil Energy Power/PA, Inc.; and NRG Cadillac Inc.

"Excluded Subsidiaries" means the Excluded Project Subsidiaries, the Excluded Foreign Subsidiaries, the Excluded NEO Subsidiaries and the Immaterial Subsidiaries.

"Excluded Subsidiary Debt Agreement" means the agreement or documents governing the relevant Indebtedness referred to in the definition of "Excluded Subsidiary Debt Default."

"Excluded Subsidiary Debt Default" shall mean, with respect to any Excluded Subsidiary, the failure of such Excluded Subsidiary to pay any principal or interest or other amounts due in respect of any Indebtedness, when and as the same shall become due and payable, or the occurrence of any other event or condition that results in any Indebtedness of such Excluded Subsidiary becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, lapse of time or both) the holder or holders of such Indebtedness or any trustee or agent on its or their behalf to cause such Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity.

"Exempt Subsidiaries" means, collectively, NRG Ilion LP LLC, NRG Ilion Limited Partnership, Meriden Gas Turbine LLC, LSP Kendall Energy LLC, LSP-Pike Energy LLC, LSP-Nelson Energy LLC, NRG Nelson Turbines LLC, NRG Jackson Valley Energy I, Inc., NRG McClain LLC, NRG Audrain Holding LLC, NRG Audrain Generating LLC, LSP Energy Limited Partnership, NRG Batesville LLC, LSP Batesville Funding Corporation, LSP Batesville Holding LLC, LSP Energy, Inc., NRG Peaker Finance Company LLC, Bayou Cove Peaking Power, LLC, Big Cajun I Peaking Power LLC, NRG Rockford LLC, NRG Rockford II LLC and NRG Sterlington Power LLC.

"Existing Indebtedness" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of this Indenture, until such amounts are repaid.

"Facility" means a power or energy generation facility.

"Facility Instruments" has the meaning set forth in the (i) Affirmation Agreement, dated as of August 9, 1993, by and among Northern States Power Company, the Company and Ramsey and Washington Counties and (ii) the Agreement and Consent for Transfer to the Company, dated as of August 20, 2001, between Northern States Power Company, the Company, Anoka County, Hennepin County, Sherburne County and Tri-County Solid Waste Management Commission, as in effect on the date of this Indenture.

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company (unless otherwise provided in this Indenture).

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect (in accordance with Regulation S-X under the Securities Act, but including all Pro Forma Cost Savings) as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period will be calculated on the same pro forma basis;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such

four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness that is being incurred on the Calculation Date bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"Fixed Charges" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; plus

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest accruing on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"Foreign Subsidiary" means any Restricted Subsidiary that is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"Global Note Legend" means the legend set forth in Section 2.06(g)(2), which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), 2.06(d)(2) or 2.06(f) hereof.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"Guarantee" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"Guarantee and Collateral Agreement" means that certain Guarantee and Collateral Agreement, dated as of December 23, 2003, by the Company, PMI and certain of the subsidiaries of the Company in favor of the Collateral Trustee, Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent, and the Trustee.

"Guarantors" means each of:

(1) the Company's Restricted Subsidiaries other than the Excluded Foreign Subsidiaries, the Excluded Project Subsidiaries, the Excluded NEO Subsidiaries and the Immaterial Subsidiaries; and

(2) any other Restricted Subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of this Indenture;

and their respective successors and assigns. As of the date of this Indenture, the Guarantors are comprised of the entities set forth on Schedule I hereof.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

"Holder" means a Person in whose name a Note is registered.

"IAI Global Note" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

"Immaterial Subsidiary" shall mean, at any time, any Restricted Subsidiary of the Company that is designated by the Company as an "Immaterial Subsidiary" if and for so long as such Restricted Subsidiary, together with all other Immaterial Subsidiaries, has (i) total assets at such time not exceeding 5% of the Company's consolidated assets as of the most recent fiscal quarter for which balance sheet information is available and (ii) total revenues and operating income for the most recent 12-month period for which income statement information is available not exceeding 5% of the Company's consolidated revenues and operating income, respectively; provided that such Restricted Subsidiary shall be an Immaterial Subsidiary only to the extent that and for so long as all of the above requirements are satisfied. As of the date of this Indenture, the Immaterial Subsidiaries are: NRG Rockford Acquisition LLC; NRG Bourbonnais

Equipment LLC; NRG Bourbonnais LLC; NRG Ilion LP LLC; NRG Ilion Limited

Partnership; NRG Rockford Equipment LLC; NRG PacGen Inc.; Pacific Generation Company; Pacific Crockett Holdings, Inc.; Energy National, Inc.; Enigen, Inc.; ESOCO, Inc.; ESOCO Orrington, Inc.; Enifund, Inc.; Camas Power Boiler, Inc.; Camas Power Boiler Limited Partnership; Pacific Generation Holdings Company; Pacific Generation Development Company; ONSITE Energy, Inc.; Pacific-Mt. Poso Corporation; NRG Granite Acquisition LLC; Granite Power Partners II, L.P.; Granite II Holding, LLC; NRG Telogia Power LLC; NRG Brazos Valley LP LLC; NRG Brazos Valley GP LLC; NRG Energy Jackson Valley I, Inc.; NRG Energy Jackson Valley II, Inc.; San Joaquin Valley Energy I, Inc.; San Joaquin Valley Energy IV, Inc.; Tacoma Energy Recovery Company; NRG Mextrans Inc.; NRG Processing Solutions LLC; NRG ComLease LLC; Meriden Gas Turbines LLC; Elk River Resource Recovery, Inc.; and O Brien Cogeneration, Inc. II.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations or Attributable Debt in respect of sale and leaseback transactions;

(5) representing the balance deferred and unpaid of the purchase price of any property (including trade payables) or services due more than six months after such property is acquired or such services are completed; or

(6) representing the net amount owing under any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" means the first $1.25 billion aggregate principal amount of Notes issued under this Indenture on the date hereof.

"Initial Purchasers" means Lehman Brothers Inc., Credit Suisse First Boston LLC, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc.

"Insolvency Proceeding" means:

(1) any proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Company or any other Obligor, any receivership or assignment for the benefit of creditors relating to the Company or any other Obligor or any similar case or proceeding relative to the Company or any other Obligor or its creditors, as such, in each

case whether or not voluntary;

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Company or any other Obligor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(3) any other proceeding of any type or nature in which substantially all claims of creditors of the Company or any other Obligor are determined and any payment or distribution is or may be made on account of such claims.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not also QIBs.

"Investment Grade Rating" means a rating equal to or higher than BBB- by S&P and equal to or higher than Baa3 by Moody's.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.07 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"LA Generating Subsidiaries" means Louisiana Generating LLC and its subsidiaries.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"Lenders" means, at any time, the parties to the Credit Agreement then holding (or committed to provide) loans, letters of credit, Credit-Linked Deposits or other extensions of credit that constitute (or when provided will constitute) Priority Lien Debt outstanding under the Credit Agreement.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any asset:

(1) any mortgage, deed of trust, deed to secure debt, lien (statutory or otherwise), pledge, hypothecation, encumbrance, restriction, collateral

assignment, charge or security interest in, on or of such asset;

(2) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; and

(3) in the case of Equity Interests or debt securities, any purchase option, call or similar right of a third party with respect to such Equity Interests or debt securities.

"Liquidated Damages" means all liquidated damages then owing pursuant to Section 5 of the Registration Rights Agreement.

"Material Adverse Effect" shall mean a material adverse change in or material adverse effect on (a) the condition (financial or otherwise), results of operations, assets, liabilities or prospects of the Company and its Subsidiaries, taken as a whole, or (b) the validity or enforceability of the Credit Agreement or any of the Security Documents or the rights and remedies of the Arrangers, the Administrative Agent, the Collateral Agent, the Collateral Trustee or the secured parties under the Credit Agreement or any of the Security Documents.

"Mid-Atlantic Subsidiaries" means NRG Mid-Atlantic Generating LLC and its Subsidiaries.

"Moody's" means Moody's Investors Service, Inc. or any successor entity.

"NEO Companies" means NEO Hackensack LLC and NEO Prima Deshecha LLC.

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends or accretion, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any Asset Sale (without giving effect to the threshold provided for in the definition thereof); or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss).

"Net Proceeds" means:

(1) the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale) or a Casualty Event, net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale or a Casualty Event, taxes paid or payable as a result of the Asset Sale or a Casualty Event, in each case, after taking into account any available tax deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility,

secured by a Lien on the asset or assets that were the subject of such Asset Sale or Casualty Event and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP; and

(2) all proceeds of any insurance, indemnity, warranty or guaranty

payable from time to time with respect to any Casualty Event that are not applied to the repair, replacement or rebuilding of the applicable Facility to the extent commercially feasible, other than business interruption insurance proceeds net of direct costs relating to the collection of such proceeds.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender, except to the extent otherwise permitted by the Credit Agreement as in effect on the date of this Indenture;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company (other than the Notes, the Priority Lien Debt and any Parity Lien Debt) or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) in the case of Non-Recourse Debt incurred after the date of this Indenture, as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries except as otherwise permitted by clauses (1) or (2) above.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Northeast Subsidiaries" means NRG Northeast Generating LLC and its Subsidiaries.

"Notes" has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

"Note Documents" means this Indenture, the Notes, each Sharing Confirmation and the Security Documents.

"NRG Mid-Atlantic" means NRG Mid-Atlantic Generating LLC, a Delaware limited liability company.

"NRG Northeast" means NRG Northeast Generating LLC, a Delaware limited liability company.

"NRG Plan of Reorganization" means the plan of reorganization dated October 10, 2003, filed by the Company and certain of its affiliates, including NRG Power Marketing, Inc., under Chapter 11 of the Bankruptcy Code, as the same was modified and confirmed by the Bankruptcy Court in an order dated November 24, 2003, which, among other things, provides for (1) a settlement with Xcel pursuant to the Xcel Settlement Agreement under which the Company is expected to receive $640 million from Xcel Energy Inc., in exchange for a global release of claims from the Company and its creditors and (2) the pro

rata distribution to certain creditors of (a) Xcel Cash of which (i) $515 million will be paid to certain of the pre-petition creditors in 2004, (ii) an additional $25 million (to the extent that the Company satisfies certain liquidity requirements) is expected to be paid to certain of the pre-petition creditors in 2004 and (iii) the remaining $100 million (to the extent that the Company satisfies certain liquidity requirements) may be used by the Company for any other purpose permitted by the terms of this Indenture; (b) 100 million

shares of the Company's common stock; and (c) the potential issuance of $100.0 million of Creditor Notes.

"NRG South Central" means NRG South Central Generating LLC, a Delaware limited liability company.

"Obligations" means any principal (including reimbursement obligations with respect to letters of credit whether or not any drawings has been made thereon and including, in the case of the Credit Agreement, any obligations to return Credit-Linked Deposits), interest (including any interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the maturity of the loans or notes and reimbursement obligations therein and interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Obligor" means the Company and the applicable Guarantors.

"Offering Memorandum" means the Company's Offering Memorandum dated December 17, 2003 relating to the initial offering of the Notes.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 13.05 hereof.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"Parity Debt Representative" means:

(1) in the case of the Notes, the Trustee; or

(2) in the case of any other Series of Parity Lien Debt, the trustee, agent or representative of the holders of such Series of Parity Lien Debt who maintains the transfer register for such Series of Parity Lien Debt and is appointed as a Parity Debt Representative (for purposes related to the administration of the Security Documents) pursuant to this Indenture, credit agreement or other agreement governing such Series of Parity Lien Debt, and who has executed a collateral trust joinder.

"Parity Lien" means a Lien granted by a Security Document to the Collateral Trustee upon any property of the Company or any other Obligor to secure Parity Lien Obligations.

"Parity Lien Debt" means:

(1) the Notes; and

(2) any other Indebtedness (including Additional Notes) that is permitted to be incurred under Section 4.09:

(a) the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness of an Excluded Subsidiary

outstanding as of the date of this Indenture or other Parity Lien Debt if such Indebtedness constitutes Permitted Refinancing Indebtedness; or

(b) on the date of incurrence of such Indebtedness, after giving pro forma effect to the incurrence thereof and the application of the proceeds therefrom, the Secured Leverage Ratio would not be greater than 2.75:1.0;

provided, in the case of each issue or series of Indebtedness referred to in this clause (2), that:

(i) on or before the date on which such Indebtedness was incurred by the Company such Indebtedness is designated by the Company, in an officers' certificate delivered to each Parity Debt Representative and the Collateral Trustee on or before such date, as Parity Lien Debt for the purposes of this Indenture and the Collateral Trust Agreement;

(ii) such Indebtedness is governed by an indenture or other agreement that includes a Sharing Confirmation; and

(iv) all requirements set forth in the Collateral Trust Agreement as to the confirmation, grant or perfection of the Liens granted to the Collateral Trustee, for the benefit of the Secured Parties, to secure such Indebtedness or Obligations in respect thereof are satisfied (and the satisfaction of such requirements and the other provisions of this clause (iv) shall be conclusively established, for purposes of entitling the holders of such Indebtedness to share Equally and Ratably with the other holders of Parity Lien Debt in the benefits and proceeds of the Collateral Trustee's Liens on the Collateral, if the Company delivers to the Collateral Trustee an Officers' Certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is Parity Lien Debt, together with an opinion of counsel stating that such officers' certificate has been duly authorized by the Board of Directors of the Company and has been duly executed and delivered, and the holders of such Indebtedness and Obligations in respect thereof will be entitled to rely conclusively thereon).

"Parity Lien Documents" means, collectively, the Note Documents, and this Indenture or agreement governing each other Series of Parity Lien Debt and all agreements binding on any Obligor related thereto.

"Parity Lien Obligations" means Parity Lien Debt and all other Obligations in respect thereof.

"Parity Lien Secured Parties" mean the holders of Parity Lien Obligations and any Parity Lien Debt.

"Participant" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Business" means the business of acquiring, constructing, managing, developing, improving, owning and operating Facilities, as well as any other activities reasonably related to the foregoing activities (including acquiring and holding reserves), including investing in Facilities.

"Permitted Investments" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company that is a Guarantor;

(2) any Investment in an Immaterial Subsidiary;

(3) any Investment in an Excluded Foreign Subsidiary for so long as the Excluded Foreign Subsidiaries do not collectively own more than 20% of the

consolidated assets of the Company as of the most recent fiscal quarter end for which financial statements are publicly available;

(4) any issuance of letters of credit in an aggregate amount not to exceed $125.0 million solely for working capital requirements and general corporate purposes of any of the Excluded Subsidiaries;

(5) any Investment in Cash Equivalents (and, in the case of Excluded Subsidiaries only, Cash Equivalents or other liquid investments permitted under any Credit Facility to which it is a party);

(6) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company and a Guarantor or an Immaterial Subsidiary; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company that is a Guarantor;

(7) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;

(8) Investments made solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(9) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes with Persons who are not Affiliates;

(10) Investments represented by Hedging Obligations;

(11) loans or advances to employees made in the ordinary course of business in an aggregate principal amount not to exceed $1.0 million at any one time outstanding;

(12) repurchases of the Notes or pari passu Indebtedness;

(13) any Investment in securities of trade creditors or customers received in compromise of obligations of those Persons incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(14) negotiable instruments held for deposit or collection in the ordinary course of business;

(15) receivables owing to the Company or any Restricted Subsidiary of the Company created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary trade terms as the Company of any such Restricted Subsidiary of the Company deems reasonable under the circumstances;

(16) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(17) Investments resulting from the acquisition of a Person that at the

time of such acquisition held instruments constituting Investments that were not acquired in contemplation of the acquisition of such Person;

(18) any Investment made since the date of this Indenture in Persons engaged primarily in Permitted Businesses, if after giving effect to such Investment, such Person is or will become a Restricted Subsidiary of the Company; provided that the aggregate Fair Market Value of Investments made pursuant to this clause (18) (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (18) that are at the time outstanding, does not exceed 10% of the consolidated assets of the Company as of the most recent fiscal quarter end for which financial statements are publicly available; and

(19) other Investments made since the date of this Indenture in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) that are at the time outstanding not to exceed $200.0 million; provided, however, that if any Investment pursuant to this clause (19) is made in any Person that is not a Restricted Subsidiary of the Company and a Guarantor at the date of the making of the Investment and such Person becomes a Restricted Subsidiary and a Guarantor after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above, and shall cease to have been made pursuant to this clause (19).

"Permitted Liens" means:

(1) Liens held by the Collateral Trustee on assets of the Company or any Guarantor securing Priority Lien Obligations of the Company or such Guarantor relating to Priority Lien Debt having an aggregate principal amount not exceeding the Priority Lien Cap;

(2) Liens held by the Collateral Trustee Equally and Ratably securing the Notes to be issued on the date of this Indenture and all future Parity Lien Debt and other Parity Lien Obligations;

(3) Liens on assets of Excluded Subsidiaries securing Indebtedness of Excluded Subsidiaries that was permitted by the terms of this Indenture to be incurred;

(4) Liens (a) in favor of the Company or any of the Guarantors; (b) incurred by Excluded Project Subsidiaries in favor of any other Excluded Project Subsidiary and (c) incurred by Excluded Foreign Subsidiaries in favor of any other Excluded Foreign Subsidiary;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(4) hereof covering only the assets acquired with or financed by such Indebtedness;

(7) Liens existing on the date of this Indenture;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens imposed by law, such as carriers', warehousemen's, landlords' and mechanics' Liens, in each case, incurred in the ordinary course of business;

(10) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(11) Liens created for the benefit of (or to secure) the Notes (or the Subsidiary Guarantees);

(12) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under this Indenture; provided, however, that:

(a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount, of the Permitted Referencing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancings, refunding, extension, renewal or replacement;

(13) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security;

(14) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual or warranty requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off;

(15) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries;

(16) inchoate statutory Liens arising under ERISA incurred in the ordinary course of business;

(17) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(18) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; provided that such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition;

(19) Liens to secure obligations with respect to (i) contracts (other than for Indebtedness) for commercial and trading activities in the ordinary course of business for the purchase, transmission, distribution, sale, lease or hedge of any energy related commodity or service, (ii) agreements relating to Hedging Obligations or netting agreements representing commodity price contracts or derivatives or (iii) agreements relating to Hedging Obligations entered into with qualified counterparties representing interest rate swaps or derivatives;

(20) Liens arising from Uniform Commercial Code financing statements filed on a precautionary basis in respect of operating leases intended by the parties to be true leases (other than any such leases entered into in violation of this Indenture);

(21) Liens on assets and Equity Interests of a Subsidiary that is an Excluded Subsidiary as of the date of this Indenture;

(22) Liens granted in favor of Xcel Energy, Inc. pursuant to the Xcel Settlement Agreement as in effect on the date of this Indenture on the Company's interest in all revenues received by the Company pursuant to the Facility Instruments; and

(23) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to obligations that do not exceed $25.0 million at any one time outstanding.

"Permitted Prior Liens" means (a) Liens securing Priority Lien Obligations not exceeding the Priority Lien Cap, (b) Liens that arise by operation of law and are not voluntarily granted, to the extent entitled by law to priority over the security interests created by the Security Documents.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(4) such Indebtedness is incurred either by the Company (and may be guaranteed by any Guarantor) or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(5) (a) if the Stated Maturity of the Indebtedness being refinanced is earlier than the Stated Maturity of the Notes, the Permitted Refinancing Indebtedness has a Stated Maturity no earlier than the Stated Maturity of the Indebtedness being refinanced or (b) if the Stated Maturity of the Indebtedness being refinanced is later than the Stated Maturity of the Notes, the Permitted Refinancing Indebtedness has a Stated Maturity at least 91 days later than the Stated Maturity of the Notes.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Plans" means (a) the NRG Plan of Reorganization, (b) the joint plan of reorganization with respect to NRG Northeast and NRG South Central, or (c) any other plan of reorganization with respect to any other Significant Subsidiary of the Company, or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary of the Company.

"PMI" means NRG Power Marketing Inc., a Delaware corporation.

"Priority Debt Representative" means:

(1) in the case of the Credit Agreement, the Administrative Agent; or

(2) in the case of any other Series of Priority Lien Debt, the trustee, agent or representative of the holders of such Series of Priority Lien Debt who maintains the transfer register for such Series of Priority Lien Debt and is appointed as a Priority Debt Representative (for purposes related to the administration of the Security Documents) pursuant to the credit agreement, indenture or other agreement governing such Series of Priority Lien Debt, and who has executed a collateral trust joinder.

"Priority Lien" means a Lien granted by a Security Document to the Collateral Trustee, for the benefit of the Priority Lien Secured Parties, upon any property of the Company or any other Obligor to secure Priority Lien Obligations.

"Priority Lien Cap" means, as of any date, an amount equal to the Indebtedness outstanding under, and the aggregate Credit-Linked Deposits made pursuant to, the Credit Agreement and/or the Indebtedness outstanding under any other Credit Facility in an aggregate principal amount not to exceed the sum of the amount provided by clause (1) of the definition of Permitted Debt, as of any date, plus the amount provided by clause (16) of the definition of Permitted Debt. For purposes of this definition of Priority Lien Cap, all letters of credit shall be valued at face amount, whether or not drawn.

"Priority Lien Debt" means:

(1) the Indebtedness under, together with the aggregate amount of all Credit-Linked Deposits made pursuant to, the Credit Agreement; and

(2) Indebtedness, including any deposit that is similar to the Credit-Linked Deposits, under any other Credit Facility that is secured by a Priority Lien that was permitted to be incurred under clause (1) of the definition of "Permitted Liens,"

but only if on or before the day on which such Indebtedness under a Credit Facility described in clause (2) above is incurred by any applicable Obligor such Indebtedness is designated by the Obligor, in an Officers' Certificate delivered to each Parity Debt Representative and the Collateral Trustee on or before such date, as Priority Lien Debt for the purposes of each of the Parity Lien Documents and the Collateral Trust Agreement.

"Priority Lien Documents" means the Credit Agreement, the Credit Agreement Documents, the Security Documents, indenture or other agreement governing any other Credit Facility pursuant to which any Priority Lien Debt is incurred and all other agreements governing, securing or related to any Priority Lien Obligations.

"Priority Lien Obligations" means the Priority Lien Debt and all other Obligations in respect of Priority Lien Debt and includes, in the case of the Credit Agreement and any other Credit Facility the Indebtedness under which constitutes Priority Lien Debt, any Hedging Obligations that are permitted to be incurred by the terms of each Secured Debt Document and are permitted by the terms of the Priority Lien Documents relating to each Series of Priority Lien Debt to be secured Equally and Ratably with the Priority Lien Obligations thereunder.

"Priority Lien Secured Parties" means the holders of Priority Lien Obligations and any Priority Lien Debt.

"Private Placement Legend" means the legend set forth in Section

2.06(g)(1) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Pro Forma Cost Savings" means, with respect to any period, reductions in costs and related adjustments that occurred during the four-quarter reference period or after the end of the four-quarter reference period and on or prior to the transaction date that were (1) directly attributable to an Asset Acquisition or Asset Sale and calculated on a basis that is consistent with Article 11 of Regulation S-X under the Securities Act or (2) actually implemented by the Company or the business that was the subject of such Asset Acquisition or Asset Sale within six months of the date of the Asset Acquisition or Asset Sale and that are supportable and quantifiable by the underlying accounting records of such business, as if, in the case of each of clauses (1) and (2), all such reductions in costs and related adjustments had been effected as of the beginning of such period.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Refinancing Transactions" has the meaning set forth under the caption "Summary -- The Financing Transactions" in the Offering Memorandum.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of December 23, 2003, among the Company, the Guarantors and the other parties named on the signature pages thereof, as such agreement may be amended, modified or supplemented from time to time and, with respect to any Additional Notes, one or more registration rights agreements among the Company, the Guarantors and the other parties thereto, as such agreement(s) may be amended, modified or supplemented from time to time, relating to rights given by the Company to the purchasers of Additional Notes to register such Additional Notes under the Securities Act.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

"Reorganization Events" has the meaning set forth under the caption "Summary -- The Plans of Reorganization" in the Offering Memorandum.

"Responsible Officer," when used with respect to the Trustee, means any officer (including any managing director, director, vice president, assistant vice president, trust officer or corporate secretary) within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40-day distribution compliance period as set forth in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Revolving Loans" means the revolving loans and commitments made by the Lenders under the Credit Agreement.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended.

"Sale of Collateral" means any Asset Sale involving a sale or other disposition of Collateral.

"S&P" means Standard & Poor's Ratings Group or any successor entity.

"Secured Debt" means Parity Lien Debt and Priority Lien Debt.

"Secured Debt Documents" means the Parity Lien Documents and the Priority Lien Documents.

"Secured Debt Representative" means each Parity Debt Representative and each Priority Lien Representative.

"Secured Leverage Ratio" means, on any date, the ratio of:

(1) the aggregate principal amount of Secured Debt outstanding on such date plus all Indebtedness of Restricted Subsidiaries of the Company outstanding on such date including, without limitation, Non-Recourse Debt (and, for this purpose, letters of credit will be deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) to

(2) the aggregate amount of the Company's Consolidated Cash Flow for the most recent four-quarter period for which financial information is available.

In addition, for purposes of calculating the Secured Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations or acquisitions of assets, or any Person or any of its Restricted Subsidiaries acquired by merger, consolidation or the acquisition of all or substantially all of its assets by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Secured Leverage Ratio is made (the "Leverage Calculation Date") will be given pro forma effect in accordance with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Leverage Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Leverage Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(4) any Person that is not a Restricted Subsidiary on the Leverage Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(5) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Leverage Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"Secured Obligations" means the Parity Lien Obligations and the Priority Lien Obligations.

"Securities Account" shall have the meaning assigned to such term in the UCC.

"SEC" means the Securities and Exchange Commission.

"Security Documents" means one or more security agreements, pledge agreements, collateral assignments, mortgages, collateral agency agreements, control agreements, deeds of trust or other grants or transfers for security executed and delivered by the Company or any other Obligor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Trustee, for the benefit of the Secured Parties, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms.

"Secured Parties" means the Parity Lien Secured Parties and the Priority Lien Secured Parties.

"Series of Parity Lien Debt" means, severally, the Notes and each other issue or series of Parity Lien Debt for which a single transfer register is maintained.

"Series of Priority Lien Debt" means, severally, the extensions of credit under the Credit Agreement and each other issue or series of Priority Lien Debt for which a single transfer register is maintained and shall include, in the case of the Credit Agreement and any other Credit Facility the Indebtedness under which constitutes Priority Lien Debt, any obligations in respect of Hedging Agreements that are permitted to be incurred by the terms of the Priority Lien Documents relating to each Series of Priority Lien Debt to be secured Equally and Ratably with the Priority Lien Obligations.

"Series of Secured Debt" means, severally, the Notes and each other Series of Parity Lien Debt, the extensions of credit under the Credit Agreement and each Series of Priority Lien Debt.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the indenture.

"Sharing Confirmation" means, as to any Series of Parity Lien Debt, the written agreement of the holders of such Series of Parity Lien Debt, as set forth in this Indenture or other agreement governing such Series of Parity Lien Debt, for the enforceable benefit of all holders of each other existing and future Series of Parity Lien Debt and each existing and future Parity Debt Representative, that all Parity Lien Obligations shall be and are secured Equally and Ratably by all Liens at any time granted by the Company or any other Obligor to secure any Obligations in respect of such Series of Parity Lien Debt, whether or not upon property otherwise constituting Collateral, that all such Liens shall be enforceable by the Collateral Trustee for the benefit of all holders of Parity Lien Obligations Equally and Ratably, and that the holders of

Obligations in respect of such Series of Parity Lien Debt are bound by the provisions in the Collateral Trust Agreement relating to the order of application of proceeds from enforcement of such Liens, and consent to and direct the Collateral Trustee to perform its obligations under the Collateral Trust Agreement.

"Shelf Registration Statement" means the Shelf Registration Statement as defined in the Registration Rights Agreement.

"Specified Assets Held for Sale" means:

(1) some or all of the Company's equity interest in, or assets of, NRG McClain LLC; Energy National, Inc.; Penoboscot Energy Recovery Company, Limited Partnership; ESOCO, Inc.; ESOCO Orrington, Inc.; NEO Corporation and its direct or indirect subsidiaries, except for NEO California Power LLC; NRG Cadillac, Inc.; Cadillac Renewable Energy LLC; Commonwealth Atlantic Power LLC; Hanover Energy Company; Chickahominy River Energy Corp.; Commonwealth Atlantic Limited Partnership; James River Power LLC; Capistrano Cogeneration Company; James River Cogeneration Company; Saguaro Power LLC; Eastern Sierra Energy Company; Saguaro Power Company, L.P.; NRG Saguaro Operations, Inc.; Meridan Gas Turbine LLC; NRG Illion LP, LLC; NRG Rockford Acquisition LLC; NRG Illion Limited Partnership; ENIGEN, Inc., Energy National, Inc.; The PowerSmith Cogeneration Project, Limited Partnership; ONSITE Energy, Inc.; and Turner Falls Limited Partnership;

(2) some or all of the Company's equity and/or debt interest in, or assets of, NRGenerating Holdings (No. 4) B.V.;

(3) some or all of the Company's equity and/or debt interest in, or assets of, TermoRio S.A and some or all of the Company's equity and/or debt interest in NRG International Holdings (No.2) GmbH or such other interests as may be necessary to comply with any decision of the arbitral tribunal in the pending arbitration in Brazil between Petroleo Brasileiro S.A. -- Petrobas et al. and NRG International Holdings (No.2) GmbH and NRGenerating Luxembourg (No.2) S.a.r.l.;

(4) some or all of the Company's equity and/or debt interest in, or assets of, Compania Bolivia De Energia Electrica S.A. -- Bolivian Power Company Limited or in NRGenerating Luxembourg (No. 6) S.a.r.l. or NRGenerating Holdings (No. 21) B.V.;

(5) some or all of the Company's equity and/or debt interest in, or assets of, Itiquira Energetica S.A. or in Tosli Acquisition B.V., NRGenerating Luxembourg (No. 6) S.a.r.l. or NRGenerating Holdings (No. 21) B.V.;

(6) some or all of the Company's equity and/or debt interest in, or assets of, Hsin Yu Energy Development Co. Ltd., NRG Taiwan Holding Company Ltd or NRGenerating Holdings (No. 19) B.V.; and

(7) some of all of the Company's equity and/or debt interest in, or assets of, Enfield Holdings B.V., Enfield Operations LLC or indirect interest in Enfield Energy Centre Ltd;

in each case, as they exist on the date of this Indenture and assets acquired subsequent to the date of this Indenture in the ordinary course of business other than assets acquired from an Affiliate of the Company.

"Specified Joint Venture Sale" means the sale after the date of this Indenture by the Company or a Subsidiary of the Company of its Equity Interest in Enfield Energy Centre Limited or TermoRio S.A. to one or more holders of the remaining Equity Interest therein pursuant to the terms of the joint venture agreements relating thereto.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing

such Indebtedness as of the date of this Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

"Subsidiary Guarantee" means the Guarantee by each Guarantor of the Company's obligations under this Indenture and on the Notes, evidenced by the Guarantee and Collateral Agreement and executed pursuant to the provisions of this Indenture.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified thereunder.

"Trustee" means the party named as such in the preamble to this Indenture until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"UCC" means the Uniform Commercial Code as in effect in the State of New York or any other applicable jurisdiction.

"Unrestricted Global Note" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Definitive Note" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11 hereof, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results except as otherwise permitted by the Credit Agreement as in effect on the date of this Indenture; and

(4) has not guaranteed or otherwise directly or indirectly provided

credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries except as otherwise permitted by the Credit Agreement as in effect on the date of this Indenture.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an officers' certificate certifying that such designation complied with the conditions set forth in Section 4.19 hereof and was permitted by Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary fails to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date by Section 4.09 hereof, the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation will only be permitted if (1) such Indebtedness is permitted by Section 4.09 hereof, calculated on a pro forma basis as if such designation

had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"U.S. Person" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"Wholly-Owned Subsidiary" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or foreign national qualifying Capital Stock or other ownership interests) will at the time be owned by such Person or by one or more wholly-owned Restricted Subsidiaries of such Person.

"Xcel" means Xcel Energy Inc., a Minnesota corporation.

"Xcel Cash" means all amounts paid in cash by Xcel Energy Inc. to the Company or any of its Subsidiaries after the date of this Indenture in connection with the Xcel Settlement Agreement.

"Xcel Settlement Agreement" means the Settlement Agreement, delivered as of the effective date of the NRG Plan of Reorganization, by and among Xcel Energy Inc., the Company and each of the subsidiaries party thereto, which was approved by the United States Bankruptcy Court for the Southern District of New York on November 24, 2003.

"Xcel Note" means that certain promissory note made by the Company in favor of Xcel in an initial principal amount of $10.0 million and issued pursuant to the terms and conditions of the NRG Plan of Reorganization approved

by the United States Bankruptcy Court for the Southern District of New York on November 24, 2003.

Section 1.02 Other Definitions.

Term	Defined in Section
"Affiliate Transaction"	4.11
"Asset Sale Offer"	3.09
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"DTC"	2.03

Term	Defined in Section
"Event of Default"	6.01
"Excess Proceeds"	4.10
"incur"	4.09
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Permitted Debt"	4.09
"Payment Default"	6.01
"Purchase Date"	3.09
"Redemption Date"	3.07
"Registrar"	2.03
"Restricted Payments"	4.07
"Suspended Covenants"	4.20

Section 1.03 Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Notes and the Subsidiary Guarantees means the Company and the Guarantors, respectively, and any successor obligor upon the Notes and the Subsidiary Guarantees, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Section 1.04 Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) "will" shall be interpreted to express a command;

(6) provisions apply to successive events and transactions; and

(7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2.
THE NOTES

Section 2.01 Form and Dating.

(a) General. The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Global Notes. Notes issued in global form will be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) Euroclear and Clearstream Procedures Applicable. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Global Note that are held by Participants through Euroclear or Clearstream.

Section 2.02 Execution and Authentication.

At least one Officer must sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company signed by an Officer (an "Authentication Order"), authenticate Notes for (i) original issue up to the aggregate principal amount stated in paragraph 4 of the Notes and (ii) Additional Notes in such amounts as may be specified from time to time without limit, subject to Article 4 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 Registrar and Paying Agent.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Liquidated Damages, if any, or interest on the Notes, and will notify the Trustee in writing of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 Holder Lists.

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA Section 312(a).

Section 2.06 Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee written notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary; or

(2) the Company in its sole discretion determines that the Global Notes should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an

Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above.

Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(2) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(3) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note,

then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted

Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial

interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set

forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest

for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer

is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Unrestricted Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions an Unrestricted Definitive Note in the appropriate principal amount. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Unrestricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Unrestricted Definitive Note

issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(1) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in

reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(2) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an

Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (i) a Broker-Dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit

B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (2)(B), (2)(D) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted

Global Notes in an aggregate principal amount equal to the principal amount of Unrestricted Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (i) a broker-dealer, (ii) a Person participating in the distribution of the Exchange Notes or (iii) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof,

the Trustee will authenticate:

(1) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes accepted for exchange in the Exchange Offer by Persons that certify in the applicable Letters of Transmittal that (A) they are not Broker-Dealers, (B) they are not participating in a distribution of the Exchange Notes and (C) they are not affiliates (as defined in Rule 144) of the Company; and

(2) Unrestricted Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer.

Concurrently with the issuance of such Notes, the Trustee will cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company will execute and the Trustee will authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Unrestricted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Restricted Global Note and each Restricted Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE BLUE SKY LAWS OF THE STATES OF THE UNITED STATES."

(B) Notwithstanding the foregoing, any Unrestricted Global Note or Unrestricted Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2), (e)(3) or (f) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) Global Note Legend. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION

2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF NRG ENERGY, INC.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered

as the absolute owner of such Note for the purpose of receiving payment of principal, premium or Liquidated Damages, if any, or interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 Replacement Notes.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of

determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee knows are so owned will be so disregarded.

Section 2.10 Temporary Notes.

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date, provided that no such special record date may be less than 2 Business Days prior to the related payment date for such defaulted interest. At least 5 Business Days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

ARTICLE 3.
REDEMPTION AND PREPAYMENT

Section 3.01 Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 30 days (or such shorter period as agreed to by the Trustee) but not more than 60 days before a redemption date, an Officers' Certificate setting forth:

(1) the clause of this Indenture pursuant to which the redemption shall occur;

(2) the redemption date;

(3) the principal amount of Notes to be redeemed; and

(4) the redemption price.

Section 3.02 Selection of Notes to Be Redeemed or Purchased.

If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee will select Notes for redemption or purchase as follows:

(1) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

(2) if the Notes are not listed on any national securities exchange, on a pro rata basis, by lot or by such other method as the Trustee shall deem fair and appropriate.

In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 25 nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $1,000 or whole multiples of $1,000; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 Notice of Redemption.

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 12 of this Indenture.

The notice will identify the Notes to be redeemed and will state:

(1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the

redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; provided, however, that the Company has delivered to the Trustee, at least 35 days prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05 Deposit of Redemption or Purchase Price.

One Business Day prior to the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Liquidated Damages, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and Liquidated Damages, if any, on, all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 Notes Redeemed or Purchased in Part.

Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal

in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 Optional Redemption.

(a) At any time prior to December 15, 2006, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture at a redemption price of 108% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more Equity Offerings; provided that:

(1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption must occur within 45 days of the date of the closing of such Equity Offering.

(b) On or after December 15, 2008, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on December 15 of the years indicated below, subject to the rights of the Holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2008	104.000%
2009	102.667%
2010	101.333%
2011 and thereafter	100.000%

(c) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof.

Section 3.08 Mandatory Redemption.

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Section 3.09 Offer to Purchase by Application of Excess Proceeds.

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an offer to all Holders to purchase Notes (an "Asset Sale Offer"), it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than three Business Days after the termination of the Offer Period (the "Purchase Date"), the Company will apply all Excess Proceeds (the "Offer Amount") to the purchase of Notes and such other pari passu Indebtedness (on a pro rata basis, if

applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Liquidated Damages, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send, by first class mail, a notice to the Trustee and each of the Holders. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in integral multiples of $1,000 only;

(6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and other pari passu Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other pari passu Indebtedness to be purchased on a pro rata basis based on the principal amount of Notes and such other pari passu Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $1,000, or integral multiples thereof, will be purchased); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in

accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company, will promptly issue a new Note, and the Trustee, upon written request from the Company will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4.
COVENANTS

Section 4.01 Payment of Notes.

The Company will pay or cause to be paid the principal of, premium, if any, and interest and Liquidated Damages, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Liquidated Damages, if any will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due. The Company will pay all Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 Maintenance of Office or Agency.

The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided,

however, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03 Reports.

(a) Whether or not required by the SEC's rules and regulations, so long as any Notes are outstanding, the Company will furnish to the Holders of Notes or cause the Trustee to furnish to the Holders of Notes, within the time periods specified in the SEC's rules and regulations:

(1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if the Company were required to file such reports; and

(2) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

(b) All such reports will be prepared in all material respects in accordance with all of the rules and regulations applicable to such reports. Each annual report on Form 10-K will include a report on the Company's consolidated financial statements by the Company's certified independent accountants. In addition, following the consummation of the Exchange Offer contemplated by the Registration Rights Agreement, the Company will file a copy of each of the reports referred to in clauses (1) and (2) above with the SEC for public availability within the time periods specified in the rules and regulations applicable to such reports (unless the SEC will not accept such a filing) and will post the reports on its website within those time periods.

(c) If, at any time after consummation of the Exchange Offer contemplated by the Registration Rights Agreement, the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless continue filing the reports specified in the preceding paragraph with the SEC within the time periods specified above unless the SEC will not accept such a filing. The Company agrees that it will not take any action for the purpose of causing the SEC not to accept any such filings. If, notwithstanding the foregoing, the SEC will not accept the Company's filings for any reason, the Company will post the reports referred to in the preceding paragraph on its website within the time periods that would apply if the Company were required to file those reports with the SEC.

In addition, the Company and the Guarantors agree that, for so long as any Notes remain outstanding, at any time they are not required to file the reports required by the preceding paragraphs with the SEC, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Section 4.04 Compliance Certificate.

(a) The Company and each Guarantor (to the extent that such Guarantor is so required under the TIA) shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture and the Security Documents, and further stating, as to each such Officer signing such

certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and the Security Documents and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture or the Security Documents (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of

which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

Section 4.05 Taxes.

The Company will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 Stay, Extension and Usury Laws.

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 Restricted Payments.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or to the Company or a Restricted Subsidiary of the Company);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company (other than any such Equity Interests owned by the Company or any Restricted Subsidiary of the Company);

(3) make any payment on or with respect to, or purchase,

redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or any Subsidiary Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted

Subsidiaries), except (a) a payment of interest or principal at the Stated Maturity thereof or (b) a payment, purchase, redemption, defeasance, acquisition or retirement of any subordinated Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or payment at final maturity, in each case due within one year of the date of payment, purchase, redemption, defeasance, acquisition or retirement; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(2) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the date of this Indenture (excluding Restricted Payments permitted by clauses (2), (3), (4), (6), (7), (8), (9) and (10) of paragraph (b) below), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of this Indenture to the end of the Company's most recently ended fiscal quarter for which financial statements are publicly available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(b) 100% of the aggregate net cash proceeds received by the Company since the date of this Indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company), plus

(c) 100% of the aggregate net cash proceeds received upon the sale or other disposition of any Investment (other than a Permitted Investment) made since the date of this Indenture; plus the net reduction in Investments (other than Permitted Investments) in any Person resulting from dividends, repayments of loans or advances or other transfers of assets subsequent to the date of this Indenture, in each case to the Company or any Restricted Subsidiary from such Person; plus to the extent that the ability to make Restricted Payments was reduced as the result of the designation of an Unrestricted Subsidiary,

the portion (proportionate to the Company's Equity Interest in such Subsidiary) of the Fair Market Value of the net assets of such Unrestricted Subsidiary at the time such Unrestricted Subsidiary is redesignated, or liquidated or merged into, a Restricted Subsidiary; provided, in each case, that the foregoing may not exceed, in the

aggregate, the amount of all Investments which previously reduced the ability to make Restricted Payments, plus

(d) 50% of any dividends received by the Company or a Restricted Subsidiary of the Company that is a Guarantor after the date of this Indenture from an Unrestricted Subsidiary of the Company, to the extent that such dividends were not otherwise included in Consolidated Net Income of the Company for such period.

(b) The provisions of Section 4.07(a) will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of this Indenture;

(2) so long as no Default has occurred and is continuing or would be caused thereby, the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the contribution of common equity capital to the Company; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from clause (3) (b) of the preceding paragraph;

(3) so long as no Default has occurred and is continuing or would be caused thereby, the defeasance, redemption, repurchase or other acquisition of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Notes or to any Subsidiary Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests on a pro rata basis;

(5) so long as no Default has occurred and is continuing or would be caused thereby, (a) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, severance agreement, shareholders' agreement or similar agreement, employee benefit plan or (b) the cancellation of Indebtedness owing to the Company or any of its Restricted Subsidiaries from any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Company or any of its Restricted Subsidiaries; provided that the aggregate price paid for the actions in clause (a) may not exceed $1.0 million in any twelve-month period and $5.0 million in the aggregate since the date of this Indenture; provided, further that (i) such amount in any calendar year may be increased by the cash proceeds of "key man" life insurance policies received by the Company and its Restricted Subsidiaries after the date of this Indenture less any amount previously applied to the making of Restricted Payments pursuant to this clause (5) and (ii) cancellation of the Indebtedness owing to the Company from employees, officers,

directors and consultants of the Company or any of its Restricted Subsidiaries in connection with a repurchase of Equity Interests of the Company from such Persons shall be permitted under this clause (5) as if it were a repurchase, redemption, acquisition or retirement for value subject hereto;

(6) the repurchase of Equity Interests in connection with the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(7) so long as no Default has occurred and is continuing or would be caused thereby, the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary of the Company issued on or after the date of this Indenture in accordance with the terms of this Indenture;

(8) payments, not to exceed $2.0 million in the aggregate since the date of this Indenture, to holders of the Company's Capital Stock in lieu of the issuance of fractional shares of its Capital Stock;

(9) the consummation of the Refinancing Transactions and the transactions specifically provided for in the NRG Plan of Reorganization as in effect on the date of this Indenture;

(10) the purchase, redemption, acquisition, cancellation or other retirement for a nominal value per right of any rights granted to all the holders of Capital Stock of the Company pursuant to any shareholders' rights plan adopted for the purpose of protecting shareholders from unfair takeover tactics; provided that any such purchase, redemption, acquisition, cancellation or other retirement of such rights is not for the purpose of evading the limitations of this covenant (all as determined in good faith by the Board of Directors of the Company);

(11) so long as no Default has occurred and is continuing or would be caused thereby, upon the occurrence of a Change of Control and after the completion of the offer to repurchase the Notes pursuant to the provisions of Section 4.15 hereof (including the purchase of all Notes tendered), any purchase, defeasance, retirement, redemption or other acquisition of Capital Stock or Indebtedness that is contractually subordinated to the Notes or any subsidiary guarantee required under the terms of such Capital Stock or Indebtedness as a result of such Change of Control; and

(12) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed $50.0 million since the date of this Indenture.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Board of Directors of the Company whose resolution with respect thereto shall be delivered to the Trustee. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the Fair Market Value exceeds $35.0 million.

Section 4.08 Dividend and Other Payment Restrictions Affecting Subsidiaries.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or

become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or

measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness, the Creditor Notes, if any, and Credit Facilities as in effect on the date of this Indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of this Indenture;

(2) this Indenture, the Notes, the Security Documents and the Subsidiary Guarantees (including the Exchange Notes and related Subsidiary Guarantees);

(3) applicable law, rule, regulation or order;

(4) customary non-assignment provisions in contracts, agreements, leases, permits and licenses entered into in the ordinary course of business;

(5) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of Section 4.08(a) hereof;

(6) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(7) Permitted Refinancing Indebtedness; provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(8) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(9) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements entered into with the approval of the Company's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;

(10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(11) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase, sale or similar agreement to which the Company or any Restricted Subsidiary of the Company is a party entered into in the ordinary course of business; provided that such agreement prohibits the encumbrance of solely the property or assets of the Company or such Restricted Subsidiary that are the subject of that agreement, the payment rights arising thereunder and/or the proceeds thereof and not to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of any other Restricted Subsidiary;

(12) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(13) Indebtedness of a Restricted Subsidiary of the Company existing at the time it became a Restricted Subsidiary if such restriction was not created in connection with or in anticipation of the transaction or series of transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was acquired by the Company;

(14) with respect to clause (3) of Section 4.08(a) hereof only, restrictions encumbering property at the time such property was acquired by the Company or any of its Restricted Subsidiaries, so long as such restriction relates solely to the property so acquired and was not created in connection with or in anticipation of such acquisition; and

(15) any encumbrance or restrictions of the type referred to in clauses (1), (2) and (3) of Section 4.08(a) hereof imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (14) of this Section 4.08(b); provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company's Board of Directors, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions prior to such amendment, modification, restatement, renewals, increase, supplement, refunding, replacement or refinancing.

Section 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness or issue preferred stock, if the Fixed

Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which financial statements are publicly available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by the Company and PMI (and the guarantee thereof by the Guarantors) of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed $1.45 billion less the aggregate amount of all repayments, optional or mandatory, of the principal of any term Indebtedness under a Credit Facility that have been made by the Company or any of its Restricted Subsidiaries since the date of this Indenture with the Net Proceeds of Asset Sales (other than Excluded Proceeds) and Casualty Events and less, without duplication, the aggregate amount of all repayments or commitment reductions with respect to any revolving credit borrowings under a Credit Facility that have been made by the Company or any of its Restricted Subsidiaries since the date of this Indenture as a result of the application of the Net Proceeds of Asset Sales (other than Excluded Proceeds) and Casualty Events in accordance with Section 4.10 hereof (excluding temporary reductions in revolving credit borrowings as contemplated by Section 4.10 hereof);

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes and the related Subsidiary Guarantees to be issued on the date of this Indenture and the Exchange Notes and the related Subsidiary Guarantees to be issued pursuant to the Registration Rights Agreement;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement or lease of property (real or personal), plant or equipment used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed $150.0 million at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.09(a) or clauses (2), (3), (4), (5), (11), (13) or (16) of this Section 4.09(b);

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; provided, however, that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Subsidiary Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company; will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of shares of preferred stock; provided, however, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary of the Company;

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(9) the guarantee by (i) the Company or any of the Guarantors of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this covenant; (ii) any of the Excluded Project Subsidiaries of Indebtedness of any other Excluded Project Subsidiary; and (iii) any of the Excluded Foreign Subsidiaries of Indebtedness of any other Excluded Foreign Subsidiary; provided that if the Indebtedness being guaranteed is subordinated to or pari passu with the Notes, then the guarantee shall be subordinated to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) inadvertently drawn against insufficient funds in the ordinary course of business, so long as such Indebtedness is covered within five Business Days;

(11) the Xcel Note and the Creditor Notes, if any;

(12) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptance and performance and surety bonds provided by the Company or a Restricted Subsidiary in the ordinary course of business;

(13) the incurrence of Additional Non-Recourse Debt by any Excluded Subsidiary if, immediately after giving effect to the incurrence of such Additional Non-Recourse Debt and the application of

the proceeds therefrom, the Company's pro forma Secured Leverage Ratio would not exceed 2.75 to 1.0;

(14) the incurrence of Indebtedness that may be deemed to arise as a result of agreements of the Company or any Restricted Subsidiary of the Company providing for

indemnification, adjustment of purchase price or any similar obligations, in each case, incurred in connection with the disposition of any business, assets or Equity Interests of any Subsidiary; provided that the aggregate maximum liability associated with such provisions may not exceed the gross proceeds (including non-cash proceeds) of such disposition;

(15) the incurrence by the Company or any Restricted Subsidiary of the Company of Indebtedness represented by letters of credit, guarantees of Indebtedness or other similar instruments to the extent (i) such instruments are cash collateralized and (ii) the Company or such Restricted Subsidiary would have been permitted to expend the funds used to cash collateralize such instrument directly under the terms of this Indenture; and

(16) the incurrence by the Company and/or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (16), not to exceed $250.0 million.

The Company will not incur, and will not permit any Guarantor to incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Subsidiary Guarantee on substantially identical terms; provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to Section 4.09(a), the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.09. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued and authenticated under this Indenture will initially be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; provided, in each such case, that the amount thereof is included in Fixed Charges of the Company as accrued.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; provided that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-dominated restriction to be

exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-dominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of the Indebtedness being refinanced.

The amount of any Indebtedness outstanding as of any date will be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(a) the Fair Market Value of such asset at the date of determination, and

(b) the amount of the Indebtedness of the other Person;

provided that any changes in any of the above shall not give rise to a default under this Section 4.09.

Section 4.10 Asset Sales.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale (including a Sale of Collateral) unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of or, in the case of Specified Joint Venture Sales, receives consideration at least equal to the value prescribed by the agreements relating to such specified joint ventures as in effect on the date of this Indenture;

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 180 days of the receipt of such securities, notes or other obligations, to the extent of the cash received in that conversion; and

(c) except in the case of a Sale of Collateral, any stock or assets of the kind referred to in clauses (3) or (5) of the next paragraph of this Section 4.10; and

(3) in the case of a Sale of Collateral, the Company (or the

Restricted Subsidiary, as the case may be) will deposit the Net Proceeds (other than Excluded Proceeds) as cash collateral in a segregated account held by the Collateral Trustee or its agent to secure the Secured Obligations.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, other than Excluded Proceeds and other than Net Proceeds from a Sale of Collateral, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply those Net Proceeds:

(1) to repay Priority Lien Debt and, if such Priority Lien Debt is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) in the case of a sale of assets pledged to secured Indebtedness (including Capital Lease Obligations) other than Secured Debt, to repay the Indebtedness secured by those assets;

(3) to acquire all or substantially all of the assets of, or any Capital Stock of, another Person engaged primarily in a Permitted Business, if, after giving effect to any such acquisition of Capital Stock, such Person is or becomes a Wholly-Owned Subsidiary of the Company;

(4) to make a capital expenditure;

(5) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business; or

(6) any combination of the foregoing.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale that constitutes a Sale of Collateral, other than Excluded Proceeds, or from a Casualty Event, the Company (or the Restricted Subsidiary that owned those assets, as the case may be) may apply those Net Proceeds to purchase other assets (which may include Capital Stock) that would constitute Collateral or to repay Priority Lien Debt and, if such Priority Lien Debt is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto.

Any Net Proceeds from Asset Sales (including Sales of Collateral but excluding Excluded Proceeds) or Casualty Events that are not applied or invested as provided in the preceding paragraphs will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $50.0 million, within fifteen days thereof, the Company will make an Asset Sale Offer to all Holders of Notes and all holders of other Parity Lien Debt containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such Parity Lien Debt that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other Parity Lien Debt tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the applicable trustee will select the Notes and such other Parity Lien Debt to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Company will comply with the requirements of Rule 14e-1 under the

Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Section 3.09 or 4.10 of this Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09 or this Section 4.10 by virtue of such conflict.

Section 4.11 Transactions with Affiliates.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company (as reasonably determined by the Company) or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors of the Company set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (1) of Section 4.11(a) and that such Affiliate Transaction has been approved by a majority of the disinterested members of such Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $35.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a):

(1) any employment agreement or director's engagement agreement, employee benefit plan, officer and director indemnification agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business or approved by the Board of Directors of the Company in good faith;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable directors' fees to Persons who are not otherwise Affiliates of the Company;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company or its Restricted Subsidiaries to Affiliates of the Company;

(6) Restricted Payments that do not violate Section 4.07 hereof;

(7) any agreement in effect as of the date of this Indenture or any amendment thereto or replacement thereof and any transaction contemplated thereby or permitted thereunder, so long as any such amendment or replacement agreement taken as a whole is not more disadvantageous to the Holders than the original agreement as in effect on the date of this Indenture;

(8) payments or advances to employees or consultants that are incurred in the ordinary course of business or that are approved by the Board of Directors of the Company in good faith;

(9) the existence of, or the performance by the Company or any of its Restricted Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement related thereto) to which it is a party as of the date of this Indenture and any similar agreements which it may enter into thereafter; provided, however, that the existence of, or the performance by the Company or any of its Restricted Subsidiaries of obligations under, any future amendment to any such existing agreement or under any similar agreement entered into after the date of this Indenture shall only be permitted by this clause (9) to the extent that the terms of any such amendment or new agreement are not otherwise more disadvantageous to the Holders of the Notes in any material respect;

(10) transactions permitted by, and complying with, the provisions of Section 5.01 hereof;

(11) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods or services, in each case, in the ordinary course of business (including pursuant to joint venture agreements) and otherwise in compliance with the terms of this Indenture that are fair to the Company and its Restricted Subsidiaries, in the reasonable determination of the Board of Directors of the Company or the senior management thereof, or are on terms not materially less favorable taken as a whole as might reasonably have been obtained at such time from an unaffiliated party;

(12) any repurchase, redemption or other retirement of Capital Stock of the Company held by employees of the Company or any of its Subsidiaries at a price not in excess of the Fair Market Value thereof and, if greater than $1.0 million, approved by the Board of Directors of the Company;

(13) loans or advances to employees or consultants in the ordinary course of business not to exceed $2.0 million in the aggregate at any one time outstanding;

(14) the Reorganization Events and the Refinancing Transactions and the payment of all fees and expenses related thereto; and

(15) any agreement to do any of the foregoing.

Section 4.12 Liens.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired, except

Permitted Liens.

The Company will not, and will not permit any of its Restricted Subsidiaries to, grant or permit to exist a Lien upon any property (whether then held by it or to be acquired by it at a future time) as security for any Parity Lien Debt, unless (1) such Lien secures all Parity Lien Obligations (including the Notes) on

an equal and ratable basis and (2) the Collateral Trustee holds an enforceable and perfected Lien upon such property as security Equally and Ratably for all Parity Lien Obligations.

Section 4.13 Business Activities.

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Section 4.14 Corporate Existence.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries;

provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors of the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.15 Offer to Repurchase Upon Change of Control.

(a) Upon the occurrence of a Change of Control, the Company will make an offer (a "Change of Control Offer") to each Holder to repurchase all or any part (equal to $1,000 or an integral multiple of $1,000) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Liquidated Damages, if any, on the Notes repurchased, if any, to the date of purchase, subject to the rights of the Holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date (the "Change of Control Payment"). Within 30 days following any Change of Control, the Company will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date");

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Company defaults in the payment of the

Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change in Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Sections 3.09, 4.10 or 4.15 of this Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.09, 4.10 or this Section 4.15 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail (but in any case not later than fifteen days after the Change of Control Payment Date) to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each new Note will be in a principal amount of $1,000 or an integral multiple of $1,000. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and Section 3.09 hereof and purchases all Notes properly tendered

and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.07 hereof, unless and until there is a default in payment of the applicable redemption price.

Section 4.16 Limitation on Sale and Leaseback Transactions.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Company or any Guarantor may enter into a sale and leaseback transaction if:

(1) the Company or that Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in Section 4.09(a) hereof and (b) incurred a Lien to secure such Indebtedness pursuant to the provisions of Section 4.12 hereof;

(2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value of the property that is subject of that sale and leaseback transaction, as determined in good faith by the Board of Directors of the Company; and

(3) if such sale and leaseback transaction constitutes an Asset Sale, the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, Section 4.10 hereof.

Section 4.17 Payments for Consent.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.18 Additional Subsidiary Guarantees.

If the Company or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary (other than an Excluded Subsidiary) after the date of this Indenture or if any Excluded Subsidiary that is a Domestic Subsidiary ceases to be an Excluded Subsidiary after the date of this Indenture, then such newly acquired or created Subsidiary, or former Excluded Subsidiary, will become a Guarantor and execute a Subsidiary Guarantee pursuant to a supplemental indenture in form and substance satisfactory to the Trustee and deliver an Opinion of Counsel to the Trustee within thirty Business Days of the date on which it was acquired or created or ceased to be an Excluded Subsidiary to the effect that such supplemental indenture has been duly authorized, executed and delivered by that Domestic Subsidiary and constitutes a valid and binding agreement of that Domestic Subsidiary, enforceable in accordance with its terms (subject to customary exceptions). The form of such Subsidiary Guarantee is attached as Exhibit E hereto.

Section 4.19 Designation of Restricted and Unrestricted Subsidiaries.

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as Unrestricted will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under

Section 4.07 hereof or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be

permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Section 4.20 Changes in Covenants When Notes Rated Investment Grade.

(a) If on any date following the date of this Indenture:

(1) the rating assigned to the Notes by each of S&P and Moody's is an Investment Grade Rating; and

(2) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following two paragraphs, Sections 4.10 (other than any provisions contained therein relating to the Sale of Collateral and the application of the proceeds therefrom), 4.07, 4.08, 4.09, 4.19, 4.11 and clause (4) of Section 5.01 hereof (collectively, the "Suspended Covenants") shall be suspended as to the Notes.

(b) During any period that the foregoing covenants have been suspended, the Company's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to Section 4.19 hereof or the second paragraph of the definition of "Unrestricted Subsidiary."

(c) If at any time the Notes are downgraded from an Investment Grade Rating by either S&P or Moody's, the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended and be applicable pursuant to the terms of this Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of this Indenture), unless and until the Notes subsequently attain an Investment Grade Rating from each of S&P and Moody's (in which event the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Rating from each of S&P and Moody's); provided, however, that no Default, Event of Default or breach of any kind will be deemed to exist under this Indenture, the Notes or the Subsidiary Guarantees with respect to the Suspended Covenants based on, and none of the Company or any of its Subsidiaries will bear any liability for, any actions taken or events occurring after the Notes attain an Investment Grade Rating from each of S&P and Moody's and before any reinstatement of the Suspended Covenants as provided above, or any actions taken at any time pursuant to any contractual obligation arising prior to the reinstatement, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period.

ARTICLE 5.
SUCCESSORS

Section 5.01 Merger, Consolidation, or Sale of Assets.

The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a

corporation, partnership or limited liability company organized or existing under the laws of the United States, any state of

the United States or the District of Columbia; provided that if the Person is a partnership or limited liability company, then a corporation wholly-owned by such Person organized or existing under the laws of the United States, any state of the United States or the District of Columbia that does not and will not have any material assets or operations shall become a co-issuer of the Notes pursuant to a supplemental indenture duly executed by the Trustee;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Company under the Notes, this Indenture, the Registration Rights Agreement and the Security Documents pursuant to supplemental agreements reasonably satisfactory to the Trustee and the Collateral Trustee;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) (i) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09 hereof or (ii) the Company's Fixed Charge Coverage Ratio is greater after giving pro forma effect to such consolidation or merger and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period than the Company's actual Fixed Charge Coverage Ratio for the period.

In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person.

This Section 5.01 will not apply to:

(1) a merger of the Company with an Affiliate solely for the purpose of reincorporating the Company in another jurisdiction; and

(2) any sale, transfer, assignment, conveyance, lease or other disposition of assets between or among the Company and its Restricted Subsidiaries, including by way of merger or consolidation.

Section 5.02 Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; provided, however, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of

the Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6.
DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

Each of the following is an "Event of Default":

(1) the Company defaults for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the Notes;

(2) the Company defaults in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on the Notes;

(3) the Company or any of its Restricted Subsidiaries fails to comply with the provisions of Section 4.15 or 5.01 hereof;

(4) the Company or any of its Restricted Subsidiaries fails to observe or perform any other covenant, representation, warranty or other agreement in this Indenture or the Notes or the Security Documents for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class;

(5) a default occurs under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "Payment Default"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more (excluding any amounts paid out of the claims reserve established pursuant to the NRG Plan of Reorganization); provided that this clause (5) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness to a Person that is not an Affiliate of the Company; (ii) Non-Recourse Debt of NRG Peaker Finance Company LLC; and (iii) Non-Recourse Debt of the Company or any of its Restricted Subsidiaries (except to the extent that the Company or any of its Restricted Subsidiaries that are not parties to such Non-Recourse Debt becomes directly or indirectly liable, including pursuant to any contingent obligation, for any Indebtedness thereunder and such liability, individually or in the aggregate, exceeds $50.0 million (excluding any amounts paid out of the claims reserve established pursuant to the NRG Plan of Reorganization));

(6) one or more judgments for the payment of money in an aggregate amount in excess of $50.0 million (excluding therefrom any amount covered by insurance as to which the insurer

has acknowledged in writing its coverage obligation) or other judgments that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect shall be rendered against the Company or any Restricted Subsidiary of the Company or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Company or any of its Restricted Subsidiaries to enforce any such judgment;

(7) material breach by the Company or any of its Restricted Subsidiaries of any material representation or warranty or agreement in the Security Documents, the repudiation by the Company or any of its Restricted Subsidiaries of any of its material obligations under any of the Security Documents or the unenforceability of any of the Security Documents against the Company or any of its Restricted Subsidiaries for any reason with respect to Collateral having an aggregate Fair Market Value of $25.0 million or more;

(8) except as permitted by this Indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor (or any group of Guarantors) that constitutes a Significant Subsidiary, or any Person acting on behalf of any Guarantor (or any group of Guarantors) that constitutes a Significant Subsidiary, shall deny or disaffirm its or their obligations under its or their Subsidiary Guarantee(s);

(9) the Company or any of its Restricted Subsidiaries (other than the Exempt Subsidiaries) that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company (other than the Exempt Subsidiaries) that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(10) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries (other than the Exempt Subsidiaries) that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company (other than the Exempt Subsidiaries) that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or any of its Restricted Subsidiaries (other than the Exempt

Subsidiaries) that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company (other than the Exempt Subsidiaries) that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the

property of the Company or any of its Restricted Subsidiaries (other than the Exempt Subsidiaries) that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company (other than the Exempt Subsidiaries) that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or any of its Restricted Subsidiaries (other than the Exempt Subsidiaries) that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company (other than the Exempt Subsidiaries) that, taken together, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

Section 6.02 Acceleration.

In the case of an Event of Default specified in clause (9) or (10) of Section 6.01 hereof, with respect to the Company or any of its Restricted Subsidiaries (other than Exempt Subsidiaries) that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company (other than the Exempt Subsidiaries) that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration or waive any existing Default or Event of Default and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium or Liquidated Damages, if any, that has become due solely because of the acceleration) have been cured or waived.

If an Event of Default occurs on or after December 15, 2008 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything in this Indenture or in the Notes to the contrary notwithstanding. If an Event of Default occurs prior to December 15, 2008 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes prior to such date, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable in an amount, for each of the years beginning on December 15 of the years set forth below, as set forth below (expressed as a percentage of the principal amount of the Notes on the date of payment that would otherwise be due but for the provisions of this sentence):

YEAR	PERCENTAGE
2003.....	108.0%
2004.....	107.2%

2005	106.4%
2006	105.6%
2007	104.8%

Section 6.03 Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, premium and Liquidated Damages, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture including, but not limited to issuing a Notice of Actionable Default under the Collateral Trust Agreement.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Past Defaults.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and Liquidated Damages, if any, or interest on, the Notes (including in connection with an offer to purchase); provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it including, but not limited to issuing a Notice of Actionable Default under the Collateral Trust Agreement. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

Section 6.06 Limitation on Suits.

A Holder may pursue a remedy with respect to this Indenture or the Notes only if:

(1) the Holder of a Note gives to the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer and, if requested, provide to the Trustee security or indemnity reasonably satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60

days after receipt of the request and the offer of security or indemnity, if requested; and

(5) during such 60-day period the Holders of a majority in aggregate principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 Rights of Holders of Notes to Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, premium and Liquidated Damages, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; provided that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

Section 6.08 Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(1) or (2) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and Liquidated Damages, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, as administrative expenses associated with any such proceeding, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Liquidated Damages, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Liquidated Damages, if any and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.
TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default of which a Responsible Officer has actual knowledge of or receives written notice:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own grossly negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is determined by a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or indemnity reasonably satisfactory to it against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Indenture shall in any event require the Trustee to perform, or be responsible or liable for the manner of performance of, any obligations of the Company under this Indenture or any related document. The Trustee will be under no obligation to exercise any of its rights and powers under this Indenture, or to institute, conduct or defend any litigation hereunder or in relation hereto, at the request, order or direction of any Holders, unless such Holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense, which may be incurred therein or thereby.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law or the terms of this Indenture.

(g) The Trustee shall not be a trustee for or have any fiduciary obligation to any party hereto and no implied covenants or obligations shall be read into this Indenture against the Trustee.

Section 7.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon, and shall be fully protected in relying upon, any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act directly, or by or through its attorneys, agents, custodians or nominees and will not be responsible for the misconduct or negligence on the part of, or for the supervision of, any agent, attorney, custodian or nominee appointed with due care.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) The Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction. In no event shall the Trustee be liable for the selection of investments or for investment losses incurred thereon. The Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any such investment prior to its stated maturity or the failure of a party directing such investment to provide timely written investment direction.

(h) Neither the Trustee nor any of its officers, directors, employees or agents shall be liable for any action taken or omitted under this Indenture or in connection therewith except to the extent caused by the Trustee's gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, no longer subject to appeal or review.

(i) The Company (for itself and any person or entity claiming through it) hereby releases, waives, discharges, exculpates and covenants not to sue the Trustee for any action taken or omitted under this Indenture except to the extent caused by the Trustee's gross negligence or willful misconduct.

(j) Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(k) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, officers' certificate, or other certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture, note, coupon, security, or other paper or document.

(l) The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Company, except as otherwise set forth herein, but the Trustee may require of the Company full information and advice as to the performance of the covenants, conditions and agreements contained herein and shall be entitled in connection herewith to examine the books, records and premises of the Company.

(m) For so long as the Trustee shall serve as Registrar and Paying Agent, it shall be afforded in such capacities, the same rights, protections, immunities and indemnities provided to the Trustee herein.

(n) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful default.

Section 7.03 Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee (if this Indenture has been qualified under the TIA) or resign. Any Agent may do the same with like rights and duties.

Section 7.04 Trustee's Disclaimer.

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if the Trustee receives written notice of, or a Responsible Officer of the Trustee has actual knowledge of, such Default or Event of Default, the Trustee will mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium or Liquidated Damages, if any, or interest on, any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 Reports by Trustee to Holders of the Notes.

(a) Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee will mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also will comply with TIA Section 313(b)(2). The Trustee will also transmit by mail all reports as required by TIA Section 313(c).

(b) A copy of each report at the time of its mailing to the Holders of Notes will be mailed by the Trustee to the Company and filed by the Trustee with the SEC and each stock exchange on which the Notes are listed in accordance with TIA Section 313(d). The Company will promptly notify the Trustee when the Notes are listed on any stock exchange.

Section 7.07 Compensation and Indemnity.

(a) The Company will pay to the Trustee from time to time reasonable compensation as agreed in writing between the Company and the Trustee for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in connection with this Indenture and any

related document in addition to the compensation for its services. Such expenses will include the compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Guarantors will indemnify and hold harmless and, at their option, defend the Trustee and its officers, directors, employees, representatives and agents against and reimburse it and them for any obligation, injuries (to person, property, or natural resources), penalty, action, suit, judgment, reasonable cost and expense (including reasonable attorney's and agent's fees and expenses) and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture and any documents related thereto, including the costs and expenses of enforcing this Indenture against the Company and the Guarantors (including this Section 7.07) and defending itself against any claim (whether asserted by the Company, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its gross negligence or bad faith. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Guarantors of their obligations hereunder. The Company or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Guarantors under this Section 7.07 will survive the satisfaction and discharge of this Indenture and the resignation or removal of the Trustee.

(d) To secure the Company's and the Guarantors' payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(9) or (10) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law or law relating to creditor rights generally.

(f) The Trustee will comply with the provisions of TIA Section 313(b)(2) to the extent applicable.

Section 7.08 Replacement of Trustee.

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(1) the Trustee fails to comply with Section 7.10 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.10 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee, provided all fees, expenses and indemnification amounts owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof will continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.10 Eligibility; Disqualification.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100.0 million (or $50.0 million, in the case of the initial Trustee) as set forth in its most recent published annual report of condition.

This Indenture will always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b).

Section 7.11 Preferential Collection of Claims Against Company.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8.
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, and at any time, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon

compliance with the conditions set forth below in this Article 8.

Section 8.02 Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Subsidiary Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Subsidiary Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Subsidiary Guarantees and this Indenture (and the Trustee, on written demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium and Liquidated Damages, if any, on such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Company's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties, immunities and indemnities of the Trustee hereunder and the Company's and the Guarantors' obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 Covenant Defeasance.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19 and 4.20 hereof and clause (4) of Section 5.01 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "Covenant Defeasance"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance

means that, with respect to the outstanding Notes and Subsidiary Guarantees, the Company and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Subsidiary Guarantees will be unaffected thereby. In addition, upon the

Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03 hereof, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(3) through 6.01(8) hereof will not constitute Events of Default.

Section 8.04 Conditions to Legal or Covenant Defeasance.

(a) In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm, or firm of independent public accountants, to pay the principal of, premium and Liquidated Damages, if any, and interest on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such maturity or to a particular redemption date;

(2) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that:

(A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over the other creditors

of the Company with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

(b) Upon the occurrence of a Legal Defeasance or a Covenant Defeasance, the Collateral will be released from the Lien Securing the Notes pursuant to Section 10.03 hereof.

Section 8.05 Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium and Liquidated Damages, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium or Liquidated Damages, if any, or interest on any Note and remaining unclaimed for two years after such principal, premium or Liquidated Damages, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease;

provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, shall at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07 Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture and the Notes and the Subsidiary Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium or Liquidated Damages, if any, or interest on any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9.
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 Without Consent of Holders of Notes.

Notwithstanding Section 9.02 of this Indenture, the Company, the Guarantors and the Trustee may amend or supplement this Indenture or the Notes without the consent of any Holder of a Note:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes or to alter the provisions of Article 2 hereof (including the related definitions) in a manner that does not materially adversely affect any Holder;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to the Holders of the Notes by a successor to the Company pursuant to Article 5 or Article 11 hereof;

(4) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any such Holder;

(5) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(6) to make, complete or confirm any grant of Collateral permitted or required by this Indenture or any of the Security Documents or any release of Collateral that becomes effective as set forth in this Indenture or any of the Security Documents;

(7) to conform the text of this Indenture, the Security Documents or the Notes to any provision of the "Description of Notes" section of the Company's Offering Memorandum, to the

extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Subsidiary Guarantees, the Security Documents or the Notes;

(8) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date hereof; or

(9) to allow any Guarantor to execute a supplemental indenture and/or a Subsidiary Guarantee with respect to the Notes.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section

7.02 hereof, the Trustee will join with the Company and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee will not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 With Consent of Holders of Notes.

Except as provided below in this Section 9.02, the Company and the Trustee may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.15 hereof) and the Notes with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium or Liquidated Damages, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Company and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by

the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes except as provided above with respect to Sections 3.09, 4.10 and 4.15 hereof;

(3) reduce the rate of or change the time for payment of

interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of or premium or Liquidated Damages, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium or Liquidated Damages, if any, on the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Sections 3.09, 4.10 or 4.15 hereof);

(8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or this Indenture, except in accordance with the terms of such Subsidiary Guarantee and this Indenture;

(9) release any Collateral from the Liens created by the Security Documents except as specifically provided for in this Indenture and the Security Documents; or

(10) make any change in the foregoing amendment and waiver provisions.

Section 9.03 Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture that complies with the TIA as then in effect.

Section 9.04 Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 Trustee to Sign Amendments, etc.

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities, indemnities or immunities of the

Trustee; provided that any amendment or supplement that modifies in any way the Trustee's duties, obligations or covenants hereunder shall be reasonably satisfactory in form and substance to the Trustee. The Company may not sign an amended or supplemental indenture until its Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive and (subject to Section 7.01 hereof) will be fully protected in conclusively relying upon, in addition to the documents required by Section 13.04 hereof, an Officers' Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and an Officers' Certificate stating that such supplement or amendment is not inconsistent with the terms of the Collateral Trust Agreement or any Priority Lien Document (as defined in the Collateral Trust Agreement).

ARTICLE 10.
COLLATERAL AND SECURITY

Section 10.01 Equal and Ratable Sharing of Collateral by Holders of Parity Lien Debt; Sharing Confirmation.

Notwithstanding (1) anything to the contrary contained in the Security Documents, (2) the time of incurrence of any Series of Parity Lien Debt, (3) the order or method of attachment or perfection of any Liens securing any Series of Parity Lien Debt, (4) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Collateral, (5) the time of taking possession or control over any Collateral or (6) the rules for determining priority under any law governing relative priorities of Liens:

(A) all Liens at any time granted by the Company or any other Obligor to secure any of the Parity Lien Debt shall secure, Equally and Ratably, all present and future Parity Lien Obligations; and

(B) all proceeds of all Liens at any time granted by the Company or any Obligor to secure any of the Parity Lien Debt and other Parity Lien Obligations shall be allocated and distributed Equally and Ratably on account of the Parity Lien Debt and other Parity Lien Obligations.

The foregoing provision is intended for the benefit of, and shall be enforceable as a third party beneficiary by, each present and future holder of Parity Lien Obligations, each present and future Parity Debt Representative and the Collateral Trustee as holder of Parity Liens. The Company shall not incur any future Series of Parity Lien Debt unless the Parity Debt Representative of each future Series of Parity

Lien Debt delivers a Sharing Confirmation to the Trustee at the time of incurrence of such Series of Parity Lien Debt.

Section 10.02 Ranking of Note Liens

Notwithstanding:

(1) anything to the contrary contained in the Security Documents,

(2) the time of incurrence of any Series of Secured Debt,

(3) the order or method of attachment or perfection of any Liens securing any Series of Secured Debt,

(4) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Collateral,

(5) the time of taking possession or control over any Collateral or

(6) the rules for determining priority under any law governing relative priorities of Liens,

all Liens at any time granted by the Company or any other Obligor to secure any of the Parity Lien Debt shall be subject and subordinate to Priority Liens securing Priority Lien Obligations up to the Priority Lien Cap.

The foregoing provision is intended for the benefit of, and shall be enforceable as a third party beneficiary by, each present and future holder of Priority Lien Obligations, each present and future Priority Debt Representative and the Collateral Trustee as holder of Priority Liens. No other Person shall be entitled to rely on, have the benefit of or enforce this provision.

In addition, the foregoing provision is intended solely to set forth the relative ranking, as Liens, of the Liens securing Parity Lien Debt as against the Priority Liens. Neither the Notes nor any other Parity Lien Obligations nor the exercise or enforcement of any right or remedy for the payment or collection thereof are intended to be, or shall ever by reason of the foregoing provision, in any respect subordinated, deferred, postponed, restricted or prejudiced.

Section 10.03 Release of Security Interest in Respect of Notes

The Collateral Trustee's Liens upon the Collateral shall no longer secure the Notes or any other Obligations under this Indenture, and the right of the Holders of the Notes and Obligations to the benefits and proceeds of the Collateral Trustee's Liens on Collateral shall terminate and be discharged:

(1) upon satisfaction and discharge of this Indenture in accordance with Article 12 hereof;

(2) upon a Legal Defeasance or Covenant Defeasance of the Notes in accordance with Article 8 hereof; or

(3) upon payment in full and discharge of all Notes outstanding under this Indenture and all related Obligations that are outstanding, due and payable under this Indenture at the time the Notes are paid in full and discharged.

Section 10.04 Collateral Trustee.

(a) The Company has appointed Deutsche Bank Trust Company Americas to serve as the Collateral Trustee for the benefit of the holders of:

(1) the Notes;

(2) all other Parity Lien Obligations outstanding from time to time; and

(3) all Priority Lien Obligations outstanding from time to time.

(b) The Collateral Trustee (directly or through co-trustees, agents or sub-agents) will hold, and will be entitled to enforce, all Liens on the Collateral created by the Security Documents.

(c) Except as provided in the Collateral Trust Agreement or as directed by an Act of Instructing Debtholders (as defined in the Collateral Trust Agreement), the Collateral Trustee will not be obligated:

(1) to act upon directions purported to be delivered to it by

any other Person;

(2) to foreclose upon or otherwise enforce any Lien; or

(3) to take any other action whatsoever with regard to any or all of the Security Documents, the Liens created thereby or the Collateral.

ARTICLE 11.
SUBSIDIARY GUARANTEES

Section 11.01 Execution and Delivery of Subsidiary Guarantee.

To evidence its Subsidiary Guarantee, each Guarantor hereby agrees that the Guarantee and Collateral Agreement substantially in the form attached as Exhibit E hereto will be executed by an Officer of such Guarantor.

In the event that the Company or any of its Restricted Subsidiaries creates or acquires any Domestic Subsidiary after the date of this Indenture, if required by Section 4.18 hereof, the Company will cause such Domestic Subsidiary to comply with the provisions of Section 4.18 hereof and this Article 11, to the extent applicable.

Section 11.02 Guarantors May Consolidate, etc., on Certain Terms.

Except as otherwise provided in Section 11.03 hereof, no Guarantor may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Company or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(a) subject to Section 11.03 hereof, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger unconditionally assumes all the obligations of that Guarantor, pursuant to supplemental agreements in form and substance reasonably satisfactory to the Trustee and the Collateral Trustee, under this Indenture, the Subsidiary Guarantee, the relevant Security Documents and the Registration Rights Agreement (unless all material obligations in that agreement have been performed) on the terms set forth herein or therein; and

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation, Section 4.10 hereof.

In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor and the execution and delivery of the Assumption Agreement in accordance with the terms of the Guarantee and Collateral Agreement, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Subsidiary Guarantees which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

Section 11.03 Releases.

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the Capital Stock of any Guarantor, in each case to a Person that is not (either before or after giving effect to such transactions) the Company or a Restricted Subsidiary of the Company, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Subsidiary Guarantee; provided that the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation Section 4.10 hereof. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of this Indenture, including without limitation Section 4.10 hereof, the Trustee will execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Subsidiary Guarantee.

(b) Upon designation of any Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Indenture, such Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee.

(c) Upon Legal Defeasance in accordance with Article 8 hereof or satisfaction and discharge of this Indenture in accordance with Article 12 hereof, each Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee.

(d) Upon a dissolution of any Guarantor that is permitted by the terms of this Indenture, such Guarantor will be released and relieved of any obligations under its Subsidiary Guarantee.

Any Guarantor not released from its obligations under its Subsidiary Guarantee as provided in this Section 11.03 will remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor as provided in the Guarantee and Collateral Agreement.

ARTICLE 12.
SATISFACTION AND DISCHARGE

Section 12.01 Satisfaction and Discharge.

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(a) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the

Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Company has delivered irrevocable written instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to subclause (b) of clause (1) of this Section, the provisions of Sections 12.02 and 8.06 will survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07 hereof, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 12.02 Application of Trust Money.

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium and Liquidated Damages, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; provided that if the Company has made any payment of principal of, premium or Liquidated Damages, if any, or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 13.
MISCELLANEOUS

Section 13.01 Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties will control.

Section 13.02 Notices.

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Guarantor:

NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55401
Telecopier No.: (612) 373-5392
Attention: Scott J. Davido, Esq.

With a copy to:
Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Telecopier No.: (312) 861-2200
Attention: Gerald T. Nowak

If to the Trustee:
Law Debenture Trust Company of New York
767 Third Avenue, 31st Floor
New York, New York 10017
Telecopier No.: (212) 750-1361
Attention: Estelle Lawrence

With a copy to:
Seward & Kissel
One Battery Park Plaza
New York, NY 10004
Telecopier No.: (212) 480-8420
Attention: Kalyan "Kal" Das

The Company, any Guarantor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, upon confirmation of receipt by addressee; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery upon confirmation of receipt by addressee.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication will also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee

receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee and each Agent at the same time.

Section 13.03 Communication by Holders of Notes with Other Holders of Notes.

Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

Section 13.04 Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.05 Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) must comply with the provisions of TIA Section 314(e) and must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.06 Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.07 No Personal Liability of Directors, Officers, Employees and Stockholders.

No past, present or future director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Subsidiary Guarantees, the Security Documents or for any claim

based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the

consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.08 Governing Law.

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE SUBSIDIARY GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 13.09 No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10 Successors.

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 11.05.

Section 13.11 Severability.

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12 Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.13 Table of Contents, Headings, etc.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following page]

SIGNATURES

Dated as of December 23, 2003

NRG ENERGY, INC.

By: _____
Name:
Title:

EACH GUARANTOR LISTED ON SCHEDULE I HEREOF

By: _____

Name:
Title:

LAW DEBENTURE TRUST COMPANY OF NEW YORK

By: _____
Name:
Title:

EXHIBIT A

[Face of Note]

CUSIP/CINS _____

8% Second Priority Senior Secured Notes due 2013

No. ___ $_____

NRG ENERGY, INC.

promises to pay to _____ or registered assigns,

the principal sum of _____
DOLLARS on December 15, 2013.

Interest Payment Dates: June 15 and December 15

Record Dates: June 1 and December 1

Dated: _____, 200_

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

NRG ENERGY, INC.

By: _____
Name:
Title:

Dated:

This is one of the Notes referred to
in the within-mentioned Indenture:

LAW DEBENTURE TRUST COMPANY OF NEW YORK,
as Trustee

By: _____
Authorized Signatory

[Back of Note]
8% Second Priority Senior Secured Notes due 2013

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Unit Legend, if applicable pursuant to the provisions of the Indenture]

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) INTEREST. NRG Energy, Inc., a Delaware corporation (the "Company"), promises to pay interest on the principal amount of this Note at 8% per annum from _____, 20__ until maturity and shall pay the Liquidated Damages, if any, payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company will pay interest and Liquidated Damages, if any, semi-annually in arrears on June 15 and December 15 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "Interest Payment Date"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; provided further that the first Interest Payment Date shall be June 15, 2004. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages, if any, (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

(2) METHOD OF PAYMENT. The Company will pay interest on the Notes (except defaulted interest) and Liquidated Damages, if any, to the Persons who are registered Holders of Notes at the close of business on the June 1 or December 1 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; provided that payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Liquidated Damages, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) PAYING AGENT AND REGISTRAR. Initially, Law Debenture Trust Company of New York, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company

may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

(4) INDENTURE. The Company issued the Notes under an Indenture dated as of December 23, 2003 (the "Indenture") among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to

the TIA (15 U.S. Code Sections 77aaa-77bbbb). The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are secured obligations of the Company limited to $1.25 billion in aggregate principal amount. Additional Notes may be issued pursuant to the Indenture and will be part of the same series as the Initial Notes. The Notes are secured on a second-priority basis by security interests in the Collateral pursuant to the Security Documents referred to in the Indenture.

(5) OPTIONAL REDEMPTION.

(a) Except as set forth in subparagraph (b) of this Paragraph 5, the Company will not have the option to redeem the Notes prior to December 15, 2008. On or after December 15, 2008, the Company will have the option to redeem the Notes, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on December 15 of the years indicated below, subject to the rights of Holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Percentage
2008	104.000%
2009	102.667%
2010	101.333%
2011 and thereafter	100.000%

(b) Notwithstanding the provisions of subparagraph (a) of this Paragraph 5, at any time prior to December 15, 2006, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under the Indenture with the net cash proceeds of one or more Equity Offerings at a redemption price equal to 108% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any; provided that at least 65% in aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption and that such redemption occurs within 45 days of the date of the closing of such Equity Offering.

(6) MANDATORY REDEMPTION.

The Company will not be required to make mandatory redemption payments with respect to the Notes.

(7) REPURCHASE AT THE OPTION OF HOLDER.

(a) If there is a Change of Control, the Company will be required to make an offer (a "Change of Control Offer") to repurchase all or any part (equal to $1,000 or an integral

multiple thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the date of purchase (the "Change of Control Payment"). Within 10 days following any Change of Control, the Company will mail a notice to each Holder

setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Restricted Subsidiary of the Company consummates any Asset Sales, within fifteen days of each date on which the aggregate amount of Excess Proceeds exceeds $50.0 million, the Company will commence an offer to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (an "Asset Sale Offer") pursuant to Section 3.09 of the Indenture to purchase the maximum principal amount of Notes and other pari passu Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash in an amount equal to 100% of the principal amount thereof plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the date fixed for the closing of such offer, in accordance with the procedures set forth in the Indenture. To the extent that the aggregate amount of Notes and other pari passu Indebtedness tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company (or such Restricted Subsidiary) may use such deficiency for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other pari passu Indebtedness surrendered by holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and other pari passu Indebtedness to be purchased on a pro rata basis. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" attached to the Notes.

(8) NOTICE OF REDEMPTION. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest ceases to accrue on Notes or portions thereof called for redemption.

(9) DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(10) PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes.

(11) AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture or the Notes may be amended or supplemented with the consent of the Holders of at

least a majority in principal amount of the then outstanding Notes voting as a single class, and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes voting as a single class. Without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency; to provide for uncertificated Notes in addition to or in place of certificated Notes; to provide for the assumption of the Company's or any Guarantor's obligations to Holders of the Notes in case of a merger or consolidation; to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder; to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA; to make, complete or confirm any grant of Collateral permitted or required by the indenture or any of the Security Documents or any release of Collateral that becomes effective pursuant to the Indenture or any of the Security Documents; to conform the text of the Indenture, the Security Agreements or the Notes to any provision of the "Description of Notes" section of the Company's Offering Memorandum dated December 17, 2003, relating to the initial offering of the Notes, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Subsidiary Guarantees, the Security Agreements or the Notes; to provide for the Issuance of Additional Notes in accordance with the limitations set forth in the Indenture; or to allow any Guarantor to execute a supplemental indenture to the Indenture and/or a Subsidiary Guarantee with respect to the Notes.

(12) DEFAULTS AND REMEDIES. Events of Default include: (i) default for 30 days in the payment when due of interest or Liquidated Damages on the Notes; (ii) default in payment when due of principal of or premium, if any, on the Notes when the same becomes due and payable at maturity, upon redemption (including in connection with an offer to purchase) or otherwise, (iii) failure by the Company to comply with Section 4.15 or 5.01 of the Indenture; (iv) failure by the Company for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in principal amount of the Notes then outstanding voting as a single class to comply with any other covenant, representation, warranty or other agreement in the Indenture, the Notes or the Security Documents; (v) default under one or more instruments evidencing or securing Indebtedness of the Company or any of its Restricted Subsidiaries having an outstanding principal amount of $50.0 million or more that has resulted in the acceleration of the payment of such Indebtedness or failure to pay principal of, or interest or premium, if any, when due, subject to certain exceptions; (vi) certain judgments for the payment of money in an amount of $50.0 million or more or other judgments that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect, in each case, that remain undischarged for a period of 30 consecutive days; (vii) a material breach by the Company or any of its Restricted Subsidiaries of any material representation or warranty or agreement in the Security Documents, the repudiation by the Company or any of its Restricted Subsidiaries of any of its material obligations under any of the Security Documents or the unenforceability of any of the Security Documents with respect to Collateral having an aggregate Fair Market Value of $25.0 million or more; (viii) except as permitted by the Indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor (or any group of Guarantors) that constitutes a Significant Subsidiary, or any Person acting on behalf of any Guarantor (or any group of Guarantors) that constitutes a Significant Subsidiary, shall deny or disaffirm its or their obligations under its or their Subsidiary Guarantees; and (ix) certain events of bankruptcy or insolvency with respect to the Company or any of its Restricted Subsidiaries (other than Exempt Subsidiaries) that is a Significant Subsidiary or any group of Restricted

Subsidiaries (other than Exempt Subsidiaries) that, when taken together, would constitute a Significant Subsidiary. If any Event of Default occurs and is

continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, all outstanding Notes will become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the Notes. The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

(13) TRUSTEE DEALINGS WITH COMPANY. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) NO RECOURSE AGAINST OTHERS. A director, officer, employee, incorporator or stockholder, of the Company or any of the Guarantors, as such, will not have any liability for any obligations of the Company or such Guarantor under the Notes, the Subsidiary Guarantees or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

(15) AUTHENTICATION. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED DEFINITIVE NOTES. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Restricted Global Notes and Restricted Definitive Notes will have all the rights set forth in the Registration Rights Agreement dated as of December 23, 2003, among the Company, the Guarantors and the other parties named on the signature pages thereof or, in the case of Additional Notes, Holders of Restricted Global Notes and Restricted Definitive Notes will have the rights set forth in one or more registration rights agreements, if any, among the Company, the Guarantors and the other parties thereto, relating to rights given by the Company and the Guarantors to the purchasers of any Additional Notes (collectively, the "Registration Rights Agreement").

(18) CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a

convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

(19) Guarantees. This Note shall be entitled to the benefits of the Subsidiary Guarantees made by the Guarantors pursuant to the Guarantee and Collateral Agreement. Additional Guarantors may be added and Guarantors may be released from their Subsidiary Guarantees as provided in the Indenture and the Subsidiary Guarantee.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55401
Attention: Treasurer

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to:_____
(Insert assignee's legal name)

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

- Section 4.10 - Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE*

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

* This schedule should be included only if the Note is issued in global form.

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55401

Law Debenture Trust Company of New York
767 Third Avenue, 31st Floor
New York, New York 10017

Re: 8% Second Priority Senior Secured Notes due 2013

Reference is hereby made to the Indenture, dated as of December 23, 2003 (the "Indenture"), among NRG Energy, Inc., as issuer (the "Company"), the Guarantors party thereto and Law Debenture Trust Company of New York, as

trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a

U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note, and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE IAI GLOBAL NOTE OR A RESTRICTED DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) [ ]such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act;

or

(d) [ ] such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or the Restricted Definitive Notes and in the Indenture and the Securities Act.

4. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or

Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] IAI Global Note (CUSIP _____); or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP _____), or

(ii) [ ] Regulation S Global Note (CUSIP _____), or

(iii) [ ] IAI Global Note (CUSIP _____); or

(iv) [ ] Unrestricted Global Note (CUSIP _____); or

(b) [ ] a Restricted Definitive Note; or

(c) [ ] an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55401

Law Debenture Trust Company of New York
767 Third Avenue, 31st Floor
New York, New York 10017

Re: 8% Second Priority Senior Secured Notes due 2013

(CUSIP _____)

Reference is hereby made to the Indenture, dated as of December 23, 2003 (the "Indenture"), among NRG Energy, Inc., as issuer (the "Company"), the Guarantors party thereto and Law Debenture Trust Company of New York, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $_____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

1. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is

being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to

Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] [ ]144A Global Note, [ ] Regulation S Global Note, [ ] IAI Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55401

Law Debenture Trust Company of New York
767 Third Avenue, 31st Floor
New York, New York 10017

Re: 8% Second Priority Senior Secured Notes due 2013

Reference is hereby made to the Indenture, dated as of December 23, 2003 (the "Indenture"), among NRG Energy, Inc., as issuer (the "Company"), the Guarantors party thereto and Law Debenture Trust Company of New York, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of $_____ aggregate principal amount of:

(a) [ ] a beneficial interest in a Global Note, or

(b) [ ] a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

2. We understand that the offer and sale of the Notes has not been registered under the Securities Act, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to the Company or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to you and to the Company a signed letter substantially in the form of this letter and an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144(k) under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and we further agree to provide to any Person purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to you and the Company such certifications, legal opinions and other information as you and the Company may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in

Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

_____
[Insert Name of Accredited Investor]

By: _____
Name:
Title:

Dated: _____

EXHIBIT E

[FORM OF SUBSIDIARY GUARANTEE]

EXHIBIT F

[FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of _____, 200__, among _____ (the "Guaranteeing Subsidiary"), a subsidiary of NRG Energy, Inc. (or its permitted successor), a Delaware corporation (the "Company"), the Company, the other Guarantors (as defined in the Indenture referred to herein) and Law Debenture Trust Company of New York, as trustee under the Indenture referred to below (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company has heretofore executed and delivered to the Trustee an indenture (the "Indenture"), dated as of December 23, 2003 providing for the issuance of ___% Second Priority Senior Secured Notes due 2013 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Subsidiary Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Subsidiary Guarantee and in this Indenture.

4. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Subsidiary Guarantees, the Indenture or this Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such a waiver is against public policy.

5. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

6. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

8. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated: _____, 20___

[GUARANTEEING SUBSIDIARY]

By: _____
Name:
Title:

[COMPANY]

By: _____
Name:
Title:

[EXISTING GUARANTORS]

By: _____
Name:
Title:

[TRUSTEE],
as Trustee

By: _____
Authorized Signatory

SCHEDULE I

Guarantors

Arthur Kill Power LLC
Astoria Gas Turbine Power LLC
Berrians I Gas Turbine Power LLC
Big Cajun II Unit 4 LLC
Capistrano Cogeneration Company
Chickahominy River Energy Corp.
Cobee Energy Development LLC
Commonwealth Atlantic Power LLC
Conemaugh Power LLC
Connecticut Jet Power LLC
Devon Power LLC
Dunkirk Power LLC
Eastern Sierra Energy Company
El Segundo Power II LLC
Hanover Energy Company
Huntley Power LLC
Indian River Operations Inc.
Indian River Power LLC
James River Power LLC
Kaufman Cogen LP
Keystone Power LLC
Louisiana Generating LLC
MidAtlantic Generation Holding LLC
Middletown Power LLC
Montville Power LLC
NEO California Power LLC
NEO Chester-Gen LLC
NEO Corporation
NEO Freehold-Gen LLC
NEO Landfill Gas Holdings Inc.
NEO Landfill Gas Inc.
NEO Nashville LLC
NEO Power Services Inc.
NEO Tajiguas LLC
Northeast Generation Holding LLC
Norwalk Power LLC
NRG Affiliate Services Inc.
NRG Arthur Kill Operations Inc.
NRG Asia-Pacific, Ltd.
NRG Astoria Gas Turbine Operations Inc.
NRG Bayou Cove LLC
NRG Cabrillo Power Operations Inc.
NRG Cadillac Operations Inc.
NRG California Peaker Operations LLC
NRG Central U.S. LLC
NRG Connecticut Affiliate Services Inc.
NRG Devon Operations Inc.
NRG Dunkirk Operations Inc.

NRG Eastern LLC
NRG El Segundo Operations Inc.
NRG Huntley Operations Inc.

NRG International LLC
NRG Kaufman LLC
NRG Mesquite LLC
NRG MidAtlantic Affiliate Services Inc.
NRG MidAtlantic Generating LLC
NRG MidAtlantic LLC
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 Northeast Generating LLC
NRG Norwalk Harbor Operations Inc.
NRG Operating Services, Inc.
NRG Oswego Harbor Power Operations Inc.
NRG Power Marketing Inc.
NRG Rocky Road LLC
NRG Saguaro Operations Inc.
NRG South Central Affiliate Services Inc.
NRG South Central Generating LLC
NRG South Central Operations Inc.
NRG West Coast LLC
NRG Western Affiliate Services Inc.
Oswego Harbor Power LLC
Saguaro Power LLC
Somerset Operations Inc.
Somerset Power LLC
South Central Generation Holding LLC
Vienna Operations Inc.
Vienna Power LLC

EXHIBIT 4.2

EXECUTION COPY

$1,250,000,000

NRG ENERGY, INC.

8% SECOND PRIORITY SENIOR SECURED NOTES DUE 2013

PURCHASE AGREEMENT

December 17, 2003

LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON LLC
CITIGROUP GLOBAL MARKETS INC.
DEUTSCHE BANK SECURITIES INC.
c/o Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

Ladies and Gentlemen:

NRG Energy, Inc., a Delaware corporation (the "Company"), proposes, upon the terms and considerations set forth herein, to issue and sell to you, as the initial purchasers (the "Initial Purchasers"), $1,250,000,000 in aggregate principal amount of its 8% Second Priority Senior Secured Notes due 2013 (the "Notes"). The Notes will (i) have terms and provisions that are summarized in the Offering Memorandum (as defined below) and (ii) are to be issued pursuant to an Indenture (the "Indenture") to be entered into among the Company, the entities listed on Schedule I hereof (the "Guarantors") and Law Debenture Trust Company of New York, as trustee (the "Trustee"). The Company's obligations under the Notes, including the due and punctual payment of interest on the Notes, will be unconditionally guaranteed (the "Guarantees") by the Guarantors. As used herein, the term "Notes" shall include the Guarantees, unless the context otherwise requires. This Purchase Agreement (this "Agreement") is to confirm the agreement concerning the purchase of the Notes from the Company by the Initial Purchasers.

The Company, simultaneously with the sale of the Notes, proposes to obtain senior secured credit facilities of up to $1,450,000,000 under a new Credit Agreement (the "Credit Agreement") to be dated the Closing Date (as defined below), by and among the Company, NRG Power Marketing Inc. ("PMI"), the lenders party thereto, Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers Inc., as joint lead book runners and joint lead arrangers (in such capacities, collectively, the "Arrangers"), Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative agent (in such capacity and together with its successors, the "Administrative Agent") and as collateral agent (in such capacity and together with its successors, the "Collateral Agent"), and Lehman Commercial Paper Inc. ("LCPI"), as syndication agent.

The obligations of the Company and the Guarantors with respect to the Notes and the Guarantees, respectively, will be secured equally and ratably by second priority security interests in the Collateral (as defined in the "Description of Notes" section of the Offering Memorandum) granted to Deutsche Bank Trust Company Americas, as collateral trustee (the "Collateral Trustee") for the benefit of the holders of the Notes and the Guarantees. These liens will be junior in priority to the liens securing the Credit Agreement. The liens securing the Credit Agreement will also be held by the Collateral Trustee.

Capitalized terms used by not defined in this Agreement shall have the meanings assigned to them in the "Description of Notes" section of the Offering

Memorandum.

1. Preliminary Offering Memorandum and Offering Memorandum. The Notes will be offered and sold to the Initial Purchasers without registration under the Securities Act of 1933, as amended (the "Act"), in reliance on an exemption pursuant to Section 4(2) under the Act. The Company and the Guarantors have prepared a preliminary offering memorandum, dated December 5, 2003 (the "Preliminary Offering Memorandum"), and an offering memorandum, dated December 17, 2003 (the "Offering Memorandum"), setting forth information regarding the Company, the Guarantors, the Notes and the Guarantees. The Company and the Guarantors hereby confirm that they have authorized the use of the Preliminary Offering Memorandum and the Offering Memorandum in connection with the offering and resale of the Notes by the Initial Purchasers.

It is understood and acknowledged that upon original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Act, the Notes (and all securities issued in exchange therefor, in substitution thereof) shall bear a legend substantially in the following form (along with such other legends as the Initial Purchasers and their counsel deem necessary):

> "THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES."

You have advised the Company that you will make offers (the "Exempt Resales") of the Notes purchased by you hereunder on the terms set forth in the Offering Memorandum, as amended or supplemented, solely to (i) persons whom you reasonably believe to be "qualified institutional buyers" as defined in Rule 144A under the Act ("QIBs") and (ii) outside the United States to certain persons in offshore transactions in reliance on Regulation S under the Act. Those persons specified in clauses (i) and (ii) are referred to herein as the ("Eligible Purchasers"). You will offer the Notes to Eligible Purchasers initially at a price equal to 100% of the principal amount thereof. Such price may be changed at any time without notice.

Holders (including subsequent transferees) of the Notes will have the registration rights set forth in the registration rights agreement attached hereto as Exhibit A (the "Registration Rights Agreement") among the Company, the Guarantors and the Initial Purchasers to be dated December 23, 2003 (the "Closing Date"), for so long as such Notes constitute "Transfer Restricted Securities" (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement, the Company and the Guarantors will agree to file with the United States Securities and Exchange Commission (the "Commission") under the circumstances set forth therein, a registration statement under the Act (the

"Exchange Offer Registration Statement") relating to the Company's 8% Second Priority Senior Secured Notes (the "Exchange Notes") and the Guarantors' Exchange Guarantees (the "Exchange Guarantees") to be offered in exchange for the Notes and the Guarantees. Such portion of the offering is referred to as the "Exchange Offer."

2. Representations, Warranties and Agreements of the Company and the Guarantors. The Company and each of the Guarantors, jointly and severally, represent, warrant and agree as follows:

(a) When the Notes and the Guarantees are issued and delivered pursuant to this Agreement, such Notes and Guarantees will not be of the same class (within the meaning of Rule 144A under the Act) as securities of the Company or the Guarantors that are listed on a national securities exchange registered under Section 6 of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") or that are quoted in a United States automated inter-dealer quotation system.

(b) Neither the Company nor any of its subsidiaries is, or after giving effect to the offering and sale of the Notes and upon application of the proceeds as described under the caption "Use of Proceeds" in the Offering Memorandum will be, an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(c) Assuming that your representations and warranties in Section 3(b) are true, the purchase and resale of the Notes pursuant hereto (including pursuant to the Exempt Resales) is exempt from the registration requirements of the Act. No form of general solicitation or general advertising within the meaning of Regulation D (including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising) was used by the Company, the Guarantors or any of their respective representatives (other than you, as to whom the Company and the Guarantors make no representation) in connection with the offer and sale of the Notes.

(d) No form of general solicitation or general advertising was used by the Company, the Guarantors or any of their respective representatives (other than you, as to whom the Company and the Guarantors make no representation) with respect to Notes sold outside the United States to non-U.S. persons (as defined in Rule 902 under the Act), by means of any directed selling efforts within the meaning of Rule 902 under the Act, and the Company, any affiliate of the Company and any person acting on its or their behalf (other than you, as to when the Company and the Guarantors make no representation) has complied with and will implement the "offering restrictions" required by Rule 902.

(e) Each of the Preliminary Offering Memorandum and the Offering Memorandum, each as amended or supplemented, as of its date, contains all the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Act.

(f) The Preliminary Offering Memorandum and Offering Memorandum have been prepared by the Company and the Guarantors for use by the Initial Purchasers in connection with the Exempt Resales. No order or decree preventing the use of the Preliminary Offering Memorandum or the Offering Memorandum, or any order asserting that the transactions contemplated by this Agreement are subject to the registration requirements of the Act has been issued and no proceeding for that purpose has commenced or is pending or, to the knowledge of the Company or any of the Guarantors is contemplated.

(g) The Preliminary Offering Memorandum and the Offering Memorandum, and any amendments or supplements thereto, as of their respective dates, and the Offering Memorandum as of the Closing Date, did not and will not contain any untrue statement of a material fact or omit to state a

material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were

made, not misleading, except that this representation and warranty does not apply to statements in or omissions from the Preliminary Offering Memorandum and Offering Memorandum made in reliance upon and in conformity with information relating to the Initial Purchasers furnished to the Company in writing by or on behalf of the Initial Purchasers expressly for use therein.

(h) The market-related and customer-related data and estimates included under the captions "Summary" and "Business" in the Preliminary Offering Memorandum and the Offering Memorandum are based on or derived from sources that the Company believes to be reliable and accurate in all material respects.

(i) The Company, the Guarantors and each of their respective subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification (except such failures to qualify as are not, either individually or in the aggregate, material to the Company and its subsidiaries taken as a whole), and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged.

(j) The Company and each Guarantor has the capitalization as set forth in the Offering Memorandum, and all of the issued shares of capital stock of the Company and each Guarantor have been duly authorized and validly issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and (except (i) for directors' qualifying shares or foreign national qualifying capital stock, (ii) as otherwise set forth in the Offering Memorandum and (iii) as pledged to secure indebtedness of the Company and/or its subsidiaries pursuant to credit facilities, indentures and other instruments evidencing indebtedness as contemplated by the Offering Memorandum and existing on the Closing Date) are owned directly or indirectly by the Company or each Guarantor, free and clear of all liens, encumbrances, equities or claims.

(k) The Company and each Guarantor has all requisite corporate power and authority to enter into the Indenture. The Indenture has been duly and validly authorized by the Company and the Guarantors, and upon its execution and delivery and, assuming due authorization, execution and delivery by the Trustee, will constitute the valid and binding agreement of the Company and the Guarantors, enforceable against the Company and the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles; no qualification of the Indenture under the Trust Indenture Act of 1939 (the "1939 Act") is required in connection with the offer and sale of the Notes contemplated hereby or in connection with the Exempt Resales.

(l) The Indenture will conform in all material respects to the description thereof in the Offering Memorandum.

(m) The Company has all requisite corporate power and authority to issue and sell the Notes. The Notes have been duly authorized by the Company and, when duly executed by the Company in accordance with the terms of the Indenture, assuming due authentication of the Notes by the Trustee, upon delivery to the Initial Purchasers against payment therefor in accordance with the terms hereof, will be validly issued and delivered, and will constitute valid and binding obligations of the Company entitled

to the benefits of the Indenture, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy,

fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(n) The Notes will conform in all material respects to the description thereof in the Offering Memorandum.

(o) The Company has all requisite corporate power and authority to issue the Exchange Notes. The Exchange Notes have been duly and validly authorized by the Company and if and when duly issued and authenticated in accordance with the terms of the Indenture and delivered in accordance with the Exchange Offer provided for in the Registration Rights Agreement, will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(p) Each Guarantor has all requisite corporate power and authority to issue the Guarantees. The Guarantees have been duly and validly authorized by the Guarantors and when duly executed and delivered by the Guarantors in accordance with the terms of the Indenture and upon the due execution, authentication and delivery of the Notes in accordance with the Indenture and the issuance of the Notes in the sale to the Initial Purchasers contemplated by this Agreement, will constitute valid and binding obligations of the Guarantors, enforceable against the Guarantors in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(q) The Guarantees will conform in all material respects to the description thereof in the Offering Memorandum.

(r) Each Guarantor has all requisite corporate power and authority to issue the Exchange Guarantees. The Exchange Guarantees have been duly and validly authorized by the Guarantors and if and when duly executed and delivered by the Guarantors in accordance with the terms of the Indenture and upon the due execution and authentication of the Exchange Notes in accordance with the Indenture and the issuance and delivery of the Exchange Notes in the Exchange Offer contemplated by the Registration Rights Agreement, will constitute valid and binding obligations of the Guarantors, entitled to the benefits of the Indenture, enforceable against the Guarantors in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(s) The Company and each Guarantor has all requisite corporate power and authority to enter into the Registration Rights Agreement. The Registration Rights Agreement has been duly authorized by the Company and each Guarantor and, when executed and delivered by the Company and each Guarantor in accordance with the terms hereof and thereof, will be validly executed and delivered and (assuming the due authorization, execution and delivery thereof by you) will be the legally valid and binding obligation of the Company and each Guarantor in accordance with the terms thereof, enforceable against the Company and each Guarantor in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such

enforceability is considered in a proceeding in equity or at law) and, as to rights of indemnification and contribution, by principles of public policy.

(t) The Registration Rights Agreement will conform in all

material respects to the description thereof in the Offering Memorandum.

(u) The Credit Agreement will conform in all material respects to the description thereof in the Offering Memorandum.

(v) The Company and each Guarantor (as applicable) has all requisite corporate power and authority to enter into each of the documents listed on Schedule II hereof and each of the mortgages or deeds of trust listed on Schedule III hereof (the "Mortgages" and together with the documents listed on Schedule II, the "Security Documents") to which it is a party. Each of the Security Documents has been duly authorized by the Company and each Guarantor (as applicable) and, when executed and delivered by the Company and each Guarantor (as applicable) in accordance with the terms thereof, will be validly executed and delivered and (assuming the due authorization, execution and delivery thereof by the other parties thereto) will be the legally valid and binding obligation of the Company and each Guarantor (as applicable) in accordance with the terms thereof, enforceable against the Company and each Guarantor (as applicable) in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and, as to rights of indemnification and contribution, by principles of public policy.

(w) When executed and delivered to the Collateral Trustee at the Closing Date, the Security Documents will grant and create, in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, as security for all of the Parity Lien Obligations, a valid second priority security interest in the Collateral defined in each of such instruments. When the Financing Statements (as defined in Section 7(g)) are filed, such second priority security interests will be perfected security interests and/or mortgage liens (subject only to Permitted Prior Liens and the provisions with respect to priority set forth in the Collateral Trust Agreement). When delivered at the Closing Date, each Mortgage will be delivered, duly acknowledged and, if required for recordation, attested and otherwise will be in recordable form. At the Closing Date, (x) all pledged Collateral constituting Capital Stock will be represented by certificated securities and (y) all such certificated securities and all promissory notes and other instruments then evidencing or representing any Collateral will be delivered to the Collateral Trustee in pledge for the benefit of the Parity Lien Secured Parties, as security for all of the Parity Lien Obligations, on a second priority basis, duly endorsed by an effective endorsement.

(x) At the Closing Date, the representations and warranties contained in the Security Documents shall be true and correct in all material respects.

(y) The Company and each Guarantor has all requisite corporate power and authority to enter into this Agreement. This Agreement has been duly authorized, executed and delivered by the Company and the Guarantors.

(z) The issue and sale of the Notes and the Guarantees, the compliance by the Company and the Guarantors with all of the provisions of the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Indenture, the Registration Rights Agreement, the Security Documents and this Agreement, the consummation of the transactions contemplated hereby and thereby and the grant and perfection of the security interests in the Collateral pursuant to the Security Documents (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default

under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company, the Guarantors or any of their respective subsidiaries is a party or by which the Company, the Guarantors or

any of their respective subsidiaries is bound or to which any of the property or assets of the Company, the Guarantors or any of their respective subsidiaries is subject, (ii) will not result in any violation of the provisions of the charter or by-laws of the Company, the Guarantors or any of their respective subsidiaries or (iii) will not violate any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their respective subsidiaries or any of their properties or assets; and no consent, approval, authorization or order of, or filing, registration or qualification with any such court or governmental agency or body is required for the issue and sale of the Notes and the Guarantees, the consummation by the Company and the Guarantors of the transactions contemplated by this Agreement, the Security Documents, the Registration Rights Agreement or the Indenture or the grant and perfection of the security interest in the Collateral pursuant to the Security Documents, except (u) in the cases of clauses (i) and (iii) only, for such defaults, violations and failures as would not reasonably be expected to have, either individually or in the aggregate, a material adverse change, or any development involving a prospective material adverse change, in or affecting the management, condition, financial or otherwise, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect"); (w) such consent, approvals, authorizations, orders or, or filings, registrations or qualifications that have been obtained or where failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (x) the filing of a registration statement by the Company with the Commission pursuant to the Act as required by the Registration Rights Agreement; (y) such consents, approvals, authorizations, orders, filings, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Initial Purchasers; and (z) filings required to perfect the Collateral Trustee's security interests granted pursuant to the Security Documents.

(aa) Except as described in the Offering Memorandum, there are no contracts, agreements or understandings between the Company, any Guarantor and any person granting such person the right to require the Company or any Guarantor to file a registration statement under the Act with respect to any securities of the Company or any Guarantor (other than the Registration Rights Agreement) owned or to be owned by such person or to require the Company or any Guarantor to include such securities in the securities registered pursuant to the Registration Rights Agreement or in any securities being registered pursuant to any other registration statement filed by the Company or any Guarantor under the Act.

(bb) Except with respect to, and in accordance with, the NRG plan of reorganization (as defined in the Offering Memorandum) and as otherwise disclosed in the Offering Memorandum, during the six-month period preceding the date of the Offering Memorandum, none of the Company, the Guarantors or any other person acting on behalf of the Company or any Guarantor has offered or sold to any person any Notes or Guarantees, or any securities of the same or a similar class as the Notes or Guarantees, other than Notes or Guarantees offered or sold to the Initial Purchasers hereunder. The Company and the Guarantors will take reasonable precautions designed to insure that any offer or sale, direct or indirect, in the United States or to any U.S. person (as defined in Rule 902 under the Act), of any Notes or any substantially similar security issued by the Company or any Guarantor, within six months subsequent to the date on which the distribution of the Notes has been completed (as notified to the Company by the Initial Purchasers), is made under restrictions and other circumstances reasonably designed not to affect the status of the offer and sale of the Notes in the United States and to U.S. persons contemplated by this Agreement as transactions exempt from the registration provisions of the Act; including any sales pursuant to Rule 144A under, or Regulations D or S of, the Act.

(cc) Neither the Company, the Guarantors nor any of their

respective subsidiaries has sustained, since the date of the latest audited financial statements included in the Offering Memorandum, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Memorandum; and, since such date, there has not been any change in the stockholders' equity or long-term debt of the Company, the Guarantors or any of their respective subsidiaries or any Material Adverse Effect otherwise than as set forth or contemplated in the Offering Memorandum.

(dd) The financial statements (including the related notes and supporting schedules) included in the Offering Memorandum present fairly the financial condition and results of operations of the entities purported to be shown thereby, at the dates and for the periods indicated, and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(ee) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company, whose report appears in the Offering Memorandum and who have delivered the initial letter referred to in Section 7(m) hereof, are independent public accountants as required by the Act and the rules and regulations promulgated thereunder (the "Rules and Regulations") during the periods covered by the financial statements on which they reported contained in the Offering Memorandum.

(ff) The Company, the Guarantors and each of their respective subsidiaries has good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects, except as are described in the Offering Memorandum and as do not materially affect the value of the property of the Company and its subsidiaries taken as a whole and do not materially interfere with the use made and proposed to be made of such property by the Company, the Guarantors or any of their respective subsidiaries; no Financing Statements in respect of any property or assets of the Company and the Guarantors will be on file in favor of any person other than those in respect of Permitted Prior Liens and those to be terminated with respect to existing indebtedness; and all real property and buildings held under lease by the Company, the Guarantors or any of their respective subsidiaries are held by them under valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company, the Guarantors or any of their respective subsidiaries.

(gg) The Company, the Guarantors and each of their respective subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar businesses in similar industries, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(hh) The Company, the Guarantors and each of their respective subsidiaries (i) own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights and licenses necessary for the conduct of their respective businesses and (ii) have no reason to believe that the conduct of their respective businesses will conflict with, and have not received any notice of any claim of conflict with, any such rights of others, except with respect to clause (ii) as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(ii) Except as described in the Offering Memorandum, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which

any property or assets of the Company or any of its subsidiaries is the subject that, if determined adversely to the Company or any of its subsidiaries, could have a Material Adverse Effect, and to the best of the Company's and each Guarantors' knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(jj) No relationship, direct or indirect, that would be required to be described in a Company's registration statement pursuant to Item 404 of Regulation S-K, exists between or among the Company or any Guarantor on the one hand, and the (i) directors or officers, (ii) nominees for directors, (iii) stockholders owning of record or beneficially owning more than 5% of any class of the Company's or any Guarantors' voting securities, or (iv) any immediate family member of any of the foregoing, of the Company or any Guarantor, on the other hand, that has not been described in the Offering Memorandum.

(kk) No labor disturbance by the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company or any of its subsidiaries, is imminent that could be expected to have a Material Adverse Effect.

(ll) The Company is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company or any Guarantor would have any liability; neither the Company nor any Guarantor has incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"); and each "pension plan" for which the Company or any Guarantor would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(mm) The Company and each Guarantor has filed all federal, state and local income and franchise tax returns required to be filed through the date hereof and has paid all taxes due thereon, and no tax deficiency has been determined adversely to the Company, the Guarantors or any of their respective subsidiaries that has had (nor does the Company or any Guarantor have any knowledge of any tax deficiency that, if determined adversely to the Company, the Guarantors or any of their respective subsidiaries, might have) or could reasonably be expected to have a Material Adverse Effect.

(nn) Since the date as of which information is given in the Preliminary Offering Memorandum through the date hereof, and except as may otherwise be disclosed in the Offering Memorandum, neither the Company nor any Guarantor has (i) issued or granted any securities, (ii) incurred any liability or obligation, direct or contingent, other than liabilities and obligations that were incurred in the ordinary course of business, (iii) entered into any transaction not in the ordinary course of business or (iv) declared or paid any dividend on its capital stock.

(oo) Except as disclosed in the Offering Memorandum, the Company and each Guarantor (i) makes and keeps accurate books and records and (ii) maintains internal accounting controls that provide reasonable assurance that (A) transactions are executed in accordance with management's authorization, (B) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (C) access to its assets is permitted only in accordance with management's authorization and (D) the reported accountability for its assets is compared with existing assets at reasonable intervals.

(pp) Except as disclosed in the Offering Memorandum, neither the Company, the Guarantors nor any of their respective subsidiaries (i) is in violation of its charter, by-laws or applicable organizational documents, (ii) is in default in any material respect, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant, condition or other obligation contained in any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject or (iii) is in violation in any material respect of any law, ordinance, governmental rule, regulation or court decree to which it or its property or assets may be subject or has failed to obtain or maintain any material license, permit, certificate, franchise or other governmental authorization or permit necessary to the ownership of its property or to the conduct of its business.

(qq) Neither the Company, the Guarantors nor any of their respective subsidiaries, nor, to the Company's knowledge, any director, officer, agent, employee or other person associated with or acting on behalf of the Company, the Guarantors or any of their respective subsidiaries, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(rr) Except as disclosed in the Offering Memorandum, and except for such matters as would not, individually or in the aggregate, either result in a Material Adverse Effect or require disclosure in the Offering Memorandum, the Company, the Guarantors and any of their respective subsidiaries (1) are conducting and have conducted their businesses, operations and facilities in compliance with Environmental Laws (as defined below); (2) have duly obtained, possess, maintain in full force and effect, and have fulfilled and performed all of their obligations under any and all permits, licenses or registrations required under Environmental Law ("Environmental Permits"); (3) are not party to, or otherwise bound by, any written contract under which the Company or any of its subsidiaries is obligated by any representation, warranty, indemnification, covenant or restriction to undertake any material liability under Environmental Law or related to the remediation of any Hazardous Substances (as defined below); (4) have not received any written notice from a governmental authority or any other third party alleging any violation of Environmental Law or liability thereunder (including, without limitation, liability as a "potentially responsible party" and/or for costs of investigating or remediating sites containing Hazardous Substances and/or damages to natural resources); (5) are not subject to any pending or, to the knowledge of the Company, the Guarantors or any of their respective subsidiaries, threatened claim or other legal proceeding under any Environmental Laws against the Company or its subsidiaries; and (6) do not have any knowledge of any pending Environmental Law, or any unsatisfied condition in an Environmental Permit, or any release of Hazardous Substances that, individually or in the aggregate, would reasonably be expected to form the basis of any such claim or legal proceeding against the Company or its subsidiaries or to require any material capital expenditures to maintain the Company's or the subsidiaries' compliance with Environmental Law or with their Environmental Permits. As used in this paragraph, "Environmental Laws" means any and all applicable federal, state, local, and foreign laws, statutes, ordinances, rules, regulations, enforceable requirements and common law, or any enforceable administrative or judicial interpretation, order, consent, decree or judgment thereof, relating to pollution or the protection of human health or the environment, including, without limitation, those relating to, regulating, or imposing liability or standards of conduct concerning (i) noise or odor; (ii) emissions, discharges, releases or threatened releases of Hazardous Substances into ambient air, surface water, groundwater or land; (iii) the generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, transport or handling of, or exposure to, Hazardous Substances; or (iv) the investigation, remediation or cleanup of any Hazardous Substances. As used in this paragraph,

"Hazardous Substances"

means pollutants, contaminants or hazardous, dangerous, toxic, biohazardous or infectious substances, materials, constituents or wastes or toxins, petroleum, petroleum products and their breakdown constituents, or any other hazardous or toxic chemical substance regulated under Environmental Laws or exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitability, toxicity, or reactivity, whether solid, gaseous or liquid in nature.

(ss) The order confirming the (i) NRG plan of reorganization and (ii) joint plan of reorganization with respect to NRG Northeast Generating LLC and NRG South Central Generating LLC, that were filed under Chapter 11 of the Bankruptcy Code (each, a "Plan") were entered on November 24, 2003 and November 25, 2003, respectively (each, a "Confirmation Orders"). Notice of the Confirmation Orders was provided in accordance with Federal Rule of Bankruptcy Procedure Rules 2002(b) and 3017(d). After due inquiry, as of 11:00 p.m. on December 17, 2003, there was no order, notice or motion filed or pending to appeal, reverse, stay, vacate or modify either of the Confirmation Orders, except with respect to the Stipulation Order entered into between the Company and the New York State Public Service Commission.

(tt) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Notes), will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System.

(uu) The statements set forth in the Offering Memorandum under the caption "Description of Notes," insofar as they purport to constitute a summary of the terms of the Notes, the Guarantees and the Security Documents, and under the captions "Certain Federal Income Tax Consequences," "Certain Relationships and Related Transactions," "Description of Certain Indebtedness," "Management--Employment Agreements" and "Plan of Distribution", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate in all material respects.

(vv) Prior to the date hereof, neither the Company, the Guarantors nor any of their respective affiliates nor any person acting on its or their behalf (other than you, as to whom the Company and the Guarantors make no representation) has taken any action that is designed to or that has constituted or that might have been expected to cause or result in stabilization or manipulation of the price of any security of the Company or the Guarantors in connection with the offering of the Notes.

(ww) Neither the Company nor any "affiliate" of the Company (other than FirstEnergy Inc. and its affiliates (collectively, "FirstEnergy")) is, or after giving effect to the issuance and sale of the Notes and Guarantees, will become, subject to regulation as (i) a "holding company," (ii) a "subsidiary company" of a "holding company" or (iii) a "public-utility company," in each case as such terms are defined in the Public Utility Holding Company Act of 1935 and the rules and regulations promulgated thereunder, as amended from time to time ("PUHCA"). As of the Closing Date, none of the Company or any of the affiliates of the Company (other than FirstEnergy) shall be a "subsidiary company" of a "holding company," in each case as such terms are defined in PUHCA.

(xx) None of the Company, the Guarantors or any of the Company's subsidiaries is subject to regulation as a "public utility" as such term is defined in the Federal Power Act and the rules and regulations promulgated thereunder, as amended from time to time (the "FPA"), other than (i) as a power marketer or an owner of generator leads, which has market-based rate authority under Section 205 of the FPA or (ii) as a "qualifying facility" ("QF")

under the Public Utility Regulatory Policies Act of 1978 and the rules and regulations promulgated thereunder, as amended from time to time ("PURPA"), as contemplated by 18 C.F.R. Section 292.601(c). Except as set forth in Schedule IV, each of the Company

and any of the Guarantors and the Company's subsidiaries that is subject to regulation as a "public utility" as such term is defined in the FPA has validly issued orders from the Federal Energy Regulatory Commission ("FERC"), not subject to any pending challenge, investigation or proceeding (other than the FERC's generic proceeding initiated in Docket No. EL01-118-000) (x) authorizing such person to engage in wholesale sales of electricity and, to the extent permitted under its market-based rate tariff, other transactions at market-based rates and (y) granting such waivers and blanket authorizations as are customarily granted to entities with market-based rate authority, including blanket authorizations to issue securities and to assume liabilities pursuant to Section 204 of the FPA; provided, however, FERC has indicated in at least one order that it will treat the Company as a "public untility" for purposes of Section 204 of the FPA. The Company does not have blanket authorizations to issue securities and assume liabilities pursuant to Section 204 of the FPA. Except as set forth in Schedule IV, with respect to each person described in the second sentence of this clause (xx), FERC has not imposed any rate caps or mitigation measures other than rate caps and mitigation measures generally applicable to similarly situated marketers or generators selling electricity, ancillary services or other services at wholesale at market-based rates in the geographic market where such person conducts its business.

(yy) None of the Company, the Guarantors or any of the Company's subsidiaries is subject to any state laws or regulations respecting rates or the financial or organizational regulation of utilities, other than, with respect to those entities that are QF's, such state regulations contemplated by 18 C.F.R. Section 292.602(c) and "lightened regulation" as defined by the New York State Public Service Commission.

(zz) The Company is subject to Section 13 or 15(d) of the Exchange Act.

(aaa) Except as disclosed in the Offering Memorandum, the Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-14 under the Exchange Act), which (i) are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the Exchange Act are being prepared; (ii) have been evaluated for effectiveness as of a date within 90 days prior to the date of the Company's most recent annual or quarterly report; and (iii) are effective in all material respects to perform the functions for which they were established.

(bbb) Except as disclosed in the Offering Memorandum, based on the evaluation of its disclosure controls and procedures, the Company is not aware of (i) any significant deficiency in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in internal controls; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

(ccc) Since the date of the most recent evaluation of such disclosure controls and procedures, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

3. Purchase of the Notes by the Initial Purchasers, Agreements to

Sell, Purchase and Resell. The Company and the Guarantors, jointly and severally hereby agree, on the basis of the representations, warranties and agreements of the Initial Purchasers contained herein and subject to all the terms and conditions set forth herein, to issue and sell to the Initial Purchasers and, upon the basis of the representations, warranties and agreements of the Company and the Guarantors herein contained and

subject to all the terms and conditions set forth herein, each of the Initial Purchasers agrees, severally and not jointly, to purchase from the Company, at a purchase price of 98.125% of the principal amount thereof, the total principal amount of Notes set forth opposite the name of such Initial Purchaser in Schedule V hereto. The Company and the Guarantors shall not be obligated to deliver any of the securities to be delivered hereunder except upon payment for all of the securities to be purchased as provided herein.

(b) Each of the Initial Purchasers, severally and not jointly hereby represents and warrants to the Company that it will offer the Notes for sale upon the terms and conditions set forth in this Agreement and in the Offering Memorandum. Each of the Initial Purchasers hereby represents and warrants to, and agrees with, the Company that such Initial Purchaser: (i) is a QIB with such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks of an investment in the Notes; (ii) is purchasing the Notes pursuant to a private sale exempt from registration under the Act; (iii) in connection with the Exempt Resales, will solicit offers to buy the Notes only from, and will offer to sell the Notes only to, the Eligible Purchasers in accordance with this Agreement and on the terms contemplated by the Offering Memorandum; and (iv) will not offer or sell the Notes, nor has it offered or sold the Notes by, or otherwise engaged in, any form of general solicitation or general advertising (within the meaning of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising) and will not engage in any directed selling efforts within the meaning of Rule 902 under the Act, in connection with the offering of the Notes. The Initial Purchasers have advised the Company that they will offer the Notes to Eligible Purchasers at a price initially equal to 100% of the principal amount thereof, plus accrued interest, if any, from the date of issuance of the Notes. Such price may be changed by the Initial Purchasers at any time without notice.

Each of the Initial Purchasers understands that the Company and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Sections 7(c) and 7(d) hereof, counsel to the Company and counsel to the Initial Purchasers, will rely upon the accuracy and truth of the foregoing representations, warranties and agreements and the Initial Purchasers hereby consent to such reliance.

4. Delivery of the Notes and Payment Therefor. Delivery to the Initial Purchasers of and payment for the Notes shall be made at the office of Latham & Watkins LLP, at 9:00 A.M., New York City time, on the Closing Date. The place of closing for the Notes and the Closing Date may be varied by agreement between the Initial Purchasers and the Company.

The Notes will be delivered to the Initial Purchasers, or the Trustee as custodian for The Depository Trust Company ("DTC"), against payment by or on behalf of the Initial Purchasers of the purchase price therefor by wire transfer in immediately available funds, by causing DTC to credit the Notes to the account of the Initial Purchasers at DTC. The Notes will be evidenced by one or more global securities in definitive form (the "Global Notes") or by additional definitive securities, and will be registered, in the case of the Global Notes, in the name of Cede & Co. as nominee of DTC, and in the other cases, in such names and in such denominations as the Initial Purchasers shall request prior to 9:30 A.M., New York City time, on the second business day preceding the Closing Date. The Notes to be delivered to the Initial Purchasers

shall be made available to the Initial Purchasers in New York City for inspection and packaging not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date.

5. Agreements of the Company and the Guarantors. The Company and the Guarantors, jointly and severally agree with each of the Initial Purchasers as follows:

(a) The Company and the Guarantors will furnish to the Initial Purchasers, without charge, as of the date of the Offering Memorandum, such number of copies of the Offering Memorandum as may then be amended or supplemented as they may reasonably request.

(b) The Company and the Guarantors will not make any amendment or supplement to the Preliminary Offering Memorandum or to the Offering Memorandum of which the Initial Purchasers shall not previously have been advised or to which they shall reasonably object after being so advised.

(c) The Company and each of the Guarantors consents to the use, in accordance with the securities or Blue Sky laws of the jurisdictions in which the Notes are offered by the Initial Purchasers and by dealers, prior to the date of the Offering Memorandum, of each Preliminary Offering Memorandum so furnished by the Company and the Guarantors. The Company and each of the Guarantors consent to the use of the Offering Memorandum in accordance with the securities or Blue Sky laws of the jurisdictions in which the Notes are offered by the Initial Purchasers and by all dealers to whom Notes may be sold, in connection with the offering and sale of the Notes.

(d) If, at any time prior to completion of the distribution of the Notes by the Initial Purchasers to Eligible Purchasers, any event occurs or information becomes known that, in the judgment of the Company, any of the Guarantors or in the opinion of counsel for the Initial Purchasers, should be set forth in the Offering Memorandum so that the Offering Memorandum does not include any untrue statement of material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Offering Memorandum in order to comply with any law, the Company and the Guarantors will forthwith prepare an appropriate supplement or amendment thereto, and will expeditiously furnish to the Initial Purchasers and dealers a reasonable number of copies thereof.

(e) The Company and each of the Guarantors will cooperate with the Initial Purchasers and with their counsel in connection with the qualification of the Notes for offering and sale by the Initial Purchasers and by dealers under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers may designate and will file such consents to service of process or other documents necessary or appropriate in order to effect such qualification; provided, that in no event shall the Company or any of the Guarantors be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Notes, in any jurisdiction where it is not now so subject.

(f) For a period of 180 days from the date of the Offering Memorandum, the Company and the Guarantors agree not to, directly or indirectly, sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition in the future of), any debt securities of the Company, the Guarantors or any of their respective subsidiaries, except (i) in exchange for the Exchange Notes and the Exchange Guarantees in connection with the Exchange Offer, (ii) with the prior consent of Lehman Brothers Inc or (iii) in accordance with terms of the NRG plan of reorganization.

(g) If not otherwise available on the Commission's Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"), the Company will furnish to the holders of the Notes as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the date of the Offering

Memorandum), will make available to its securityholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail.

(h) If not otherwise available on EDGAR, so long as any of the Notes are outstanding, the Company and the Guarantors will furnish to the Initial Purchasers (i) as soon as available, a copy of each report of the Company or any Guarantor mailed to stockholders generally or filed with any stock exchange or regulatory body and (ii) from time to time such other information concerning the Company or the Guarantors as the Initial Purchasers may reasonably request.

(i) The Company and the Guarantors will apply the net proceeds from the sale of the Notes to be sold by it hereunder substantially in accordance with the description set forth in the Offering Memorandum under the caption "Use of Proceeds."

(j) Except as stated in this Agreement and in the Preliminary Offering Memorandum and Offering Memorandum, neither the Company, the Guarantors nor any of their respective affiliates has taken, nor will any of them take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company or any of the Guarantors to facilitate the sale or resale of the Notes and the Guarantees. Except as permitted by the Act, the Company and the Guarantors will not distribute any offering material in connection with the Exempt Resales.

(k) The Company and the Guarantors will use all commercially reasonable efforts to permit the Notes to be designated Private Offerings, Resales and Trading through Automated Linkages (PORTAL) Market(SM) (the "PORTAL Market(SM)") securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. relating to trading in the PORTAL Market(SM) and to permit the Notes to be eligible for clearance and settlement through DTC.

(l) During the period of two years after the Closing Date, the Company and the Guarantors will not, and will not permit any of their "affiliates" (as defined in Rule 144 under the Act), to, resell any of the Notes that constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

(m) The Company and the Guarantors agree to comply with all agreements set forth in the representation letters of the Company and the Guarantors to DTC relating to the approval of the Notes by DTC for "book entry" transfer.

(n) The Company and the Guarantors will take such steps as shall be necessary to ensure that neither the Company nor any of the Company's subsidiaries becomes an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended.

(o) The Company and the Guarantors will use all commercially reasonable efforts to do and perform all things required or necessary to be done and performed under this Agreement by them prior to the

Closing Date, and to satisfy all conditions precedent to the Initial Purchasers' obligations hereunder to purchase the Notes.

6. Expenses. Whether or not the transactions contemplated by this Agreement are consummated or this Agreement becomes effective or is terminated, the Company and the Guarantors, jointly and severally, agree, to pay all costs, expenses, fees and taxes incident to and in connection with: (i) the preparation, printing, filing and distribution of the Preliminary Offering Memorandum and the Offering Memorandum (including, without limitation, financial statements and exhibits) and all amendments and supplements thereto (including the fees, disbursements and expenses of the Company's

accountants and counsel, but not, however, legal fees and expenses of the Initial Purchasers' counsel incurred in connection therewith); (ii) the preparation, printing (including, without limitation, word processing and duplication costs) and delivery of this Agreement, the Indenture, the Registration Rights Agreement, all Blue Sky Memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection therewith and with the Exempt Resales (but not, however, legal fees and expenses of your counsel incurred in connection with any of the foregoing other than $7,500 in connection with all Blue Sky Memoranda); (iii) the issuance and delivery by the Company of the Notes and by the Guarantors of the Guarantees and any taxes payable in connection therewith; (iv) the qualification of the Notes and Exchange Notes for offer and sale under the securities or Blue Sky laws of the several states (including, without limitation, the reasonable fees and disbursements of your counsel relating to such registration or qualification); (v) the furnishing of such copies of the Preliminary Offering Memorandum and the Offering Memorandum, and all amendments and supplements thereto, as may be reasonably requested for use in connection with the Exempt Resales; (vi) the preparation of certificates for the Notes (including, without limitation, printing and engraving thereof); (vii) the application for quotation of the Notes in the PORTAL Market(SM) (including all disbursements and listing fees); (viii) the approval of the Notes by DTC for "book-entry" transfer (including fees and expenses of counsel); (ix) the rating of the Notes and the Exchange Notes; (x) the obligations of the Trustee, any agent of the Trustee and the counsel for the Trustee in connection with the Indenture, the Notes, the Guarantees, the Exchange Notes and the Exchange Guarantees; (xi) the creation and perfection of security interests and associated documents, including, without limitation, the Security Documents and all Financing Statements, including search and filing fees and the fees and disbursements of Latham & Watkins LLP incurred in connection therewith; (xii) the Collateral Trustee and any agent of the Collateral Trustee and counsel for the Collateral Trustee in connection with the Security Documents and the Collateral; (xiii) the performance by the Company and the Guarantors of their other obligations under this Agreement; and (xiv) all travel expenses (including expenses related to chartered aircraft and helicopter) of each Initial Purchaser and the Company's officers and employees and any other expenses of each Initial Purchaser and the Company in connection with attending or hosting meetings with prospective purchasers of the Notes. Notwithstanding the foregoing, the aggregate amount of all reasonable fees and disbursements of Latham & Watkins LLP (and any other counsel, including local and special counsel, retained by the Arrangers, LCPI or the Initial Purchasers, whether in their capacity as counsel to the Arrangers and LCPI or counsel to the Initial Purchasers) in connection with the Commitment Letter, dated as of August 19, 2003 (the "Commitment Letter"), among Credit Suisse First Boston, acting through its Caymen Islands Branch, Lehman Brothers Inc. and LCPI, and the related Fee Letter and Engagement Letter, the Credit Agreement, the transactions contemplated thereunder and the transactions contemplated under this Agreement shall be allocated 50% to Latham & Watkins LLP's work as counsel to the Arrangers or LCPI in connection with the transactions contemplated by the Credit Agreement (which amount shall be paid by the Company and the Guarantors) and 50% to Latham & Watkins LLP's work as counsel to the Initial Purchasers in connection with the offering of the Notes.

7. Conditions to Initial Purchasers' Obligations. The respective

obligations of the Initial Purchasers hereunder are subject to the accuracy, when made and on and as of the Closing Date, of the representations and warranties of the Company and the Guarantors contained herein, to the performance by the Company and the Guarantors of their respective obligations hereunder, and to each of the following additional terms and conditions:

(a) The Initial Purchasers shall not have discovered and disclosed to the Company on or prior to the Closing Date that the Offering Memorandum or any amendment or supplement thereto contains an untrue statement of a fact that, in the opinion of Latham & Watkins LLP, is material or omits to state a fact that, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Registration Rights Agreement, the Indenture and the Offering Memorandum, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Initial Purchasers, and the Company and the Guarantors shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(c) Kirkland & Ellis LLP, General Counsel for the Company and local counsel to the Company set forth on Exhibit B shall have furnished to the Initial Purchasers their written opinions, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit B hereto.

(d) The Initial Purchasers shall have received from Latham & Watkins LLP, counsel for the Initial Purchasers, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the Notes, the Offering Memorandum and other related matters as the Initial Purchasers may reasonably require, and the Company shall have furnished to such counsel such documents and information as they reasonably request for the purpose of enabling them to pass upon such matters.

(e) Kirkland & Ellis LLP and local counsel to the Company set forth on Exhibit C shall have furnished to the Initial Purchasers their written opinions with respect to federal regulatory matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit C hereto.

(f) General Counsel for the Company and local counsel to the Company set forth on Exhibit D shall have furnished to the Initial Purchasers their written opinions with respect to environmental matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit D hereto.

(g) Local counsel to the Company set forth on Exhibit E shall have furnished to the Initial Purchasers their written opinions with respect to the Mortgages and other real estate matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit E hereto.

(h) Kirkland & Ellis LLP, General Counsel for the Company and local counsel to the Company set forth on Exhibit F shall have furnished to the Initial Purchasers their written opinions with respect to security interest matters, addressed to the Initial Purchasers and dated the Closing Date, in form

and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit E hereto.

(i) The Collateral Trustee shall have received (with a copy for the Initial Purchasers) those items listed on Exhibit G hereto.

(j) All Uniform Commercial Code Financing Statements or other similar Financing Statements and Uniform Commercial Code Form UCC-3 termination statements required pursuant to clauses (1) and (2) of Exhibit G (collectively, the "Financing Statements") shall have been delivered to CT Corporation System or another similar filing service company acceptable to the Collateral Trustee (the "Filing Agent"). The Filing Agent shall have acknowledged in a writing reasonably satisfactory to the Collateral Trustee and its counsel (i) the Filing Agent's receipt of all Financing Statements, (ii) that the

Financing Statements have either been submitted for filing in the appropriate filing offices or will be submitted for filing in the appropriate offices within ten days following the Closing Date and (iii) that the Filing Agent will notify the Collateral Trustee and its counsel of the results of such submissions within 30 days following the Closing Date.

(k) The Company and PMI shall have executed and delivered the Credit Agreement, and the initial borrowing of loans under such Credit Agreement shall have occurred prior to, or shall occur simultaneously with, the Closing Date on substantially the terms described in the Offering Memorandum, and the Initial Purchasers shall have received counterparts, conformed as executed, of the Credit Agreement and such other documentation as they reasonably deem necessary to evidence the consummation thereof.

(l) At the time of execution of this Agreement, the Initial Purchasers shall have received from PricewaterhouseCoopers LLP a letter, in form and substance satisfactory to the Initial Purchasers, addressed to the Initial Purchasers and dated the date hereof (i) confirming that they are independent public accountants within the meaning of the Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission and (ii) stating, as of the date hereof (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Offering Memorandum, as of a date not more than five days prior to the date hereof), the conclusions and findings of such firm with respect to the financial information and (iii) covering such other matters as are ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings.

(m) With respect to the letter of PricewaterhouseCoopers LLP referred to in the preceding paragraph and delivered to the Initial Purchasers concurrently with the execution of this Agreement (the "initial letter"), the Company shall have furnished to the Initial Purchasers a letter (the "bring-down letter") of such accountants, addressed to the Initial Purchasers and dated the Closing Date (i) confirming that they are independent public accountants within the meaning of the Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, (ii) stating, as of the Closing Date (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Offering Memorandum, as of a date not more than five days prior to the date of the Closing Date), the conclusions and findings of such firm with respect to the financial information and other matters covered by the initial letter and (iii) confirming in all material respects the conclusions and findings set forth in the initial letter.

(n) Neither the Company, any Guarantor nor any of their respective subsidiaries shall have sustained, since the date of the latest

audited financial statements included in the Offering Memorandum, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Memorandum; and, since such date, there shall not have been any change in the stockholders' equity or long-term debt of the Company, any Guarantor or any of their respective subsidiaries or material adverse change, or any development involving a prospective material adverse change, in or affecting the management, condition, financial or otherwise, stockholders' equity, results of operations, business or prospects of the Company, any Guarantors and their respective subsidiaries, taken as a whole.

(o) The Company and each Guarantor shall have furnished or caused to be furnished to the Initial Purchasers on the Closing Date certificates of officers of the Company and each Guarantor satisfactory to the Initial Purchasers as to the accuracy of the representations and warranties of the

Company and each Guarantor herein at and as of the Closing Date, as to the performance by the Company and each Guarantor of all of their obligations hereunder to be performed at or prior to the Closing Date and as to such other matters as Lehman Brothers Inc. may reasonably request.

(p) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency or body which would, as of the Closing Date, prevent the issuance or sale of the Notes; and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued as of the Closing Date which would prevent the issuance or sale of the Notes.

(q) Subsequent to the execution and delivery of this Agreement (i) no downgrading shall have occurred in the rating accorded the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization," as that term is defined by the Commission for purposes of Rule 436(g)(2) of the Rules and Regulations and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities or preferred stock.

(r) The Notes shall have been designated for trading on the PORTAL Market(SM).

(s) The Company and the Guarantors shall have executed and delivered the Registration Rights Agreement, and the Initial Purchasers shall have received an original copy thereof, duly executed by the Company and the Guarantors.

(t) The Company, the Guarantors and the Trustee shall have executed and delivered the Indenture, and the Initial Purchasers shall have received an original copy thereof, duly executed by the Company, the Guarantors and the Trustee.

(u) The Company, the Guarantors (as applicable) and the Collateral Trustee shall have executed and delivered the Security Documents, and the Initial Purchasers shall have received copies thereof, duly executed by the Company, the Guarantors (as applicable) and the Collateral Trustee.

(v) On the Closing Date, a senior financial officer of the Company shall have furnished to the Initial Purchasers a certificate in form and substance satisfactory to the Initial Purchasers as to the accuracy of certain numbers contained in the Offering Memorandum, which numbers shall be set forth in a schedule attached to such certificate.

(w) The Confirmation Orders shall not have been reversed, modified, vacated or stayed.

(x) Subsequent to the execution and delivery of this Agreement there shall not have occurred any of the following: (i) trading in securities generally on the New York Stock Exchange, the Nasdaq National Market or the American Stock Exchange or in the over-the-counter market, or trading in any securities of the Company on any exchange or in the over-the-counter market, has been suspended or minimum prices shall have been established on any such exchange or such market by the Commission, by such exchange or by any other regulatory body or governmental authority having jurisdiction; (ii) a material disruption in securities settlement, payment or clearance services in the United States; (iii) a banking moratorium has been declared by Federal or state authorities; (iv) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity, crisis or emergency if, in the judgment of the Initial Purchasers, the effect of any such attack, outbreak, escalation, act, declaration, calamity, crisis or emergency makes it impractical or inadvisable to proceed with completion of the offering or sale of and

payment for the Notes; or (v) the occurrence of any other calamity, crisis (including without limitation as a result of terrorist activities), or material adverse change in general economic, political or financial conditions in the United States (or the effect of international conditions on the financial markets in the United States shall be such) as to make it, in the reasonable judgment of Lehman Brothers Inc., impracticable or inadvisable to proceed with offering or delivery of the Notes being delivered on the Closing Date or that, in the reasonable judgment of Lehman Brothers Inc., would materially and adversely affect the financial markets or the markets for the Notes.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

8. Indemnification and Contribution.

(a) The Company and each Guarantor, hereby agree, jointly and severally, to indemnify and hold harmless each Initial Purchaser, its directors, officers and employees and each person, if any, who controls any Initial Purchaser within the meaning of the Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof (including, but not limited to, any loss, claim, damage, liability or action relating to purchases and sales of Notes), to which that Initial Purchaser, director, officer, employee or controlling person may become subject, under the Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Offering Memorandum or the Offering Memorandum or in any amendment or supplement thereto, (ii) the omission or alleged omission to state in any Preliminary Offering Memorandum or the Offering Memorandum, or in any amendment or supplement thereto, any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading or (iii) any act or failure to act or any alleged act or failure to act by any Initial Purchaser in connection with, or relating in any manner to, the Notes or the offering contemplated hereby, and that is included as part of or referred to in any loss, claim, damage, liability or action arising out of or based upon matters covered by clause (i) or (ii) above (provided that the Company and the Guarantors shall not be liable under this clause (iii) to the extent that it is determined in a final judgment by a court of competent jurisdiction that such loss, claim, damage, liability or action resulted directly from any such acts or failures to act undertaken or omitted to be taken by such Initial Purchaser through its gross negligence or willful misconduct), and shall reimburse each Initial Purchaser and each such director, officer,

employee or controlling person promptly upon demand for any legal or other expenses reasonably incurred by that Initial Purchaser, director, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred; provided, that the foregoing indemnity with respect to any Preliminary Offering Memorandum shall not inure to the benefit of any Initial Purchaser (or director, officer, employee or controlling person of such Initial Purchaser) from whom the person asserting any such losses, claims, damages, liabilities or actions purchased Notes if (x), to the extent required by applicable law, and (y) so long as the Company furnished such Initial Purchaser copies of the Offering Memorandum in a timely manner pursuant to Section 5(a), a copy of the Offering Memorandum was not sent or given by or on behalf of such Initial Purchaser to such person at or prior to the written confirmation of the sale of Notes to such person and if the Offering Memorandum would have cured the defect giving rise to such loss, claim, damage, liability or action; provided, further, that the Company and the Guarantors shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of, or is based upon, any untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Offering Memorandum or Offering Memorandum, or in any such amendment or supplement thereto, in reliance upon and in conformity with written information concerning such Initial Purchaser furnished to the Company through the Initial Purchasers by or on behalf

of any Initial Purchaser specifically for inclusion therein. The foregoing indemnity agreement is in addition to any liability that the Company or the Guarantors may otherwise have to any Initial Purchaser or to any director, officer, employee or controlling person of that Initial Purchaser.

(b) Each Initial Purchaser, severally and not jointly, hereby agrees to indemnify and hold harmless the Company, each Guarantor, their respective officers and employees, each of their respective directors, and each person, if any, who controls the Company or any Guarantor within the meaning of the Act, from and against any loss, claim, damage or liability, joint or several, or any action in respect thereof, to which the Company, any Guarantor or any such director, officer, employee or controlling person may become subject, under the Act or otherwise, insofar as such loss, claim, damage, liability or action arises out of, or is based upon, (i) any untrue statement or alleged untrue statement of a material fact contained (A) in any Preliminary Offering Memorandum or the Offering Memorandum or in any amendment or supplement thereto or (B) in any Blue Sky Application, or (ii) the omission or alleged omission to state in any Preliminary Offering Memorandum or the Offering Memorandum, or in any amendment or supplement thereto, or in any Blue Sky Application any material fact required to be stated therein or necessary to make the statements therein not misleading, but in each case only to the extent that the untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information concerning such Initial Purchaser furnished to the Company by or on behalf of that Initial Purchaser specifically for inclusion therein, and shall reimburse the Company, any Guarantor and any such director, officer, employee or controlling person for any legal or other expenses reasonably incurred by the Company, any Guarantor or any such director, officer, employee or controlling person in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred. The foregoing indemnity agreement is in addition to any liability that any Initial Purchaser may otherwise have to the Company, any Guarantor or any such director, officer, employee or controlling person.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of any claim or the commencement of any action, the indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under this Section 8, notify the indemnifying party in writing of the claim or the commencement of that action; provided, however, that the failure to notify the indemnifying party shall not relieve it from any

liability that it may have under this Section 8 except to the extent it has been materially prejudiced by such failure and; provided, further, that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under this Section 8. If any such claim or action shall be brought against an indemnified party, and it shall notify the indemnifying party thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it wishes, jointly with any other similarly notified indemnifying party, to assume the defense thereof with counsel reasonably satisfactory to the indemnified party. After notice from the indemnifying party to the indemnified party of its election to assume the defense of such claim or action, the indemnifying party shall not be liable to the indemnified party under this Section 8 for any legal or other expenses subsequently incurred by the indemnified party in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the Initial Purchasers shall have the right to employ counsel to represent jointly the Initial Purchasers and those Initial Purchasers and their respective directors, officers, employees and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Initial Purchasers against the Company or any Guarantor under this Section 8 if, in the reasonable judgment of the Initial Purchasers, it is advisable for the Initial Purchasers and those directors, officers, employees and controlling persons to be jointly represented by separate counsel, and in that event the fees and expenses of such separate counsel shall be paid by the Company or any Guarantor. No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder

(whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) If the indemnification provided for in this Section 8 shall for any reason be unavailable to or insufficient to hold harmless an indemnified party under Section 8(a) or 8(b) in respect of any loss, claim, damage or liability, or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantors, on the one hand, and the Initial Purchasers on the other with respect to the statements or omissions that resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors, on the one hand, and the Initial Purchasers on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes purchased under this Agreement (before deducting expenses) received by the Company and the Guarantors on the one hand, and the total underwriting discounts and commissions received by the Initial Purchasers with respect to the Notes purchased under this Agreement, on the other hand, bear to the total gross proceeds from the offering of the Notes

under this Agreement as set forth on the cover page of the Offering Memorandum. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Guarantors or the Initial Purchasers, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. For purposes of the preceding two sentences, the net proceeds deemed to be received by the Company shall be deemed to be also for the benefit of the Guarantors and information supplied by the Company shall also be deemed to have been supplied by the Guarantors. The Company, the Guarantors, and the Initial Purchasers agree that it would not be just and equitable if contributions pursuant to this Section 8(d) were to be determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 8(d) shall be deemed to include, for purposes of this Section 8(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8(d), no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Notes initially purchased by it were offered to the Eligible Purchasers exceeds the amount of any damages that such Initial Purchaser has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute as provided in this Section 8(d) are several in proportion to their respective underwriting obligations and not joint.

(e) The Initial Purchasers severally confirm and the Company and the Guarantors acknowledge that the statements with respect to the offering of the Notes by the Initial Purchasers set forth on the second to last paragraph on the front cover of the Offering Memorandum and in the eighth, ninth and tenth paragraphs in the section entitled "Plan of Distribution" in the Offering Memorandum are correct and constitute the only information concerning such Initial Purchasers furnished in writing to the Company or any Guarantor by or on behalf of the Initial Purchasers specifically for inclusion in the Offering Memorandum.

9. Defaulting Initial Purchasers. If, on the Closing Date, any Initial Purchaser defaults in the performance of its obligations under this Agreement, the remaining non-defaulting Initial Purchasers shall be obligated to purchase the Notes that the defaulting Initial Purchaser agreed but failed to purchase on the Closing Date in the respective proportions that the number of Notes set opposite the name of each remaining non-defaulting Initial Purchaser in Schedule V hereto bears to the total number of Notes set opposite the names of all the remaining non-defaulting Initial Purchasers in Schedule V hereto; provided, however, that the remaining non-defaulting Initial Purchasers shall not be obligated to purchase any of the Notes on the Closing Date if the total number of Notes that the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase on such date exceeds 9.09% of the total number of Notes to be purchased on the Closing Date, and any remaining non-defaulting Initial Purchasers shall not be obligated to purchase more than 110% of the number of Notes that it agreed to purchase on the Closing Date pursuant to the terms of Section 3. If the foregoing maximums are exceeded, the remaining non-defaulting Initial Purchasers, or those other Initial Purchasers satisfactory to the Initial Purchasers who so agree, shall have the right, but shall not be obligated, to purchase, in such proportion as may be agreed upon among them, all the Notes to be purchased on the Closing Date. If the remaining Initial Purchasers or other Initial Purchasers satisfactory to the Initial Purchasers do not elect to purchase the Notes that the defaulting Initial

Purchaser or Initial Purchasers agreed but failed to purchase on the Closing Date, this Agreement shall terminate without liability on the part of any non-defaulting Initial Purchaser or the Company or the Guarantors, except that the Company and the Guarantors will continue to be liable for the payment of expenses to the extent set forth in Sections 6 and 11.

Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any Guarantor for damages caused by its default. If other Initial Purchasers are obligated or agree to purchase the Notes of a defaulting or withdrawing Initial Purchaser, either the remaining Initial Purchasers or the Company may postpone the Closing Date for up to seven full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Offering Memorandum or in any other document or arrangement.

10. Termination. The obligations of the Initial Purchasers hereunder may be terminated by the Initial Purchasers by notice given to and received by the Company prior to delivery of and payment for the Notes if, prior to that time, any of the events described in Sections 7(n), 7(q) and 7(x) shall have occurred or if the Initial Purchasers shall decline to purchase the Notes for any reason permitted under this Agreement.

11. Reimbursement of Initial Purchasers' Expenses. If the Company fails to tender the Notes for delivery to the Initial Purchasers by reason of any failure, refusal or inability on the part of the Company or any Guarantor to perform any agreement on their part to be performed, or because any other condition of the obligations hereunder required to be fulfilled by the Company or any Guarantor is not fulfilled, the Company and the Guarantors shall reimburse the Initial Purchasers for all reasonable out-of-pocket expenses (including fees and disbursements of counsel) incurred by the Initial Purchasers in connection with this Agreement and the proposed purchase of the Notes, and upon demand the Company and the Guarantors shall pay the full amount thereof to the Initial Purchasers. If this Agreement is

terminated pursuant to Section 9 by reason of the default of one or more Initial Purchasers, the Company and the Guarantors shall not be obligated to reimburse any defaulting Initial Purchaser on account of those expenses.

12. Notices, etc. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to any Initial Purchaser, shall be delivered or sent by hand delivery, mail, telex, overnight courier or facsimile transmission to Lehman Brothers Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Thomas Durney (Fax: (646) 758-4515), with a copy to Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, New York 10022, Attention: Kirk A. Davenport, Esq. (Fax: (212) 751-4864), and with a copy, in the case of any notice pursuant to Section 8(c), to the Director of Litigation, Office of the General Counsel, Lehman Brothers Inc., 399 Park Avenue, New York, New York 10022;

(b) if to the Company or any Guarantor, shall be delivered or sent by mail, telex, overnight courier or facsimile transmission to NRG Energy, Inc., 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota 55401, Attention: Scott J. Davido, Esq. (Fax: (612) 373-5392), with a copy to Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attention: Gerald T. Nowak, Esq. (Fax: (312) 861-2200);

provided, however, that any notice to an Initial Purchaser pursuant to Section 8(c) shall be delivered or sent by hand delivery, mail, telex or facsimile transmission to such Initial Purchaser at its address set forth in its acceptance telex, overnight courier to Lehman Brothers Inc., which address will be supplied to any other party hereto by Lehman Brothers Inc. upon request. Any such statements, requests, notices or agreements shall take effect

at the time delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery. The Company shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Initial Purchasers by Lehman Brothers Inc.

13. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Company, the Guarantors and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (A) the representations, warranties, indemnities and agreements of the Company and the Guarantors contained in this Agreement shall also be deemed to be for the benefit of directors of the Initial Purchasers, officers of the Initial Purchasers and any person or persons controlling any Initial Purchaser within the meaning of Section 15 of the Act and (B) the indemnity agreement of the Initial Purchasers contained in Section 8(b) of this Agreement shall be deemed to be for the benefit of directors of the Company and the Guarantors, officers of the Company and the Guarantors and any person controlling the Company or the Guarantors within the meaning of Section 15 of the Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 13, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

14. Survival. The respective indemnities, representations, warranties and agreements of the Company, the Guarantors and the Initial Purchasers contained in this Agreement or made by or on behalf on them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Notes and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

15. Definition of the Terms "Business Day" and "Subsidiary." For purposes of this Agreement, (a) "business day" means any day on which the New York Stock Exchange, Inc. is open for trading and (b) "subsidiary" has the meaning set forth in Rule 405 of the Rules and Regulations.

16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK.

17. Counterparts. This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

18. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing correctly sets forth the agreement among the Company, the Guarantors, and the Initial Purchasers, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

NRG ENERGY, INC.

By _____
Name:

Title:

EACH GUARANTOR LISTED ON SCHEDULE I HEREOF

By _____
Name:
Title:

Accepted:

LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON LLC
CITIGROUP GLOBAL MARKETS INC.
DEUTSCHE BANK SECURITIES INC.

By LEHMAN BROTHERS INC., as Authorized Representative

By _____
Name:
Title:

SCHEDULE I

GUARANTORS

1. Arthur Kill Power LLC

2. Astoria Gas Turbine Power LLC

3. Berrians I Gas Turbine Power LLC

4. Big Cajun II Unit 4 LLC

5. Capistrano Cogeneration Company

6. Chickahominy River Energy Corp.

7. Cobee Energy Development LLC

8. Commonwealth Atlantic Power LLC

9. Conemaugh Power LLC

10. Connecticut Jet Power LLC

11. Devon Power LLC

12. Dunkirk Power LLC

13. Eastern Sierra Energy Company

14. El Segundo Power II LLC

15. Hanover Energy Company

16. Huntley Power LLC

17. Indian River Operations Inc.

18. Indian River Power LLC

19. James River Power LLC

20. Kaufman Cogen LP

21. Keystone Power LLC

22. Louisiana Generating LLC

23. MidAtlantic Generation Holding LLC

24. Middletown Power LLC

25. Montville Power LLC

26. NEO California Power LLC

27. NEO Chester-Gen LLC

28. NEO Corporation

29. NEO Freehold-Gen LLC

30. NEO Landfill Gas Holdings Inc.

31. NEO Landfill Gas Inc.

32. NEO Nashville LLC

33. NEO Power Services Inc.

34. NEO Tajiguas LLC

35. Northeast Generation Holding LLC

36. Norwalk Power LLC

37. NRG Affiliate Services Inc.

38. NRG Arthur Kill Operations Inc.

39. NRG Asia-Pacific, Ltd.

40. NRG Astoria Gas Turbine Operations Inc.

41. NRG Bayou Cove LLC

42. NRG Cabrillo Power Operations Inc.

43. NRG Cadillac Operations Inc.

44. NRG California Peaker Operations LLC

45. NRG Central U.S. LLC

46. NRG Connecticut Affiliate Services Inc.

47. NRG Devon Operations Inc.

48. NRG Dunkirk Operations Inc.

49. NRG Eastern LLC

50. NRG El Segundo Operations Inc.

51. NRG Huntley Operations Inc.
52. NRG International LLC
53. NRG Kaufman LLC
54. NRG Mesquite LLC
55. NRG MidAtlantic Affiliate Services Inc.
56. NRG MidAtlantic Generating LLC
57. NRG MidAtlantic LLC
58. NRG Middletown Operations Inc.
59. NRG Montville Operations Inc.
60. NRG New Jersey Energy Sales LLC
61. NRG New Roads Holdings LLC
62. NRG North Central Operations Inc.
63. NRG Northeast Affiliate Services Inc.
64. NRG Northeast Generating LLC
65. NRG Norwalk Harbor Operations Inc.
66. NRG Operating Services, Inc.
67. NRG Oswego Harbor Power Operations Inc.
68. NRG Power Marketing Inc.
69. NRG Rocky Road LLC
70. NRG Saguaro Operations Inc.
71. NRG South Central Affiliate Services Inc.
72. NRG South Central Generating LLC
73. NRG South Central Operations Inc.
74. NRG West Coast LLC
75. NRG Western Affiliate Services Inc.
76. Oswego Harbor Power LLC

77. Saguaro Power LLC
78. Somerset Operations Inc.
79. Somerset Power LLC
80. South Central Generation Holding LLC

81. Vienna Operations Inc.

82. Vienna Power LLC

SCHEDULE II

SECURITY DOCUMENTS (NOT INCLUDING MORTGAGES)

The Collateral Trust Agreement, dated as of December 23, 2003, by and among the Company, PMI, the Guarantors from time to time party hereto, the Administrative Agent, the Trustee, and the Collateral Trustee.

The Guarantee And Collateral Agreement, dated as of December 23, 2003, made by each of the signatories thereto (together with any other entity that may become a party thereto as provided therein, the "Grantors"), in favor of the Collateral Trustee for (i) the Administrative Agent and Collateral Agent and for the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, (ii) the Trustee and the other Secured Parity Lien Parties under the Indenture and (iii) any other Secured Parties (as defined therein) from time to time entitled to the benefits of the Collateral Trust Agreement; and, for purposes of Section 2 thereof, in favor of the Administrative Agent and the Trustee and any other future Guaranteed Secured Debt Representative (as defined therein) with respect to any Series of Guaranteed Secured Debt (as defined therein) that becomes entitled to the benefits of the Collateral Trust Agreement.

The Control Agreement with respect to Commodities Accounts - Bank One.

The Control Agreement(s) with respect to Deposit and Securities Accounts - LaSalle.

The Control Agreement(s) with respect to Deposit and Securities Accounts - Wells Fargo.

The Intellectual Property Security Agreement, dated as of December 23, 2003, by and among the Grantors in favor of the Collateral Trustee for the Secured Parties (as defined in the Guarantee and Collateral Agreement referred to above).

SCHEDULE III

MORTGAGES

New York

1. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Dunkirk Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Chautauqua County, New York.

2. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Huntley Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Erie County, New York.

3. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Astoria Gas Turbine Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of

December 23, 2003, filed in Astoria County, New York.

4. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Arthur Kill Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Richmond County, New York.

5. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Oswego Harbor Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Oswego County, New York.

Connecticut

6. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Fairfield County, Connecticut.

7. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Litchfield County, Connecticut.

8. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

9. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Devon Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

10. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Middletown Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Middlesex County, Connecticut.

11. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Montville Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New London County, Connecticut.

12. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Norwalk Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

13. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Meriden Gas Turbines LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

Massachusetts

14. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Somerset Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Bristol County, Massachusetts.

Pennsylvania

15. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing

Statement and Security Agreement by Conemaugh Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Indiana County, Pennsylvania.

16. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Keystone Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Armstrong and Indiana County, Pennsylvania.

Maryland

17. Deed of Trust, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Vienna Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Dorchester County, Maryland.

Delaware

18. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Indian River Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Sussex County, Delaware.

Louisiana

19. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Pointe Coupee Parish, Louisiana.

20. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in West Baton Rouge, Louisiana.

21. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in West Baton Rouge Parish, Louisiana.

22. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Pointe Coupee Parish, Louisiana.

23. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Red River Parish, Louisiana.

24. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Desoto Parish, Louisiana.

25. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Winn Parish, Louisiana.

27. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in West Carroll Parish, Louisiana.

28. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Washington Parish, Louisiana.

29. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Vernon Parish, Louisiana.

30. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Union Parish, Louisiana.

31. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Terrebone Parish, Louisiana.

32. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Tangipahoa Parish, Louisiana.

33. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Sabine Parish, Louisiana.

34. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in St. Tammany Parish, Louisiana.

35. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Pointe Coupee, Louisiana.

36. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Natchitoches Parish, Louisiana.

37. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Livingston Parish, Louisiana.

38. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Lincoln Parish, Louisiana.

39. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Franklin Parish, Louisiana.

40. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in East Feliciano Parish, Louisiana.

41. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in East Baton Rouge Parish, Louisiana.

42. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in De Soto Parish, Louisiana.

43. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Catahoula Parish, Louisiana.

44. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Cameron Parish, Louisiana.

45. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Calcasieu Parish, Louisiana.

46. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Lafayette Parish, Louisiana.

47. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Jefferson Davis Parish, Louisiana.

48. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Webster Parish, Louisiana.

49. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Moorehouse Parish, Louisiana.

50. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in St. Helena, Louisiana.

51. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in St. Martin Parish, Louisiana.

TEXAS

52. Deed of Trust, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Kaufman Cogen LP, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Kaufman County, Texas.

CALIFORNIA

53. Deed of Trust by NEO California LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Madera County, California.

54. Deed of Trust by NEO California LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Red Bluff County, California.

Schedule III-5

SCHEDULE IV

ENERGY REGULATION

NRG has filed with FERC an amended reliability must run agreement for its Devon 7 and 8 facilities.

The following NRG facilities' maintenance expenses are paid for by other New England Power Pool participants: Devon 11-14, Middletown Station, and Norwalk Harbor. The agreement authorizing these payments expires on March 31, 2004.

FERC issued orders on August 25, 2003 and July 24, 2003 authorizing generating facilities located in designated congestion areas, such as Connecticut, the ability to include fixed costs in their energy market bids if individual untis had a capacity factor of 10% or less in 2002. This is scheduled to expire by June 1, 2004.

Schedule IV-1

SCHEDULE V

INITIAL PURCHASERS	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
Lehman Brothers Inc.	$ 575,000,000
Credit Suisse First Boston LLC	575,000,000
Citigroup Global Markets Inc.	50,000,000
Deutsche Bank Securities Inc.	50,000,000
Total	$ 1,250,000,000

Schedule V-1

EXHIBIT A

REGISTRATION RIGHTS AGREEMENT

DATED AS OF DECEMBER 23, 2003
BY AND AMONG

NRG ENERGY, INC.,

AS ISSUER,

THE ENTITIES LISTED ON SCHEDULE A HEREOF

AS GUARANTORS,

AND

LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON LLC,
CITIGROUP GLOBAL MARKETS INC. AND
DEUTSCHE BANK SECURITIES INC.,

AS INITIAL PURCHASERS

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of December 23, 2003, by and among NRG Energy, Inc., a Delaware corporation (the "COMPANY"), the entities listed on Schedule A hereto (the "GUARANTORS"), and Lehman Brothers Inc., Credit Suisse First Boston, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (each an "INITIAL PURCHASER" and, collectively, the "INITIAL PURCHASERS"), each of whom has agreed to purchase the Company's 8% Second Priority Senior Secured Notes due 2013 in an aggregate principal amount of $1,250,000,000 (the "SERIES A NOTES") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated December 17, 2003 (the "PURCHASE AGREEMENT"), by and among the Company, the Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Company and the Guarantors have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 7(s) of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture, dated the date hereof among the Company, the Guarantors and Law Debenture Trust Company of New York, as Trustee, relating to the Series A Notes and the Series B Notes (as defined below) (the "INDENTURE").

The parties hereby agree as follows:

19. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed.

Certificated Securities: Definitive Notes, as defined in the Indenture.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer; (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the period required pursuant to Section 3(b) hereof; and (c) the delivery by the Company to

the Registrar under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

Consummation Deadline: As defined in Section 3(b) hereof.

Effectiveness Deadline: As defined in Section 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Company of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Series A Notes that are tendered by Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Initial Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act, and in compliance with Regulation S under the Act.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Guarantors: The entities listed on Schedule A hereto and any other subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the Indenture.

Holders: As defined in Section 2 hereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company and the Guarantors relating to (a) an offering of Series B Notes and related Subsidiary Guarantees pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Regulation S: Regulation S promulgated under the Act.

Rule 144: Rule 144 promulgated under the Act.

Series B Notes: The Company's 8% Series B Second Priority Senior Secured Notes due 2013 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

Suspension Notice: As defined in Section 6(e) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: (i) Each Series A Note and the related Subsidiary Guarantees, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer for a Series B Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act; (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement; or (c) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act; and (ii) each Series B Note and the related Subsidiary Guarantees acquired by a Broker-Dealer in exchange for a Series A Note acquired for its own account as a result of market making activities or other trading activities until the date on which such Series B Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

20. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "HOLDER") whenever such Person owns Transfer Restricted Securities.

21. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Company and the Guarantors shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 150 days after the Closing Date (such 150th day being the "FILING DEADLINE"); (ii) use all commercially reasonable efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 210 days after the Closing Date (such 210th day being the "EFFECTIVENESS DEADLINE"); (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer; and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting (i) registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and (ii) resales of Series B Notes by Broker-Dealers that tendered into the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Company and the Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes shall be included in the Exchange Offer Registration Statement. The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 Business Days thereafter (such 30th Business Day being the "CONSUMMATION DEADLINE").

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because any such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer, the Company and the Guarantors shall permit the use of the Prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such prospectus delivery requirement. To the extent necessary to ensure that the Prospectus contained in the Exchange Offer Registration Statement is available for sales of Series B Notes by Broker-Dealers, the Company and the Guarantors agree, in the event any of them receives notice from a Broker-Dealer within 30 days of the Consummation of the Exchange Offer that such Broker-Dealer holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making or similar activities, to use all commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Section 6(a) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of 180 days from the date on which the Exchange Offer is Consummated or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Company shall provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than two Business Days after such request, at any time during such period.

22. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law (after the Company and the Guarantors have complied with the procedures set forth in Section 6(a)(i) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company in writing within 20 business days following the Consummation of the Exchange Offer that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Company or any of its Affiliates, then the Company and the Guarantors shall:

(x) use all commercially reasonable efforts to cause to be filed, on or prior to 30 days after the earlier of (i) the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Company receives the notice specified in clause (a)(ii) above (such earlier date, the "FILING DEADLINE"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "SHELF REGISTRATION STATEMENT")), relating to all Transfer Restricted

Securities; provided, however, that nothing in this Section 4(a)(x) shall require the filing of the Shelf Registration Statement prior to the Filing Deadline for the Exchange Offer Registration Statement; and

(y) shall use all commercially reasonable efforts to cause such Shelf Registration Statement to become effective on or prior to 90 days after the Filing Deadline for the Shelf Registration Statement (such 90th day the "EFFECTIVENESS DEADLINE").

If, after the Company has and the Guarantors have filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Company is and the Guarantors are required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Company and the Guarantors shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and the other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Company and the Guarantors shall use all commercially reasonable efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 15 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information. Each Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading. The Company shall not be obligated to supplement such Shelf Registration Statement after it has been declared effective by the Commission more than one time per quarterly period to reflect additional Holders.

23. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline; (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline; (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) the Shelf Registration Statement is declared effective but thereafter, pending the announcement of a material corporate transaction, the Company issues a notice that the Shelf Registration Statement is unusable, or such notice is required under applicable securities laws to be issued by the Company, and, during the period specified in Section 4(a) above, the aggregate number of days in any consecutive twelve-month period for which all such notices are issued or required to be issued exceeds 45 days or (v) the Exchange Offer Registration

Statement is filed and declared effective but thereafter (A) during the period through and including the Consummation Deadline, shall cease to be effective or fail to be usable for its intended purpose without being succeeded within five Business Days by a post-effective amendment to such Exchange Offer Registration Statement that cures such failure and that is itself declared effective immediately or (B) during the period from the day after the Consummation Deadline through and including the one-hundred-eightieth day after the Consummation Deadline, pending the announcement of a material corporate transaction, the Company issues a notice that the Exchange Offer Registration Statement is unusable for the purposes contemplated by the second paragraph of Section 3(c) above, or such notice is required under applicable securities laws to be issued by the Company, and, during the 180-day period specified in Section 3(c) above, the aggregate number of days for which all such notices are issued or required to be issued exceeds 45 days (each such event referred to in clauses (i) through (v), a "REGISTRATION DEFAULT"), then the Company and the Guarantors hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages in an amount equal to $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues for the first 90-day period immediately following the occurrence of such Registration Default. The amount of the liquidated damages shall increase by an additional $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Company and the Guarantors shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above; (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above; (3) upon Consummation of the Exchange Offer, in the case of (iii) above; or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of clauses (iv) and (v) above, as applicable, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii), (iv) or (v)(A) or (B), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Company and the Guarantors to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

In the event that the Exchange Offer Registration Statement is declared effective but thereafter the Company issues a notice as contemplated by clause (v)(B) above, the number of days during which such Registration Statement is unusable shall be deducted from the number of days permitted under the first annual 45-day "blackout" period under clause (iv) above for purposes of determining the number of days during which liquidated damages would accrue in the event of a Registration Default under clause (iv) above.

24. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company and the Guarantors shall (x) comply with all applicable provisions of Section 6(c) below; (y) use all commercially

reasonable efforts to effect such exchange and to permit the resale of Series B Notes by any Broker-Dealer that tendered Series A Notes in the Exchange Offer that such Broker-Dealer

acquired for its own account as a result of its market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof; and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company and the Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Company and the Guarantors to Consummate an Exchange Offer for such Transfer Restricted Securities. The Company and the Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company and the Guarantors hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission staff, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker-Dealer) shall furnish, upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company and the Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series B Notes to be issued in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course of business. Each Holder using the Exchange Offer to participate in a distribution of the Series B Notes will be required to acknowledge and agree that, if the resales are of Series B Notes obtained by such Holder in exchange for Series A Notes acquired directly from the Company or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall provide a supplemental letter to the Commission (A) stating that the Company and the Guarantors are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Company nor any Guarantor has entered into any arrangement or understanding with any Person to distribute the

Series B Notes to be received in the Exchange Offer and that, to the best of the Company's and each Guarantor's information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the

Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company and the Guarantors shall:

(i) comply with all the provisions of Section 6(c) and 6(d) below and use all commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company and the Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof; and

(ii) issue, upon the request of any Holder or purchaser of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes sold pursuant to the Shelf Registration Statement and surrendered to the Company for cancellation; the Company and the Guarantors shall register Series B Notes and the related Subsidiary Guarantees on the Shelf Registration Statement for this purpose and issue the Series B Notes to the purchaser(s) of securities subject to the Shelf Registration Statement in the names as such purchaser(s) shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Company and the Guarantors shall:

(i) use all commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein (in the case of the Prospectus only, in light of the circumstances under which they were made) not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company and the Guarantors shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use all commercially reasonable efforts to cause such amendment to be declared effective as soon as practicable. Notwithstanding the foregoing, if the board of directors of the Company determines in good faith that it is in the best interests of the Company not to disclose the existence of facts surrounding any proposed or pending material corporate transaction or other material development involving the Company and the Guarantors, the Company may allow the Shelf Registration Statement to fail to be effective or the Prospectus contained therein to be unusable as a result of such nondisclosure for up to 60 days in any year during the two-year period of effectiveness required by Section 4(a) hereof, provided that a Registration Default would not occur during such period;

(ii) prepare and file with the Commission such

amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with

respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two business days prior to such sale of Transfer Restricted Securities;

(iv) use all commercially reasonable efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Transfer Restricted Securities; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(v) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(vi) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act); and

(vii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all commercially reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner.

(d) Additional Provisions Applicable to Shelf Registration Statements and Certain Exchange Offer Prospectuses. In connection with each Shelf Registration Statement, and each Exchange Offer Registration Statement if and to the extent that an Initial Purchaser has notified the Company in writing that it is a holder of Series B Notes that are Transfer

Restricted Securities (for so long as such Series B Notes are Transfer Restricted Securities or for the period provided in Section 3, whichever is shorter), the Company and the Guarantors shall:

(i) advise each selling Holder promptly and, if requested by such selling Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) of any request by the

Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto; (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes; (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (E) of the existence of any event as described in the last sentence of Section 6(c)(i) hereof. If at any time the Commission shall issue any stop order suspending the effectiveness of any Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company and the Guarantors shall use all commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(ii) if any fact or event contemplated by Section 6(d)(i)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(iii) furnish to each selling Holder in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein (except the Prospectus included in the Exchange Offer Registration Statement at the time it was declared effective) or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such selling Holders in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such selling Holders shall reasonably object within five Business Days after the receipt thereof. A selling Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein (in case of the Prospectus only, in light of the circumstances under which they were made) not misleading or fails to comply with the applicable

requirements of the Act;

(iv) upon request, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each Holder in connection with such exchange or sale, if any, make the Company's and the Guarantors' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders may reasonably request;

(v) subject to appropriate confidentiality agreements being entered into, make available, at reasonable times, for inspection by each selling Holder and any attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate documents of the

Company and the Guarantors and cause the Company's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such selling Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(vi) if requested by any selling Holders in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(vii) furnish to each selling Holder in connection with such exchange or sale without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(viii) deliver to each selling Holder without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company and the Guarantors hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each selling Holder in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(ix) upon the request of Holders who collectively hold an aggregate principal amount of Series A Notes in excess of 20% of the amount of outstanding Transfer Restricted Securities (the "REQUESTING HOLDERS"), enter into such agreements (including underwriting agreements) on up to three occasions and make such customary representations and warranties and take all such other actions in connection therewith as may be reasonable customary in underwritten offerings in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by the Requesting Holders in connection with any sale or resale pursuant to any applicable Registration Statement. In such connection, the Company and the Guarantors shall:

upon request of any Requesting Holder, furnish (or in the case of paragraphs (2) and (3), use all commercially reasonable efforts to cause to be furnished) to each Requesting Holder, upon Consummation of the Exchange Offer or upon the effectiveness of the Shelf Registration Statement, as the case may be:

a certificate, dated such date, signed on behalf of the Company and each Guarantor by an officer of the Company or of such Guarantor, as the case may be, confirming, as of the date thereof, the matters set forth in Section 7(o) of the Purchase Agreement and such other similar matters as such Requesting Holders may reasonably request;

an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company and the Guarantors covering matters similar to those set forth in Exhibits B through F of the Purchase Agreement and such other matters as such Requesting Holders may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public accountants for the Company

and the Guarantors and has considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

a customary comfort letter, dated the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Sections 7(l) and 7(m) of the Purchase Agreement; and

deliver such other documents and certificates as may be reasonably requested by the Requesting Holders to evidence compliance with the matters covered in clause (A) above and with any customary conditions contained in any agreement entered into by the Company and the Guarantors pursuant to this clause (ix);

(x) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject; and

(xi) provide promptly to each Holder, upon

request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(e) Restrictions on Holders. Each Holder's acquisition of a Transfer Restricted Security constitutes such Holder's agreement that, upon receipt of the notice referred to in Section 6(d)(i)(C) or any notice from the Company of the existence of any fact of the kind described in Section 6(d)(i)(D) hereof or of any event of the kind described in the last sentence of Section 6(c)(i) hereof (in each case, a "SUSPENSION NOTICE"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(d)(ii) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "RECOMMENCEMENT DATE"). Each Holder receiving a Suspension Notice shall be required to either (i) destroy any Prospectuses, other than permanent file copies, then in such

Holder's possession which have been replaced by the Company with more recently dated Prospectuses or (ii) deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of delivery of the Recommencement Date.

25. REGISTRATION EXPENSES

(a) All expenses incident to the Company's and the Guarantors' performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses, messenger and delivery services and telephone); (iv) all fees and disbursements of counsel for the Company, the Guarantors and one counsel for the Holders of Transfer Restricted Securities which shall be Latham & Watkins LLP or such other counsel as may be selected by a majority of such Holders; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its and the Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company or the Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company and the Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Series A Notes into in the Exchange Offer and/or selling or reselling Series A Notes or Series B Notes pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Latham &

Watkins LLP unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

26. INDEMNIFICATION

(a) The Company and the Guarantors agree, jointly and severally, to indemnify and hold harmless each Holder, its directors, officers and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, liabilities, judgments, (including without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto) provided by the Company to any Holder or any prospective purchaser of Series B Notes or registered Series A Notes, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or

necessary to make the statements therein (in the case of a preliminary prospectus or Prospectus or any supplement thereto, in the light of the circumstances under which they were made) not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Company by any of the Holders; provided, that the Company and each Guarantor will not be liable to any Holder under this Section 8(a) to the extent, but only to the extent, that (1) such loss, claim, damage or liability resulted solely from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in or omitted from such preliminary Prospectus which was corrected in the final Prospectus, (2) the Company sustains the burden of proving that such Holder sold Transfer Restricted Securities to the person alleging such loss, claim, damage or liability without sending or giving a copy of the Prospectus within the time required by the Act, (3) the Company had previously furnished sufficient quantities of the Prospectus to such Holder in such amounts and within such period of time as required under this Agreement and (4) such Holder failed to deliver the Prospectus, if required by law to have so delivered it, and such delivery would have been a complete defense against the person asserting such loss, claim, damage or liability.

(b) By its acquisition of Transfer Restricted Securities, each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company and the Guarantors, and its their respective directors and officers, and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company or the Guarantors to the same extent as the foregoing indemnity from the Company and the Guarantors set forth in section (a) above, but only with reference to information relating to such Holder furnished in writing to the Company by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers or any Person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in

writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party; (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party; or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and

expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Company and the Guarantors, in the case of parties indemnified pursuant to Section 8(b). No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) To the extent that the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand, and the Holders, on the other hand, from their initial sale of Transfer Restricted Securities (or in the case of Series B Notes that are Transfer Restricted Securities, the sale of the Series A Notes for which such Series B Notes were exchanged); or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable

considerations. The relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or such Guarantor, on the one hand, or by the Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and judgments referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of this Section 8(d), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company, the Guarantors and, by its acquisition of Transfer Restricted Securities, each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any matter, including any action that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 8, no Holder, its directors, its officers or any Person, if any, who controls such Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted

Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

27. RULE 144A AND RULE 144

The Company and each Guarantor agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company or such Guarantor (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available within a reasonable period of time, upon written request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A; and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

28. MISCELLANEOUS

(a) Remedies. The Company and the Guarantors acknowledge and agree that any failure by the Company and/or the Guarantors to comply with their respective obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure

damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantor's obligations under Sections 3 and 4 hereof. The Company and the Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company and the Guarantors will not, on or after the date of this Agreement, enter into any agreement with respect to its their respective securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Company and the Guarantors have not previously entered into any agreement granting any registration rights with respect to its their respective securities to any Person that would require such securities to be included in any Registration Statement filed hereunder. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's and the Guarantors' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities; and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered

pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company or any of the Guarantors:

NRG Energy, Inc,
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55402-3265
Attention: Scott J. Davido, Esq.
Fax: (612) 373-5392

With a copy to:

Kirkland & Ellis LLP

200 East Randolph Drive
Chicago, Illinois 60610
Attention: Gerald T. Nowak, Esq.
Fax: (312) 861-2200

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NRG ENERGY, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EACH GUARANTOR LISTED ON SCHEDULE A HEREOF

By: _____
Name:
Title:

LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON LLC
CITIGROUP GLOBAL MARKETS INC.
DEUTSCHE BANK SECURITIES INC.

BY: LEHMAN BROTHERS INC.

By: _____
Name:
Title:

SCHEDULE A

Guarantors

1. Arthur Kill Power LLC

2. Astoria Gas Turbine Power LLC

3. Berrians I Gas Turbine Power LLC

4. Big Cajun II Unit 4 LLC

5. Capistrano Cogeneration Company

6. Chickahominy River Energy Corp.

7. Cobee Energy Development LLC

8. Commonwealth Atlantic Power LLC

9. Conemaugh Power LLC

10. Connecticut Jet Power LLC

11. Devon Power LLC

12. Dunkirk Power LLC

13. Eastern Sierra Energy Company

14. El Segundo Power II LLC

15. Hanover Energy Company

16. Huntley Power LLC

17. Indian River Operations Inc.

18. Indian River Power LLC

19. James River Power LLC

20. Kaufman Cogen LP

21. Keystone Power LLC

22. Louisiana Generating LLC

23. MidAtlantic Generation Holding LLC

24. Middletown Power LLC

25. Montville Power LLC

26. NEO California Power LLC

27. NEO Chester-Gen LLC

28. NEO Corporation

29. NEO Freehold-Gen LLC

30. NEO Landfill Gas Holdings Inc.

31. NEO Landfill Gas Inc.

32. NEO Nashville LLC

33. NEO Power Services Inc.

34. NEO Tajiguas LLC

35. Northeast Generation Holding LLC

36. Norwalk Power LLC

37. NRG Affiliate Services Inc.

38. NRG Arthur Kill Operations Inc.

39. NRG Asia-Pacific, Ltd.

40. NRG Astoria Gas Turbine Operations Inc.

41. NRG Bayou Cove LLC

42. NRG Cabrillo Power Operations Inc.

43. NRG Cadillac Operations Inc.

44. NRG California Peaker Operations LLC

45. NRG Central U.S. LLC

46. NRG Connecticut Affiliate Services Inc.

47. NRG Devon Operations Inc.

48. NRG Dunkirk Operations Inc.

49. NRG Eastern LLC

50. NRG El Segundo Operations Inc.

51. NRG Huntley Operations Inc.

52. NRG International LLC

53. NRG Kaufman LLC

54. NRG Mesquite LLC

55. NRG MidAtlantic Affiliate Services Inc.

56. NRG MidAtlantic Generating LLC

57. NRG MidAtlantic LLC

58. NRG Middletown Operations Inc.

59. NRG Montville Operations Inc.

60. NRG New Jersey Energy Sales LLC

61. NRG New Roads Holdings LLC

62. NRG North Central Operations Inc.

63. NRG Northeast Affiliate Services Inc.

64. NRG Northeast Generating LLC

65. NRG Norwalk Harbor Operations Inc.

66. NRG Operating Services, Inc.

67. NRG Oswego Harbor Power Operations Inc.

68. NRG Power Marketing Inc.

69. NRG Rocky Road LLC

70. NRG Saguaro Operations Inc.

71. NRG South Central Affiliate Services Inc.

72. NRG South Central Generating LLC

73. NRG South Central Operations Inc.

74. NRG West Coast LLC

75. NRG Western Affiliate Services Inc.

76. Oswego Harbor Power LLC

77. Saguaro Power LLC

78. Somerset Operations Inc.

79. Somerset Power LLC

80. South Central Generation Holding LLC

81. Vienna Operations Inc.

82. Vienna Power LLC

EXHIBIT B

OPINIONS WITH RESPECT TO CORPORATE MATTERS

Kirkland & Ellis LLP, General Counsel for the Company, Richards Layton and Finger, Leonard Street & Deinhard, Sheppard, Mullin, Richter & Hampton, LLC, local Virginia counsel and other local counsel for the Company shall collectively provide the following opinions with respect to the corporate matters pertaining to the Company and its subsidiaries:

(Capitalized terms used by not defined in this Exhibit B shall have the meanings assigned to them in the Purchase Agreement.)

(i) The Company and the Guarantors have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing as foreign entities in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification and have all power and authority necessary to own or hold their respective properties and conduct the businesses in which they are engaged;

(ii) No registration under the Act of the Notes is required for the sale of the Notes to you as contemplated hereby or for the Exempt Resales, assuming (i) the accuracy of the Initial Purchasers' representations in this Agreement and (ii) the accuracy of the Company's representatives contained herein;

(iii) The Company and each Guarantor has the capitalization as set forth in the Offering Memorandum, and all of the issued shares of capital stock of the Company and each Guarantor have been duly authorized and validly issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each subsidiary of the Company and each Guarantor have been duly and validly authorized and issued and are fully paid, non-assessable and (except (i) for directors' qualifying shares or foreign national qualifying capital stock, (ii) as otherwise set forth in the Offering Memorandum and (iii) as pledged to secure indebtedness of the Company and/or its subsidiaries pursuant to credit facilities, indentures and other instruments evidencing indebtedness as contemplated by the Offering Memorandum and existing on the Closing Date) are owned directly or indirectly by the Company or such Guarantor, free and clear of all liens, encumbrances, equities or claims;

(iv) The Company is not an "investment company," as such term is defined in the Investment Company Act of 1940, as amended;

(v) To the best of such counsel's knowledge and other than as set forth in the Offering Memorandum, there are no legal or governmental proceedings pending to which the Company, the Guarantors or any of their respective subsidiaries is a party or of which any property or assets of the Company, the Guarantors or any of their respective subsidiaries is the subject that, if determined adversely to the Company, the Guarantors or any of their respective subsidiaries, might have a material adverse effect on the consolidated financial position, stockholders' equity, results of operations, business or prospects of the Company, the Guarantors or any of their respective subsidiaries; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(vi) The statements contained in the Offering Memorandum under the caption "Description of Notes" insofar as they purport to constitute a summary of the terms of the Indenture, the Notes, the Guarantees, the Registration Rights Agreement and the Security Documents and

under the captions "Certain Relationships and Related Transactions," "Certain Federal Income Tax Consequences," "Management--Employment Agreements," "Description of Certain Indebtedness" and "Plan of Distribution," insofar as they describe the laws and documents referred therein, are accurate in all material respects;

(vii) The Company and each of the Guarantors (as applicable) have all requisite corporate power and authority to enter into this Agreement, the Security Documents, the Registration Rights Agreement and the Indenture and to issue and sell to the Notes and the Exchange Notes;

(viii) This Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors;

(ix) Each of the Security Documents has been duly authorized, executed and delivered by the Company and each of the Guarantors (as applicable) and, assuming the due execution and delivery thereof by the other parties thereto, is the legally valid and binding agreement of the Company and each of the Guarantors (as applicable), enforceable against the Company and each of the Guarantors (as applicable) in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), by an implied covenant of good faith and fair dealing, and, as to rights of indemnification and contribution, by principles of public policy;

(x) The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors and, assuming the due execution and delivery thereof by the Initial Purchasers, is the legally valid and binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), by an implied covenant of good faith and fair dealing, and, as to rights of indemnification and contribution, by principles of public policy;

(xi) The Indenture has been duly authorized, executed and delivered by the Company and each of the Guarantors and, assuming the due authorization, execution and delivery thereof by the Trustee, is the legally valid and binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing; no qualification of the Indenture under the 1939 Act is required in connection with the offer and sale of the Notes or in connection with the Exempt Resales;

(xii) The Notes have been duly authorized by the Company, and, when executed, issued and authenticated in accordance with the terms of the Indenture and delivered to and paid for by you in accordance with the terms of the Purchase Agreement, will be the legally valid and binding

obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization moratorium and other similar laws relating to or affecting creditors' rights generally, by

general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing;

(xiii) The Exchange Notes have been authorized by the Company;

(xiv) The Guarantee of each of the Guarantors has been duly authorized by that Guarantor and, when executed by that Guarantor and when the Notes on which such Guarantees have been endorsed have been duly executed by the Company and authenticated by the Trustee in accordance with the terms of the Indenture and delivered and paid for by the Initial Purchaser in accordance with the terms of the Purchase Agreement, the Guarantee of each Guarantor (assuming the due authorization, execution and delivery of the Notes by the Company) will constitute the valid and binding obligations of that Guarantor, enforceable against that Guarantor in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization moratorium and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing;

(xv) The Guarantees of the Exchange Notes have been authorized by the Guarantors;

(xvi) The issue and sale of the Notes being delivered on the Closing Date by the Company, and the compliance by the Company and the Guarantors with all of the provisions of this Agreement, the Notes, the Exchange Notes the Guarantees, the Guarantees of the Exchange Notes, the Indenture, the Registration Rights Agreement, the Security Documents, the consummation of the transactions contemplated hereby and thereby and the grant and perfection of the security interests in the Collateral pursuant to the Security Documents (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument known to such counsel to which the Company, any of the Guarantors or any of their respective subsidiaries is a party or by which the Company, any of the Guarantors or any of their respective subsidiaries is bound or to which any of the property or assets of the Company, any of the Guarantors or any of their subsidiaries is subject, (ii) will not result in any violation of the provisions of the charter or by-laws of the Company, or any Guarantor or (iii) will not violate any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company, any of the Guarantors or any of their respective subsidiaries or any of their properties or assets, except for (u) in the cases of clauses (i) and (iii) only, for such defaults, violations and failures as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; (w) such consents, approvals, authorizations, orders of, or filings, registrations or qualifications that have been obtained or where failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (x) the registration of the Exchange Notes under the Act; (y) such consents, approvals, authorizations, orders, filings, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Initial Purchasers; and (z) filings required to perfect the Collateral Trustee's security interests granted pursuant to the Security Documents, no consent, approval, authorization or order of, or filing, registration or qualification with, any such court or governmental agency or

body is required for the issue and sale of the Notes, the consummation by the Company of the transactions contemplated by this Agreement, the Indenture, the Registration Rights Agreement or the Security Documents and the grant and perfection of the security interests in the Collateral pursuant to the Security Documents.

(xvii) The Confirmation Order with respect to the NRG plan of reorganization was entered on November 24, 2003. The Confirmation Order with respect to the joint plan of

reorganization for NRG Northeast Generating LLC and NRG South Central Generating LLC was entered on November 25, 2003. Notices of the Confirmation Orders was provided in accordance with Federal Rule of Bankruptcy Procedure Rule 2002(b) and 3017(d). After due inquiry, as of [____] p.m. on [_____] [__], 200[_], there was no order, notice or motion filed or pending to appeal, reverse, stay, vacate or modify the Confirmation Orders.

In rendering such opinion, such counsel may (i) state that its opinion is limited to matters governed by the Federal laws of the United States of America, the laws of the State of New York and the General Corporation Law of the State of Delaware, and (ii) opinions of local counsel licensed in other jurisdictions with respect to the laws of all other jurisdictions; provided that such counsel shall state that it believes that both the Initial Purchasers and it are justified in relying upon such other counsel's opinions.

Such counsel shall also have furnished to the Initial Purchasers a written statement, addressed to the Initial Purchasers and dated the Closing Date, in form and substance satisfactory to Lehman Brothers Inc., to the effect that (x) such counsel has acted as counsel to the Company and the Guarantors in connection with the preparation of the Offering Memorandum, and (y) based on the foregoing, no facts have come to the attention of such counsel that lead it to believe that, as of its date and as of the date of such opinion, the Offering Memorandum contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The foregoing statement may be qualified by a statement to the effect that such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Memorandum except for the statements made in the Offering Memorandum under the captions "Description of Notes," "Certain Relationships and Related Transactions," "Certain Federal Income Tax Consequences," "Management--Employment Agreements," "Description of Certain Indebtedness" and "Plan of Distribution," insofar as such statements relate to the Notes and concern legal matters.

EXHIBIT C

OPINIONS WITH RESPECT TO FEDERAL REGULATORY MATTERS

Kirkland & Ellis LLP, Baker Botts, Kirkpatrick & Lockhart, Murtha Cullina, Malatesta & Knight, Leonard Street & Dienhard and other local counsel shall provide the following opinions with respect to the federal regulatory matters:

(Capitalized terms used by not defined in this Exhibit C shall have the meanings assigned to them in the Purchase Agreement. If not defined in the Purchase Agreement, then such terms have the meanings assigned to them in the Credit Agreement.)

1. PUHCA

(a) Neither the Company nor any affiliate of the Company (other than FirstEnergy) is, or by virtue of the Transactions, will become, subject to regulation as (i) a "holding company," (ii) a "subsidiary company" of a "holding company" or (iii) a "public-utility company," in each case as such terms are defined in PUHCA.

(b) None of the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, purchasers or holders of the Notes, or any Affiliate of any of the foregoing shall, solely as a result of the Transactions, become subject to, or not exempt from, regulation under PUHCA.

2. FPA

(a) None of the Company or any of the Subsidiaries is subject to regulation as a "public utility" as such term is defined in the FPA, other than (i) as a power marketer or an owner of generator leads, which has market-based rate authority under Section 205 of the FPA or (ii) as a QF under PURPA, as contemplated by 18 C.F.R. Section 292.601(c). Except as set forth in Schedule IV to the Purchase Agreement, each of the Company and any of the Subsidiaries that is subject to regulation as a "public utility" as such term is defined in the FPA has validly issued orders from FERC, not subject to any pending challenge, investigation or proceeding (other than the FERC's generic proceeding initiated in Docket No. EL01-118-000) (x) authorizing such Subsidiary to engage in wholesale sales of electricity, ancillary services and, to the extent permitted under its market-based rate tariff, other transactions at market-based rates and (y) granting such waivers and blanket authorizations as are customarily granted to entities with market-based rate authority, including blanket authorizations to issue securities and to assume liabilities pursuant to Section 204 of the FPA; provided, however, FERC has indicated that in at least one order that it will treat the Company as a "public utility" for purposes of Section 204 of the FPA, and, provided further, however, the Company does not have blanket authorization to issue securities and to assume liabilities pursuant to Section 204. Except as set forth in Schedule IV to the Purchase Agreement, with respect to each person described in the preceding sentence, FERC has not imposed any rate caps or mitigation measures other than rate caps and mitigation measures generally applicable to similarly situated marketers or generators selling electricity, ancillary services or other services at wholesale at market-based rates in the geographic market where such person conducts its business.

(b) None of the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, purchasers or holders of the Notes, or any Affiliate of any of the foregoing shall, solely as a result of the Transactions, become subject to, or not exempt from, regulation under FPA.

3. State Public Utility Regulation

(a) None of the Company or any of the Subsidiaries is subject to any state laws or regulations respecting rates or the financial or organization regulation of utilities, other than, with respect to those Subsidiaries that are QF's, such state regulations contemplated by 18 C.F.R. Section 292.602(c) and "lightened regulation" as defined by the New York Public Service Commission.

(b) None of the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, purchasers or holders of the Notes, or any Affiliate of any of the foregoing shall, solely as a result of the Transactions, become subject to, or not exempt from, any state laws or regulations respecting rates or the financial or organization regulation of utilities.

4. Approvals

No actions, consents or approvals of, registrations or filings with, notices to, or other actions by, FERC, the Commission or any other Governmental Authority acting under the FPA, PUHCA or state laws or regulations respecting rates or the financial or organization regulation of utilities is or will be required in connection with the Transactions except such as have been made or obtained and are in full force and effect.

EXHIBIT D

OPINIONS WITH RESPECT TO ENVIRONMENTAL MATTERS

General Counsel for the Company, Nixon Peabody, Jones Walker, Richards Layton & Finger, Baker & Botts, Kirkpatrick & Lockhard, Murtha Cullina and other local counsel shall collectively provide the following opinions with respect to the environmental matters pertaining to the Company and its subsidiaries:

(Capitalized terms used by not defined in this Exhibit D shall have the meanings assigned to them in the Purchase Agreement.)

1. The Company and [and each relevant entity] have all of the Governmental Approvals(1) that are required to be obtained for the ownership, construction, and operation of the Facilities(2). Except to the extent qualified or limited expressly herein, each such Governmental Approval is held in the name of [the Company or relevant entity], is in full force and effect, is not subject to any appeals or further proceedings and all applicable administrative and judicial appeal periods have expired. Each such Governmental Approval has been duly issued and based upon the representation in the [relevant entity's] affidavits, the [relevant entity] represents that to the best of its knowledge it is operating its [relevant entity] facility in material compliance with the provisions of such Governmental Approvals, and we have no actual knowledge of any facts or claims that would render this representation untrue. Assuming that applications for renewal of such Governmental Approvals are timely filed, there is no reason of which we are aware that such Governmental Approvals should not be renewed in the ordinary course of the relevant Governmental Authority's administrative processes. To the extent that additional Governmental Approvals are required for the ownership, construction, and operation of any Facility, but are not presently held by [the Company or relevant entity], we have no knowledge of any reason why any such Governmental Approval will not be obtained in the ordinary course of business and without material difficulty, expense or delay prior to the time [the Company or relevant entity] is required to obtain such Governmental Approvals.(3)

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(1) Governmental Approval shall include any action, approval, consent, waiver, exemption, variance, franchise, order, permit, authorization, certificate, registration, right or license required under any applicable Federal, state and local laws (including, but not limited to, Environmental Laws, State Energy Facility Siting Laws, or other State Energy Laws).

(2) This opinion is required only for certain core assets, i.e., those for which a mortgage or deed of trust is being taken.

(3) If the project has received all of its Governmental Approvals, this sentence can be omitted.

EXHIBIT E

OPINIONS WITH RESPECT TO MORTGAGED PROPERTY

Nixon Peabody, Kirkpatrick & Lockhart, Murtha Cullina, Jones Walker, Richards Layton & Finger, Piper & Rudnick, Reed Smith, Sheppard, Mullin, Richter & Hampton, LLC, Andrews & Kurth and other local counsel shall collectively provide the following opinions with respect to the Mortgages:

(Capitalized terms used by not defined in this Exhibit E shall have the meanings assigned to them in the Purchase Agreement. If not defined in the Purchase Agreement, then such terms have the meanings assigned to them in the respective Mortgage.)

1. Except for filings which are necessary to perfect the security interests granted under the Documents (as defined in such Mortgage) and such other filings, authorizations or approvals as are specifically contemplated by the [Documents], no authorizations or approvals of, and no filings with, any governmental or regulatory authority or agency of the United States, the state of [Borrower's][the Company's] formation, or the state of _____ (the "State") are necessary for the execution, delivery or performance of the [Documents] by the [Borrower][Company/Guarantor].

2. Each of the [Documents] constitutes the legal, valid and binding obligation of the [Borrower][Company/Guarantor], enforceable against [Borrower][Company/Guarantor] in accordance with its terms.

3. The execution and delivery by the [Borrower] [Company/Guarantor] of the [Documents] and the consummation of the transactions contemplated thereby do not conflict with or violate any federal or State law, rule, regulation or ordinance applicable to the [Borrower][Company/Guarantor].

4. The choice of law provisions contained in the [Documents] will be upheld and enforced by the courts of the State and Federal courts sitting in and applying the laws of the State. In this regard, the amounts to be received by [Lenders][holders of the Notes] as interest in respect of the [Note], made by the [Borrower][Company/Guarantor], as maker, in favor of [Lenders][holders of the Notes] and under the [Credit Agreement][Purchase Agreement] constitute lawful interest under the laws of the State and are neither usurious nor illegal.

5. The Mortgage (as defined in such Mortgage) to be recorded in the State is in form satisfactory for recording. The recording of the Mortgage in the office of _____ for the County of _____ [State of], and the filing and recording of the [Financing Statements] referred to on Schedule 1 hereto in the offices shown on Schedule 1 hereto, are the only recordings or filings necessary to publish notice of and to establish of record the rights of the parties thereto and to perfect the liens and security interests granted by the [Borrower][Company/Guarantor] pursuant to the Mortgage in the real property (including fixtures) covered thereby. Such [Financing Statements] comply in all respects with applicable provisions of the Uniform Commercial Code as in effect in the State (the "UCC") and are in appropriate form for filing or recording and the description therein of the property covered thereby is adequate to permit the perfection of such security interests. Upon the execution and delivery of such Mortgage, such liens and security interests shall be created and upon the recording and filing of the Mortgage and [Financing Statements] as aforesaid, such liens and security interests shall be perfected. No documents or instruments other than those referred to in this paragraph need be recorded, registered or filed in any public office in the State in order to publish notice of the applicable Mortgage or to perfect such liens and security interests or for the

validity or enforceability of any of the [Documents] or to permit [Lenders][holders of the Notes] to enforce their rights thereunder in the courts of the State.

6. Except for _____, no recording, filing, privilege or other tax must be paid by either the [Borrower][Company/Guarantor] or

[Lenders][holders of the Notes] in connection with the execution, delivery, recordation or enforcement of any of the Documents.

7. The Loans, as made, will not violate any applicable usury laws of the State, or other applicable laws regulating the interest rate, fees and other charges that may be collected with respect to the Loans.

8. It is not necessary for Lenders to qualify to do business in the State solely to make the Loans and enforce the provisions of the Documents. The making of the Loans and enforcement of the provisions of the Documents will not result in the imposition upon Lenders of any taxes of the State, or any subdivision thereof in which the applicable Mortgaged Property is located (including, without limitation, franchise, license, tax on interest received or income taxes), other than taxes which Lenders, if and when it becomes the actual and record owner of such Mortgaged Property, by reason of power of sale or foreclosure under the applicable Mortgage or by deed in lieu of foreclosure, would be required to pay. Lenders are not in violation of any banking law of the State by carrying out the transactions contemplated by the Documents.

9. The foreclosure of the Mortgage to be recorded in the State, exercise of [Lenders'][the holders' of the Notes] power of sale, or exercise of any other remedy provided in the Mortgage will not in any manner restrict, affect or impair the liability of the [Borrower][Company/Guarantor] with respect to the indebtedness secured thereby or the rights and remedies of [Lenders][holders of the Notes] with respect to the foreclosure or enforcement of any other security interests or liens securing such indebtedness, to the extent any deficiency remains unpaid after application of the proceeds of the foreclosure of such Mortgage, exercise of such power of sale or as a result of the exercise of any other remedy.

10. The priority of the lien of the Mortgage to be recorded in the State in respect of all advances or extensions of credit made by the [Lenders][Initial Purchasers] under the [Credit Agreement][Purchase Agreement] on, before or after the date on which such Mortgage is recorded in the appropriate recording office referred to in Paragraph 5 above will be determined by the date of such recording.

11. The priority of the lien of the Mortgage will not be affected by (a) any prepayment of a portion of the [Loans][Notes], or (b) any increase in or reduction of the outstanding amount of the [Loans][Notes] from time to time.

12. The Mortgage to be recorded in the State creates valid security interests in favor of the [Lenders][holders of the Notes] in the Collateral to the extent the UCC is applicable thereto, as security for the payment or performance of the Obligations (as defined in such Mortgage).

Schedule 1
UCC Financing Statements

1. UCC-l Financing Statements naming the [Borrower][Company/Guarantor], as debtor, and [Lenders][Collateral Trustee], as secured party, with respect to the Collateral, to be filed with:

EXHIBIT F

OPINIONS WITH RESPECT TO SECURITY INTERESTS

Kirkland & Ellis LLP, General Counsel for the Company, Richards Layton & Finger, Leonard Street & Deinhard, Sheppard, Mullin, Richter & Hampton, LLC, local Virginia counsel and other local counsel for the Company shall collectively provide the following opinions with respect to the security interests created by the Security Documents:

(Capitalized terms used by not defined in this Exhibit F shall have the meanings assigned to them in the Purchase Agreement.)

1. The provisions of each Security Document are effective to create valid security interests in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, in that portion of the Collateral and the Mortgaged Properties described in the Guarantee and Collateral Agreement, the Collateral Trust Agreement, each Mortgage and each Intellectual Property Security Agreement, respectively, in each case to the extent such Collateral is subject to Article 9 of the UCC as security for the payment, to the extent set forth in each such Security Document of the Obligations of the relevant Loan Party to the Parity Lien Secured Parties under the Security Documents.

2. Upon delivery of the certificates representing the Pledged Securities (as defined in the Guarantee and Collateral Agreement) to the Collateral Agent in the State of New York pursuant to the Guarantee and Collateral Agreement with undated transfer powers duly endorsed in blank by an effective endorsement, the security interests in such Pledged Securities in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, will be perfected. No other security interest in the Pledged Securities is equal or prior to the security interest of the Collateral Agent for the benefit of the Parity Lien Secured Parties, except for the security interest of the Collateral Agent for the benefit of the Priority Lien Secured Parties or for any Permitted Prior Liens.

3. Upon delivery of that portion of the Pledged Collateral consisting of the collateral that constitutes "instruments" within the meaning of Section 9-102(a)(47) of the [_____] UCC (the "Pledged Notes") to the Collateral Trustee in the State of New York pursuant to the Guarantee and Collateral Agreement, the security interests in favor of the Collateral Agent, for the benefit of the Parity Lien Secured Parties, will be perfected. No other security interest in the Pledged Notes is equal or prior to the security interest of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, assuming the Collateral Agent takes possession of the Pledged Notes in good faith and without knowledge that its security interest in the Pledged Notes violates the rights of another secured party, except for the security interest of the Collateral Agent for the benefit of the Priority Lien Secured Parties or for any Permitted Prior Liens.

4. The provisions of the Control Agreements (as defined in the Guarantee and Collateral Agreement) are effective under the [_____] UCC to perfect the security interest in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, in that portion of the Pledged Collateral consisting of Deposit Account[s] maintained with _____ (the "Depositary Bank") described in each such Control Agreement (the "Deposit Account[s]"), assuming that (a) each such Control Agreement has been duly authorized, executed and delivered by each of the parties thereto (other than the Company, PMI or any Guarantor) and is the legally valid and binding obligation of each such party, (b) the Depositary Bank's jurisdiction (determined in accordance with Section 9304 of the [_____] UCC is that State of [_____] and (c) the Deposit Account[s] constitute[s] [s] "deposit account[s]" as defined in Section 9102(a)(29) of the [_____] UCC.

5. Each Financing Statement is in appropriate form for filing in the office of the [Secretary of State][relevant central filing authority] of the State of [_____]. Upon the proper filing of each such Financing Statement in the office of the [Secretary of State][relevant central

filing authority] of the State of [_____], the security interest in favor of the Collateral Agent, for the benefit of the Parity Lien Secured Parties, in the collateral described in each such Financing Statement will be perfected to the extent a security interest in such collateral can be perfected under the provisions of the [_____] UCC by the filing of a financing statement in the State of [_____].

6. There are to the best of our knowledge, no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments of any nature relating to any of the Pledge Securities (as defined in the Guarantee and Collateral Agreement).

EXHIBIT G

The Collateral Trustee shall have received (with a copy for the Initial Purchasers):

(Capitalized terms used by not defined in this Exhibit G shall have the meanings assigned to them in the Purchase Agreement.)

1. Appropriately completed copies, which have been duly authorized for filing by the appropriate Person, of Uniform Commercial Code Financing Statements naming the Company and each Guarantor (as applicable) as a debtor and the Collateral Trustee as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the reasonable opinion of the Collateral Trustee and its counsel, desirable to perfect the security interests of the Collateral Trustee pursuant to the Security Documents.

2. Appropriately completed copies, which have been duly authorized for filing by the appropriate Person, of Uniform Commercial Code Form UCC-3 termination statements, if any, necessary to release all Liens (other than Permitted Prior Liens) of any Person in any collateral described in the Security Documents previously granted by any Person.

3. Certified copies of Uniform Commercial Code Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party acceptable to the Collateral Trustee, dated a date reasonably near to the Closing Date, listing all effective Financing Statements which name the Company and the Guarantors (under their respective present name and any previous names) as the debtor, together with copies of such Financing Statements (none of which shall cover any collateral described in the Security Documents, other than such Financing Statements that evidence Permitted Prior Liens).

4. Such releases, reconveyances, satisfactions or other instruments as it may request to confirm the release, satisfaction and discharge in full of all mortgages and deeds of trust at any time delivered by the Company or any Guarantor to secure any Obligations in respect of any existing credit facilities or other secured indebtedness, duly executed, delivered and acknowledged in recordable form by the grantee named therein or its of record successors or assigns.

5. A copy of the Collateral Trust Agreement executed by the Administrative Agent under the Credit Agreement, the Company and each Guarantor.

6. A certificate of insurance satisfactory to the Initial Purchasers confirming that all insurance requirements of the Guarantee and Collateral Agreement are satisfied.

7. Such other approvals, opinions or documents as the Initial Purchasers, the Trustee or the Collateral Trustee may reasonably request in form and substance satisfactory to each of them.

EXHIBIT 4.3

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

DATED AS OF DECEMBER 23, 2003
BY AND AMONG

NRG ENERGY, INC.,

AS ISSUER,

THE ENTITIES LISTED ON SCHEDULE A HEREOF

AS GUARANTORS,

AND

LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON LLC,
CITIGROUP GLOBAL MARKETS INC. AND
DEUTSCHE BANK SECURITIES INC.,

AS INITIAL PURCHASERS

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of December 23, 2003, by and among NRG Energy, Inc., a Delaware corporation (the "COMPANY"), the entities listed on Schedule A hereto (the "GUARANTORS"), and Lehman Brothers Inc., Credit Suisse First Boston, Citigroup Global Markets Inc. and Deutsche Bank Securities Inc. (each an "INITIAL PURCHASER" and, collectively, the "INITIAL PURCHASERS"), each of whom has agreed to purchase the Company's 8% Second Priority Senior Secured Notes due 2013 in an aggregate principal amount of $1,250,000,000 (the "SERIES A NOTES") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated December 17, 2003 (the "PURCHASE AGREEMENT"), by and among the Company, the Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Company and the Guarantors have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 7(s) of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture, dated the date hereof among the Company, the Guarantors and Law Debenture Trust Company of New York, as Trustee, relating to the Series A Notes and the Series B Notes (as defined below) (the "INDENTURE").

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment

are authorized by law, regulation or executive order to remain closed.

Certificated Securities: Definitive Notes, as defined in the Indenture.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer; (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the

period required pursuant to Section 3(b) hereof; and (c) the delivery by the Company to the Registrar under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

Consummation Deadline: As defined in Section 3(b) hereof.

Effectiveness Deadline: As defined in Section 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Company of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Series A Notes that are tendered by Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Initial Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act, and in compliance with Regulation S under the Act.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Guarantors: The entities listed on Schedule A hereto and any other subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the Indenture.

Holders: As defined in Section 2 hereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company and the Guarantors relating to (a) an offering of Series B Notes and related Subsidiary Guarantees pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and

all exhibits and material incorporated by reference therein.

Regulation S: Regulation S promulgated under the Act.

Rule 144: Rule 144 promulgated under the Act.

Series B Notes: The Company's 8% Series B Second Priority Senior Secured Notes due 2013 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

Suspension Notice: As defined in Section 6(e) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: (i) Each Series A Note and the related Subsidiary Guarantees, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer for a Series B Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act; (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement; or (c) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act; and (ii) each Series B Note and the related Subsidiary Guarantees acquired by a Broker-Dealer in exchange for a Series A Note acquired for its own account as a result of market making activities or other trading activities until the date on which such Series B Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

SECTION 2. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "HOLDER") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Company and the Guarantors shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 150 days after the Closing Date (such 150th day being the "FILING DEADLINE"); (ii) use all commercially reasonable efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 210 days after the Closing Date (such 210th day being the "EFFECTIVENESS DEADLINE"); (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer; and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange

Offer shall be on the appropriate form permitting (i) registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer

Restricted Securities and (ii) resales of Series B Notes by Broker-Dealers that tendered into the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Company and the Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes shall be included in the Exchange Offer Registration Statement. The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 Business Days thereafter (such 30th Business Day being the "CONSUMMATION DEADLINE").

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because any such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer, the Company and the Guarantors shall permit the use of the Prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such prospectus delivery requirement. To the extent necessary to ensure that the Prospectus contained in the Exchange Offer Registration Statement is available for sales of Series B Notes by Broker-Dealers, the Company and the Guarantors agree, in the event any of them receives notice from a Broker-Dealer within 30 days of the Consummation of the Exchange Offer that such Broker-Dealer holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making or similar activities, to use all commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Section 6(a) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and

regulations of the Commission as announced from time to time, for a period of 180 days from the date on which the Exchange Offer is Consummated or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Company shall provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than two Business Days after such request, at any time during such period.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law (after the Company and the Guarantors have complied with the procedures set forth in Section 6(a)(i) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company in writing within 20 business days following the Consummation of the Exchange Offer that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Company or any of its Affiliates, then the Company and the Guarantors shall:

(x) use all commercially reasonable efforts to cause to be filed, on or prior to 30 days after the earlier of (i) the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Company receives the notice specified in clause (a)(ii) above (such earlier date, the "FILING DEADLINE"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "SHELF REGISTRATION STATEMENT")), relating to all Transfer Restricted Securities; provided, however, that nothing in this Section 4(a)(x) shall require the filing of the Shelf Registration Statement prior to the Filing Deadline for the Exchange Offer Registration Statement; and

(y) shall use all commercially reasonable efforts to cause such Shelf Registration Statement to become effective on or prior to 90 days after the Filing Deadline for the Shelf Registration Statement (such 90th day the "EFFECTIVENESS DEADLINE").

If, after the Company has and the Guarantors have filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Company is and the Guarantors are required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Company and the Guarantors shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and the other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Company and the Guarantors shall use all commercially reasonable efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective,

supplemented, amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 15 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant

to Section 5 hereof unless and until such Holder shall have provided all such information. Each Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading. The Company shall not be obligated to supplement such Shelf Registration Statement after it has been declared effective by the Commission more than one time per quarterly period to reflect additional Holders.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline; (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline; (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) the Shelf Registration Statement is declared effective but thereafter, pending the announcement of a material corporate transaction, the Company issues a notice that the Shelf Registration Statement is unusable, or such notice is required under applicable securities laws to be issued by the Company, and, during the period specified in Section 4(a) above, the aggregate number of days in any consecutive twelve-month period for which all such notices are issued or required to be issued exceeds 45 days or (v) the Exchange Offer Registration Statement is filed and declared effective but thereafter (A) during the period through and including the Consummation Deadline, shall cease to be effective or fail to be usable for its intended purpose without being succeeded within five Business Days by a post-effective amendment to such Exchange Offer Registration Statement that cures such failure and that is itself declared effective immediately or (B) during the period from the day after the Consummation Deadline through and including the one-hundred-eightieth day after the Consummation Deadline, pending the announcement of a material corporate transaction, the Company issues a notice that the Exchange Offer Registration Statement is unusable for the purposes contemplated by the second paragraph of Section 3(c) above, or such notice is required under applicable securities laws to be issued by the Company, and, during the 180-day period specified in Section 3(c) above, the aggregate number of days for which all such notices are issued or required to be issued exceeds 45 days (each such event referred to in clauses (i) through (v), a "REGISTRATION DEFAULT"), then the Company and the Guarantors hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages in an amount equal to $0.05

per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues for the first 90-day period immediately following the occurrence of such Registration Default. The amount of the liquidated damages shall increase by an additional $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Company and the Guarantors shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above; (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above; (3) upon Consummation of the Exchange Offer, in the case of (iii) above; or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of clauses (iv) and (v) above, as applicable, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii), (iv) or (v)(A) or (B), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Holders

entitled thereto, in the manner provided for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Company and the Guarantors to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

In the event that the Exchange Offer Registration Statement is declared effective but thereafter the Company issues a notice as contemplated by clause (v)(B) above, the number of days during which such Registration Statement is unusable shall be deducted from the number of days permitted under the first annual 45-day "blackout" period under clause (iv) above for purposes of determining the number of days during which liquidated damages would accrue in the event of a Registration Default under clause (iv) above.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company and the Guarantors shall (x) comply with all applicable provisions of Section 6(c) below; (y) use all commercially reasonable efforts to effect such exchange and to permit the resale of Series B Notes by any Broker-Dealer that tendered Series A Notes in the Exchange Offer that such Broker-Dealer acquired for its own account as a result of its market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof; and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company and the Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Company and the Guarantors to Consummate an Exchange Offer for such Transfer Restricted Securities. The Company and the Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company and the Guarantors hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission staff, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker-Dealer) shall furnish, upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company and the Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series B Notes to be issued in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course of business. Each Holder using the Exchange Offer to participate in a distribution of the Series B Notes will be required to acknowledge and agree that, if the resales are of Series B Notes obtained by such Holder in exchange for Series A Notes acquired directly from the Company or an Affiliate

thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall provide a supplemental letter to the Commission (A) stating that the Company and the Guarantors are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2,

1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Company nor any Guarantor has entered into any arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of the Company's and each Guarantor's information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company and the Guarantors shall:

(i) comply with all the provisions of Section 6(c) and 6(d) below and use all commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company and the Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof; and

(ii) issue, upon the request of any Holder or purchaser of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes sold pursuant to the Shelf Registration Statement and surrendered to the Company for cancellation; the Company and the Guarantors shall register Series B Notes and the related Subsidiary Guarantees on the Shelf Registration Statement for this purpose and issue the Series B Notes to the purchaser(s) of securities subject to the Shelf Registration Statement in the names as such purchaser(s) shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this

Agreement, the Company and the Guarantors shall:

(i) use all commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein (in the case of the Prospectus only, in light of the circumstances under which they were made) not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company and the Guarantors shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if

Commission review is required, use all commercially reasonable efforts to cause such amendment to be declared effective as soon as practicable. Notwithstanding the foregoing, if the board of directors of the Company determines in good faith that it is in the best interests of the Company not to disclose the existence of facts surrounding any proposed or pending material corporate transaction or other material development involving the Company and the Guarantors, the Company may allow the Shelf Registration Statement to fail to be effective or the Prospectus contained therein to be unusable as a result of such nondisclosure for up to 60 days in any year during the two-year period of effectiveness required by Section 4(a) hereof, provided that a Registration Default would not occur during such period;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two business days prior to such sale of Transfer Restricted Securities;

(iv) use all commercially reasonable efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Transfer Restricted Securities; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so

subject;

(v) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(vi) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act); and

(vii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all commercially reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner.

(d) Additional Provisions Applicable to Shelf Registration Statements and Certain Exchange Offer Prospectuses. In connection with each Shelf Registration Statement, and each Exchange Offer Registration Statement if and to the extent that an Initial Purchaser has notified the Company in writing that it is a holder of Series B Notes that are Transfer Restricted Securities (for so long as such Series B Notes are Transfer Restricted Securities or for the period provided in Section 3, whichever is shorter), the Company and the Guarantors shall:

(i) advise each selling Holder promptly and, if requested by such selling Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto; (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes; (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (E) of the existence of any event as described in the last sentence of Section 6(c)(i) hereof. If at any time the Commission shall issue any stop order suspending the effectiveness of any Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the

Transfer Restricted Securities under state securities or Blue Sky laws, the Company and the Guarantors shall use all

commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(ii) if any fact or event contemplated by Section 6(d)(i)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(iii) furnish to each selling Holder in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein (except the Prospectus included in the Exchange Offer Registration Statement at the time it was declared effective) or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such selling Holders in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such selling Holders shall reasonably object within five Business Days after the receipt thereof. A selling Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein (in case of the Prospectus only, in light of the circumstances under which they were made) not misleading or fails to comply with the applicable requirements of the Act;

(iv) upon request, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each Holder in connection with such exchange or sale, if any, make the Company's and the Guarantors' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders may reasonably request;

(v) subject to appropriate confidentiality agreements being entered into, make available, at reasonable times, for inspection by each selling Holder and any attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate documents of the Company and the Guarantors and cause the Company's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such selling Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(vi) if requested by any selling Holders in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective

amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(vii) furnish to each selling Holder in connection with such exchange or sale without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(viii) deliver to each selling Holder without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company and the Guarantors hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each selling Holder in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(ix) upon the request of Holders who collectively hold an aggregate principal amount of Series A Notes in excess of 20% of the amount of outstanding Transfer Restricted Securities (the "REQUESTING HOLDERS"), enter into such agreements (including underwriting agreements) on up to three occasions and make such customary representations and warranties and take all such other actions in connection therewith as may be reasonable customary in underwritten offerings in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by the Requesting Holders in connection with any sale or resale pursuant to any applicable Registration Statement. In such connection, the Company and the Guarantors shall:

(A) upon request of any Requesting Holder, furnish (or in the case of paragraphs (2) and (3), use all commercially reasonable efforts to cause to be furnished) to each Requesting Holder, upon Consummation of the Exchange Offer or upon the effectiveness of the Shelf Registration Statement, as the case may be:

(1) a certificate, dated such date, signed on behalf of the Company and each Guarantor by an officer of the Company or of such Guarantor, as the case may be, confirming, as of the date thereof, the matters set forth in Section 7(o) of the Purchase Agreement and such other similar matters as such Requesting Holders may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company and the Guarantors covering matters similar to those set forth in Exhibits B through F of the Purchase Agreement and such other matters as such Requesting Holders may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public

accountants for the Company and the Guarantors and has considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Sections 7(l) and 7(m) of the Purchase Agreement; and

(B) deliver such other documents and certificates as may be reasonably requested by the Requesting Holders to evidence compliance with the matters covered in clause (A) above and with any customary conditions contained in any agreement entered into by the Company and the Guarantors pursuant to this clause (ix);

(x) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the

Registration Statement, in any jurisdiction where it is not now so subject; and

(xi) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(e) Restrictions on Holders. Each Holder's acquisition of a Transfer Restricted Security constitutes such Holder's agreement that, upon receipt of the notice referred to in Section 6(d)(i)(C) or any notice from the Company of the existence of any fact of the kind described in Section 6(d)(i)(D) hereof or of any event of the kind described in the last sentence of Section 6(c)(i) hereof (in each case, a "SUSPENSION NOTICE"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(d)(ii) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "RECOMMENCEMENT DATE"). Each Holder receiving a Suspension Notice shall be required to either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Company with more recently dated Prospectuses or (ii) deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of delivery of the Recommencement Date.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Company's and the Guarantors' performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses, messenger and delivery services and telephone); (iv) all fees and disbursements of counsel for the Company, the Guarantors and one counsel for the Holders of Transfer Restricted Securities which shall be

Latham & Watkins LLP or such other counsel as may be selected by a majority of such Holders; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its and the Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company or the Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company and the Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Series A Notes into in the Exchange Offer and/or selling or reselling Series A Notes or Series B Notes pursuant to

the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Latham & Watkins LLP unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) The Company and the Guarantors agree, jointly and severally, to indemnify and hold harmless each Holder, its directors, officers and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, liabilities, judgments, (including without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto) provided by the Company to any Holder or any prospective purchaser of Series B Notes or registered Series A Notes, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a preliminary prospectus or Prospectus or any supplement thereto, in the light of the circumstances under which they were made) not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Company by any of the Holders; provided, that the Company and each Guarantor will not be liable to any Holder under this Section 8(a) to the extent, but only to the extent, that (1) such loss, claim, damage or liability resulted solely from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in or omitted from such preliminary Prospectus which was corrected in the final Prospectus, (2) the Company sustains the burden of proving that such Holder sold Transfer Restricted Securities to the person alleging such loss, claim, damage or liability without

sending or giving a copy of the Prospectus within the time required by the Act, (3) the Company had previously furnished sufficient quantities of the Prospectus to such Holder in such amounts and within such period of time as required under this Agreement and (4) such Holder failed to deliver the Prospectus, if required by law to have so delivered it, and such delivery would have been a complete defense against the person asserting such loss, claim, damage or liability.

(b) By its acquisition of Transfer Restricted Securities, each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company and the Guarantors, and its their respective directors and officers, and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company or the Guarantors to the same extent as the foregoing indemnity from the Company and the Guarantors set forth in section (a) above, but only with reference to information relating to such Holder furnished in writing to the Company by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers or any Person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the

person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party; (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party; or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall

be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Company and the Guarantors, in the case of parties indemnified pursuant to Section 8(b). No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) To the extent that the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand, and the Holders, on the other hand, from their initial sale of Transfer Restricted Securities (or in the case of Series B Notes that are Transfer Restricted Securities, the sale of the Series A Notes for which such Series B Notes were exchanged); or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative fault of the Company and the Guarantors, on the one

hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or such Guarantor, on the one hand, or by the Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and judgments referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of this Section 8(d), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company, the Guarantors and, by its acquisition of Transfer Restricted Securities, each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include,

subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any matter, including any action that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 8, no Holder, its directors, its officers or any Person, if any, who controls such Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

SECTION 9. RULE 144A AND RULE 144

The Company and each Guarantor agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company or such Guarantor (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available within a reasonable period of time, upon written request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A; and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

SECTION 10. MISCELLANEOUS

(a) Remedies. The Company and the Guarantors acknowledge and agree that any failure by the Company and/or the Guarantors to comply with their respective obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantor's obligations under

Sections 3 and 4 hereof. The Company and the Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company and the Guarantors will not, on or after the date of this Agreement, enter into any agreement with respect to its their respective securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Company and the Guarantors have not previously entered into any agreement granting any registration rights with respect to its their respective securities to any Person that would require such securities to be included in any Registration Statement filed hereunder. The rights granted to the Holders hereunder do not in

any way conflict with and are not inconsistent with the rights granted to the holders of the Company's and the Guarantors' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities; and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company or any of the Guarantors:

NRG Energy, Inc,
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55402-3265
Attention: Scott J. Davido, Esq.
Fax: (612) 373-5392

With a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60610
Attention: Gerald T. Nowak, Esq.
Fax: (312) 861-2200

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NRG ENERGY, INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EACH GUARANTOR LISTED ON SCHEDULE A HEREOF

By: _____
Name:
Title:

LEHMAN BROTHERS INC.
CREDIT SUISSE FIRST BOSTON LLC
CITIGROUP GLOBAL MARKETS INC.
DEUTSCHE BANK SECURITIES INC.

BY: LEHMAN BROTHERS INC.

By: _____
Name:
Title:

SCHEDULE A

GUARANTORS

1. Arthur Kill Power LLC
2. Astoria Gas Turbine Power LLC
3. Berrians I Gas Turbine Power LLC
4. Big Cajun II Unit 4 LLC
5. Capistrano Cogeneration Company
6. Chickahominy River Energy Corp.
7. Cobee Energy Development LLC
8. Commonwealth Atlantic Power LLC
9. Conemaugh Power LLC
10. Connecticut Jet Power LLC
11. Devon Power LLC
12. Dunkirk Power LLC
13. Eastern Sierra Energy Company
14. El Segundo Power II LLC
15. Hanover Energy Company
16. Huntley Power LLC
17. Indian River Operations Inc.
18. Indian River Power LLC
19. James River Power LLC
20. Kaufman Cogen LP

21. Keystone Power LLC

22. Louisiana Generating LLC

23. MidAtlantic Generation Holding LLC

24. Middletown Power LLC

25. Montville Power LLC

26. NEO California Power LLC

27. NEO Chester-Gen LLC

28. NEO Corporation

29. NEO Freehold-Gen LLC

30. NEO Landfill Gas Holdings Inc.

31. NEO Landfill Gas Inc.

32. NEO Nashville LLC

33. NEO Power Services Inc.

34. NEO Tajiguas LLC

35. Northeast Generation Holding LLC

36. Norwalk Power LLC

37. NRG Affiliate Services Inc.

38. NRG Arthur Kill Operations Inc.

39. NRG Asia-Pacific, Ltd.

40. NRG Astoria Gas Turbine Operations Inc.

41. NRG Bayou Cove LLC

42. NRG Cabrillo Power Operations Inc.

43. NRG Cadillac Operations Inc.

44. NRG California Peaker Operations LLC

45. NRG Central U.S. LLC

46. NRG Connecticut Affiliate Services Inc.

47. NRG Devon Operations Inc.

48. NRG Dunkirk Operations Inc.

49. NRG Eastern LLC

50. NRG El Segundo Operations Inc.

51. NRG Huntley Operations Inc.

52. NRG International LLC

53. NRG Kaufman LLC

54. NRG Mesquite LLC

55. NRG MidAtlantic Affiliate Services Inc.

56. NRG MidAtlantic Generating LLC

57. NRG MidAtlantic LLC

58. NRG Middletown Operations Inc.

59. NRG Montville Operations Inc.

60. NRG New Jersey Energy Sales LLC

61. NRG New Roads Holdings LLC

62. NRG North Central Operations Inc.

63. NRG Northeast Affiliate Services Inc.

64. NRG Northeast Generating LLC

65. NRG Norwalk Harbor Operations Inc.

66. NRG Operating Services, Inc.

67. NRG Oswego Harbor Power Operations Inc.

68. NRG Power Marketing Inc.

69. NRG Rocky Road LLC

70. NRG Saguaro Operations Inc.

71. NRG South Central Affiliate Services Inc.

72. NRG South Central Generating LLC

73. NRG South Central Operations Inc.

74. NRG West Coast LLC

75. NRG Western Affiliate Services Inc.

76. Oswego Harbor Power LLC

77. Saguaro Power LLC

78. Somerset Operations Inc.

79. Somerset Power LLC

80. South Central Generation Holding LLC

81. Vienna Operations Inc.

82. Vienna Power LLC

EXHIBIT 4.4

EXECUTION COPY

$475,000,000

NRG ENERGY, INC.

8% SECOND PRIORITY SENIOR SECURED NOTES DUE 2013

PURCHASE AGREEMENT

January 21, 2004

CREDIT SUISSE FIRST BOSTON LLC
LEHMAN BROTHERS INC.
c/o Credit Suisse First Boston LLC
Eleven Madison Avenue
New York, New York 10010-3629

Ladies and Gentlemen:

NRG Energy, Inc., a Delaware corporation (the "Company"), proposes, upon the terms and considerations set forth herein, to issue and sell to you, as the initial purchasers (the "Initial Purchasers"), $475,000,000 in aggregate principal amount of its 8% Second Priority Senior Secured Notes due 2013 (the "Notes"). The Notes will (i) have terms and provisions that are summarized in the Offering Circular (as defined below) and (ii) are to be issued pursuant to the Indenture (the "Indenture"), dated December 23, 2003, among the Company, the entities listed on Schedule I hereof (the "Guarantors") and Law Debenture Trust Company of New York, as trustee (the "Trustee"). The Company's obligations under the Notes, including the due and punctual payment of interest on the Notes, will be unconditionally guaranteed (the "Guarantees") by the Guarantors. As used herein, the term "Notes" shall include the Guarantees, unless the context otherwise requires. This Purchase Agreement (this "Agreement") is to confirm the agreement concerning the purchase of the Notes from the Company by the Initial Purchasers.

The Company has previously issued $1,250,000,000 in aggregate principal amount of its 8% Second Priority Senior Secured Notes due 2013 under the Indenture (the "December 2003 Notes"). The December 2003 Notes are subject to an exchange offer pursuant to which the December 2003 Notes will be exchanged for the Exchange Notes (as defined below) (the "December 2003 Exchange Notes"). The Notes constitute an additional issuance of notes under the Indenture. The Notes will be treated as a single class of notes with the December 2003 Notes and upon exchange for the Exchange Notes will be treated as a single class of notes with the December 2003 Exchange Notes. The Guarantees will be treated as a single class of guarantees with the guarantees of the December 2003 Notes and upon exchange for the Exchange Guarantees (as defined below) will be treated as a single class of guarantees with the exchange guarantees of the December 2003 Notes.

The Company, simultaneously with the sale of the December 2003 Notes, obtained senior secured credit facilities of up to $1,450,000,000 under the Credit Agreement (the "Credit Agreement"), dated December 23, 2003, by and among the Company, NRG Power Marketing Inc. ("PMI"), the lenders party thereto, Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers Inc., as joint lead book runners and joint lead arrangers (in such capacities, collectively, the "Arrangers"), Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative agent (in such capacity and together with its successors, the "Administrative Agent") and as collateral agent (in such

capacity and together with its successors, the "Collateral Agent"), and Lehman

Commercial Paper Inc. ("LCPI"), as syndication agent.

The obligations of the Company and the Guarantors with respect to the Notes and the Guarantees, respectively, will be secured equally and ratably by second priority security interests in the Collateral (as defined in the Indenture) granted to Deutsche Bank Trust Company Americas, as collateral trustee (the "Collateral Trustee") for the benefit of the holders of the Notes and the Guarantees. These liens will be junior in priority to the liens securing the Credit Agreement. The liens securing the Credit Agreement will also be held by the Collateral Trustee.

Capitalized terms used by not defined in this Agreement shall have the meanings assigned to them in the Indenture.

1. Offering Circular. The Notes will be offered and sold to the Initial Purchasers without registration under the Securities Act of 1933, as amended (the "Act"), in reliance on an exemption pursuant to Section 4(2) under the Act. The Company and the Guarantors have prepared an offering circular, dated January 21, 2004 (the "Offering Circular"), setting forth information regarding the Company, the Guarantors, the Notes and the Guarantees. The Company and the Guarantors hereby confirm that they have authorized the use of the Offering Circular in connection with the offering and resale of the Notes by the Initial Purchasers.

It is understood and acknowledged that upon original issuance thereof, and until such time as the same is no longer required under the applicable requirements of the Act, the Notes (and all securities issued in exchange therefor, in substitution thereof) shall bear a legend substantially in the following form (along with such other legends as the Initial Purchasers and their counsel deem necessary):

> "THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL ACCREDITED INVESTOR IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES."

You have advised the Company that you will make offers (the "Exempt Resales") of the Notes purchased by you hereunder on the terms set forth in the Offering Circular, as amended or supplemented, solely to (i) persons whom you reasonably believe to be "qualified institutional buyers" as defined in Rule 144A under the Act ("QIBs") and (ii) outside the United States to certain persons in offshore transactions in reliance on Regulation S under the Act. Those persons specified in clauses (i) and (ii) are referred to herein as the ("Eligible Purchasers"). You will offer the Notes to Eligible Purchasers initially at a price equal to 106% of the principal amount thereof, plus accrued and unpaid interest from December 23, 2003 to the Closing Date. Such price may be changed at any time without notice.

Holders (including subsequent transferees) of the Notes will have the registration rights substantially in the form set forth in the registration rights agreement attached hereto as Exhibit A (the "Registration Rights Agreement") among the Company, the Guarantors and the Initial Purchasers to be dated January 28, 2004 (the "Closing Date"), for so long as such Notes constitute "Transfer Restricted Securities" (as defined in the Registration Rights Agreement). Pursuant to the Registration Rights Agreement and the

registration rights agreement relating to the December 2003 Notes, the Company and the Guarantors will agree to file with the United States Securities and Exchange Commission (the "Commission") under the circumstances set forth therein, a registration statement under the Act (the "Exchange Offer Registration Statement") relating to the Company's 8% Second Priority Senior Secured Notes to be offered in exchange for the Notes and the December 2003 Notes (the "Exchange Notes") and the Guarantors' Exchange Guarantees to be offered in exchange for the Guarantees and the guarantees of the December 2003 Notes (the "Exchange Guarantees"). Such portion of the offering is referred to as the "Exchange Offer."

2. Representations, Warranties and Agreements of the Company and the Guarantors. The Company and each of the Guarantors, jointly and severally, represent, warrant and agree as follows:

(a) When the Notes and the Guarantees are issued and delivered pursuant to this Agreement, such Notes and Guarantees will not be of the same class (within the meaning of Rule 144A under the Act) as securities of the Company or the Guarantors that are listed on a national securities exchange registered under Section 6 of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act") or that are quoted in a United States automated inter-dealer quotation system.

(b) Neither the Company nor any of its subsidiaries is, or after giving effect to the offering and sale of the Notes and upon application of the proceeds as described under the caption "Use of Proceeds" in the Offering Circular will be, an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(c) Assuming that your representations and warranties in Section 3(b) are true, the purchase and resale of the Notes pursuant hereto (including pursuant to the Exempt Resales) is exempt from the registration requirements of the Act. No form of general solicitation or general advertising within the meaning of Regulation D (including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising) was used by the Company, the Guarantors or any of their respective representatives (other than you, as to whom the Company and the Guarantors make no representation) in connection with the offer and sale of the Notes.

(d) No form of general solicitation or general advertising was used by the Company, the Guarantors or any of their respective representatives (other than you, as to whom the Company and the Guarantors make no representation) with respect to Notes sold outside the United States to non-U.S. persons (as defined in Rule 902 under the Act), by means of any directed selling efforts within the meaning of Rule 902 under the Act, and the Company, any affiliate of the Company and any person acting on its or their behalf (other than you, as to when the Company and the Guarantors make no representation) has complied with and will implement the "offering restrictions" required by Rule 902.

(e) The Offering Circular, as amended or supplemented, as of its date, contains all the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Act.

(f) The Offering Circular has been prepared by the Company and the Guarantors for use by the Initial Purchasers in connection with the Exempt Resales. No order or decree preventing the

use of the Offering Circular, or any order asserting that the transactions contemplated by this Agreement are subject to the registration requirements of the Act has been issued and no proceeding for that purpose has commenced or is

pending or, to the knowledge of the Company or any of the Guarantors is contemplated.

(g) The Offering Circular, and any amendments or supplements thereto, as of its date and the Closing Date, did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except that this representation and warranty does not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information relating to the Initial Purchasers furnished to the Company in writing by or on behalf of the Initial Purchasers expressly for use therein.

(h) The market-related and customer-related data and estimates included under the captions "Summary" and "Business" in the Offering Circular are based on or derived from sources that the Company believes to be reliable and accurate in all material respects.

(i) The Company, the Guarantors and each of their respective subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing as foreign corporations in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification (except such failures to qualify as are not, either individually or in the aggregate, material to the Company and its subsidiaries taken as a whole), and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged.

(j) The Company and each Guarantor has the capitalization as set forth in the Offering Circular, and all of the issued shares of capital stock of the Company and each Guarantor have been duly authorized and validly issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each subsidiary of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and (except (i) for directors' qualifying shares or foreign national qualifying capital stock, (ii) as otherwise set forth in the Offering Circular and (iii) as pledged to secure indebtedness of the Company and/or its subsidiaries pursuant to credit facilities, indentures and other instruments evidencing indebtedness as contemplated by the Offering Circular and existing on the Closing Date) are owned directly or indirectly by the Company or each Guarantor, free and clear of all liens, encumbrances, equities or claims.

(k) The Indenture has been duly and validly authorized, executed and delivered by the Company and the Guarantors, and assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding agreement of the Company and the Guarantors, enforceable against the Company and the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles; no qualification of the Indenture under the Trust Indenture Act of 1939 (the "1939 Act") is required in connection with the offer and sale of the Notes contemplated hereby or in connection with the Exempt Resales.

(l) The Indenture conforms in all material respects to the description thereof in the Offering Circular.

(m) The Company has all requisite corporate power and authority to issue and sell the Notes. The Notes have been duly authorized by the Company and, when duly executed by the Company

in accordance with the terms of the Indenture, assuming due authentication of the Notes by the Trustee, upon delivery to the Initial Purchasers against

payment therefor in accordance with the terms hereof, will be validly issued and delivered, and will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(n) The Notes will conform in all material respects to the description thereof in the Offering Circular.

(o) The Company has all requisite corporate power and authority to issue the Exchange Notes. The Exchange Notes have been duly and validly authorized by the Company and if and when duly issued and authenticated in accordance with the terms of the Indenture and delivered in accordance with the Exchange Offer provided for in the Registration Rights Agreement, will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(p) Each Guarantor has all requisite corporate power and authority to issue the Guarantees. The Guarantees have been duly and validly authorized by the Guarantors and when duly executed and delivered by the Guarantors in accordance with the terms of the Indenture and upon the due execution, authentication and delivery of the Notes in accordance with the Indenture and the issuance of the Notes in the sale to the Initial Purchasers contemplated by this Agreement, will constitute valid and binding obligations of the Guarantors, enforceable against the Guarantors in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(q) The Guarantees will conform in all material respects to the description thereof in the Offering Circular.

(r) Each Guarantor has all requisite corporate power and authority to issue the Exchange Guarantees. The Exchange Guarantees have been duly and validly authorized by the Guarantors and if and when duly executed and delivered by the Guarantors in accordance with the terms of the Indenture and upon the due execution and authentication of the Exchange Notes in accordance with the Indenture and the issuance and delivery of the Exchange Notes in the Exchange Offer contemplated by the Registration Rights Agreement, will constitute valid and binding obligations of the Guarantors, entitled to the benefits of the Indenture, enforceable against the Guarantors in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other laws relating to or affecting creditors' rights generally and by general equitable principles.

(s) The Company and each Guarantor has all requisite corporate power and authority to enter into the Registration Rights Agreement. The Registration Rights Agreement has been duly authorized by the Company and each Guarantor and, when executed and delivered by the Company and each Guarantor in accordance with the terms hereof and thereof, will be validly executed and delivered and (assuming the due authorization, execution and delivery thereof by you) will be the legally valid and binding obligation of the Company and each Guarantor in accordance with the terms thereof, enforceable against the Company and each Guarantor in accordance with its terms, except as such enforceability may

be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in

a proceeding in equity or at law) and, as to rights of indemnification and contribution, by principles of public policy.

(t) The Registration Rights Agreement will conform in all material respects to the description thereof in the Offering Circular.

(u) The Credit Agreement conforms in all material respects to the description thereof in the Offering Circular.

(v) Each Guarantor that is a party to an Amendment of Open-End Mortgage (as defined on Schedule III hereof) has all requisite power and authority (corporate or other) to enter into such Amendment of Open-End Mortgage. Each of the mortgages or deeds of trust listed on Schedule III hereof, including the Amendments of Open-End Mortgage (the "Mortgages"), and the documents listed on Schedule II hereof (together with the Mortgages, the "Security Documents") has been duly authorized by the Company and each Guarantor (as applicable) and, when executed and delivered by the Company and each Guarantor (as applicable) in accordance with the terms thereof, will be validly executed and delivered and (assuming the due authorization, execution and delivery thereof by the other parties thereto) will be the legally valid and binding obligation of the Company and each Guarantor (as applicable) in accordance with the terms thereof, enforceable against the Company and each Guarantor (as applicable) in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and, as to rights of indemnification and contribution, by principles of public policy.

(w) When the Security Documents (other than the Amendments to Open-End Mortgage) were executed and delivered to the Collateral Trustee on December 23, 2003, the Security Documents granted and created, in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, as security for all of the Parity Lien Obligations (including the Notes), a valid second priority security interest in the Collateral defined in each of such instruments. When the Amendments to Open-End Mortgage are executed and delivered to the Collateral Trustee on the Closing Date, the Amendments to Open-End Mortgage will grant and create, in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, as security for all of the Parity Lien Obligations (including the Notes), a valid second priority security interest in the Collateral defined in each of such instruments. When the Financing Statements (as defined in Section 7(j)) were filed, such second priority security interests were perfected security interests and/or mortgage liens (subject only to Permitted Prior Liens and the provisions with respect to priority set forth in the Collateral Trust Agreement). When each Mortgage (other than the Amendments to Open-End Mortgage) was delivered on December 23, 2003, each such Mortgage was delivered, duly acknowledged and, if required for recordation, attested and otherwise in recordable form. When Amendments to Open-End Mortgage are delivered on the Closing Date, each such Amendment to Open-End Mortgage will be delivered, duly acknowledged and, if required for recordation, attested and otherwise will be in recordable form. On December 23, 2003, (x) all pledged Collateral constituting Capital Stock was represented by certificated securities and (y) all such certificated securities and all promissory notes and other instruments then evidencing or representing any Collateral was delivered to the Collateral Trustee in pledge for the benefit of the Parity Lien Secured Parties, as security for all of the Parity Lien Obligations (including the Notes), on a second priority basis, duly endorsed by an effective endorsement.

(x) At the Closing Date, the representations and warranties contained in the Security Documents shall be true and correct in all material respects.

(y) The Company and each Guarantor has all requisite corporate power and authority to enter into this Agreement. This Agreement has

been duly authorized, executed and delivered by the Company and the Guarantors.

(z) The issue and sale of the Notes and the Guarantees, the compliance by the Company and the Guarantors with all of the provisions of the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Indenture, the Registration Rights Agreement, the Security Documents and this Agreement, the consummation of the transactions contemplated hereby and thereby and the grant and perfection of the security interests in the Collateral pursuant to the Security Documents (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which the Company, the Guarantors or any of their respective subsidiaries is a party or by which the Company, the Guarantors or any of their respective subsidiaries is bound or to which any of the property or assets of the Company, the Guarantors or any of their respective subsidiaries is subject, (ii) will not result in any violation of the provisions of the charter or by-laws of the Company, the Guarantors or any of their respective subsidiaries or (iii) will not violate any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their respective subsidiaries or any of their properties or assets; and no consent, approval, authorization or order of, or filing, registration or qualification with any such court or governmental agency or body is required for the issue and sale of the Notes and the Guarantees, the consummation by the Company and the Guarantors of the transactions contemplated by this Agreement, the Security Documents, the Registration Rights Agreement or the Indenture or the grant and perfection of the security interest in the Collateral pursuant to the Security Documents, except (u) in the cases of clauses (i) and (iii) only, for such defaults, violations and failures as would not reasonably be expected to have, either individually or in the aggregate, a material adverse change, or any development involving a prospective material adverse change, in or affecting the management, condition, financial or otherwise, stockholders' equity, results of operations, business or prospects of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect"); (w) such consent, approvals, authorizations, orders or, or filings, registrations or qualifications that have been obtained or where failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (x) the filing of a registration statement by the Company with the Commission pursuant to the Act as required by the Registration Rights Agreement; (y) such consents, approvals, authorizations, orders, filings, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Initial Purchasers; and (z) filings required to perfect the Collateral Trustee's security interests granted pursuant to the Security Documents.

(aa) Except as described in the Offering Circular, there are no contracts, agreements or understandings between the Company, any Guarantor and any person granting such person the right to require the Company or any Guarantor to file a registration statement under the Act with respect to any securities of the Company or any Guarantor (other than the Registration Rights Agreement and the registration rights agreement relating to the December 2003 Notes) owned or to be owned by such person or to require the Company or any Guarantor to include such securities in the securities registered pursuant to the Registration Rights Agreement or in any securities being registered pursuant to any other registration statement filed by the Company or any Guarantor under the Act.

(bb) Except (i) with respect to, and in accordance with, the NRG plan of reorganization (as defined in the Offering Circular), (ii) for the December 2003 Notes and (iii) as otherwise disclosed in the Offering Circular, during the six-month period preceding the date of the Offering Circular, none of the Company, the Guarantors or any other person acting on behalf of the Company or any Guarantor has offered or sold to any person any Notes or Guarantees, or any securities of the same or a similar class as the Notes or Guarantees, other than Notes or Guarantees offered or sold

to the Initial Purchasers hereunder. The Company and the Guarantors will take reasonable precautions designed to insure that any offer or sale, direct or indirect, in the United States or to any U.S. person (as defined in Rule 902 under the Act), of any Notes or any substantially similar security issued by the Company or any Guarantor, within six months subsequent to the date on which the distribution of the Notes has been completed (as notified to the Company by the Initial Purchaser), is made under restrictions and other circumstances reasonably designed not to affect the status of the offer and sale of the Notes in the United States and to U.S. persons contemplated by this Agreement as transactions exempt from the registration provisions of the Act; including any sales pursuant to Rule 144A under, or Regulations D or S of, the Act.

(cc) Neither the Company, the Guarantors nor any of their respective subsidiaries has sustained, since the date of the latest audited financial statements included in the Offering Circular, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Circular; and, since such date, there has not been any change in the stockholders' equity or long-term debt of the Company, the Guarantors or any of their respective subsidiaries or any Material Adverse Effect otherwise than as set forth or contemplated in the Offering Circular.

(dd) The financial statements (including the related notes and supporting schedules) included in the Offering Circular present fairly the financial condition and results of operations of the entities purported to be shown thereby, at the dates and for the periods indicated, and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(ee) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company, whose report appears in the Offering Circular and who have delivered the initial letter referred to in Section 7(l) hereof, are independent public accountants as required by the Act and the rules and regulations promulgated thereunder (the "Rules and Regulations") during the periods covered by the financial statements on which they reported contained in the Offering Circular.

(ff) The Company, the Guarantors and each of their respective subsidiaries has good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects, except as are described in the Offering Circular and as do not materially affect the value of the property of the Company and its subsidiaries taken as a whole and do not materially interfere with the use made and proposed to be made of such property by the Company, the Guarantors or any of their respective subsidiaries; no Financing Statements in respect of any property or assets of the Company and the Guarantors will be on file in favor of any person other than those in respect of Permitted Prior Liens and those to be terminated with respect to existing indebtedness; and all real property and buildings held under lease by the Company, the Guarantors or any of their respective subsidiaries are held by them under valid, subsisting and enforceable leases, with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company, the Guarantors or any of their respective subsidiaries.

(gg) The Company, the Guarantors and each of their respective subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar businesses in similar industries, except as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(hh) The Company, the Guarantors and each of their respective subsidiaries (i) own or possess adequate rights to use all material patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, copyrights and licenses necessary for the conduct of their respective businesses and (ii) have no reason to believe that the conduct of their respective businesses will conflict with, and have not received any notice of any claim of conflict with, any such rights of others, except with respect to clause (ii) as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

(ii) Except as described in the Offering Circular, there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property or assets of the Company or any of its subsidiaries is the subject that, if determined adversely to the Company or any of its subsidiaries, could have a Material Adverse Effect, and to the best of the Company's and each Guarantors' knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

(jj) No relationship, direct or indirect, that would be required to be described in a Company's registration statement pursuant to Item 404 of Regulation S-K, exists between or among the Company or any Guarantor on the one hand, and the (i) directors or officers, (ii) nominees for directors, (iii) stockholders owning of record or beneficially owning more than 5% of any class of the Company's or any Guarantors' voting securities, or (iv) any immediate family member of any of the foregoing, of the Company or any Guarantor, on the other hand, that has not been described in the Offering Circular.

(kk) No labor disturbance by the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company or any of its subsidiaries, is imminent that could be expected to have a Material Adverse Effect.

(ll) The Company is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company or any Guarantor would have any liability; neither the Company nor any Guarantor has incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan" or (ii) Sections 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"); and each "pension plan" for which the Company or any Guarantor would have any liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(mm) The Company and each Guarantor has filed all federal, state and local income and franchise tax returns required to be filed through the date hereof and has paid all taxes due thereon, and no tax deficiency has been determined adversely to the Company, the Guarantors or any of their respective subsidiaries that has had (nor does the Company or any Guarantor have any knowledge of any tax deficiency that, if determined adversely to the Company, the Guarantors or any of their respective subsidiaries, might have) or could reasonably be expected to have a Material Adverse Effect.

(nn) Since December 23, 2003 through the date hereof, except as may otherwise be disclosed in the Offering Circular, neither the Company nor any Guarantor has (i) issued or granted any securities (other than the December 2003 Notes), (ii) incurred any liability or obligation, direct or contingent, other than liabilities and obligations that were incurred in the ordinary course of business, (iii) entered into any transaction not in the ordinary course of business or (iv) declared or paid any dividend on its capital stock.

(oo) Except as disclosed in the Offering Circular, the Company and each Guarantor (i) makes and keeps accurate books and records and (ii) maintains internal accounting controls that provide reasonable assurance that (A) transactions are executed in accordance with management's authorization, (B) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (C) access to its assets is permitted only in accordance with management's authorization and (D) the reported accountability for its assets is compared with existing assets at reasonable intervals.

(pp) Except as disclosed in the Offering Circular, neither the Company, the Guarantors nor any of their respective subsidiaries (i) is in violation of its charter, by-laws or applicable organizational documents, (ii) is in default in any material respect, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant, condition or other obligation contained in any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets is subject or (iii) is in violation in any material respect of any law, ordinance, governmental rule, regulation or court decree to which it or its property or assets may be subject or has failed to obtain or maintain any material license, permit, certificate, franchise or other governmental authorization or permit necessary to the ownership of its property or to the conduct of its business.

(qq) Neither the Company, the Guarantors nor any of their respective subsidiaries, nor, to the Company's knowledge, any director, officer, agent, employee or other person associated with or acting on behalf of the Company, the Guarantors or any of their respective subsidiaries, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(rr) Except as disclosed in the Offering Circular, and except for such matters as would not, individually or in the aggregate, either result in a Material Adverse Effect or require disclosure in the Offering Circular, the Company, the Guarantors and any of their respective subsidiaries (1) are conducting and have conducted their businesses, operations and facilities in compliance with Environmental Laws (as defined below); (2) have duly obtained, possess, maintain in full force and effect, and have fulfilled and performed all of their obligations under any and all permits, licenses or registrations required under Environmental Law ("Environmental Permits"); (3) are not party to, or otherwise bound by, any written contract under which the Company or any of its subsidiaries is obligated by any representation, warranty, indemnification, covenant or restriction to undertake any material liability under Environmental Law or related to the remediation of any Hazardous Substances (as defined below); (4) have not received any written notice from a governmental authority or any other third party alleging any violation of Environmental Law or liability thereunder (including, without limitation, liability as a "potentially responsible party" and/or for costs of investigating or remediating sites containing Hazardous Substances and/or damages to natural resources); (5) are not subject to any pending or, to the knowledge of the Company, the Guarantors or any of their respective subsidiaries, threatened claim or other legal proceeding under any Environmental Laws against the Company or its subsidiaries; and (6) do not have any knowledge of any pending Environmental Law, or any unsatisfied condition in an Environmental Permit, or any release of Hazardous Substances that, individually or in the aggregate, would reasonably be expected to form the basis of any such claim or legal proceeding against the Company or its subsidiaries or to require any material capital expenditures to maintain the Company's or the subsidiaries' compliance with Environmental Law or with their Environmental Permits. As used in this paragraph, "Environmental Laws" means any and all applicable federal, state,

local, and foreign laws,

statutes, ordinances, rules, regulations, enforceable requirements and common law, or any enforceable administrative or judicial interpretation, order, consent, decree or judgment thereof, relating to pollution or the protection of human health or the environment, including, without limitation, those relating to, regulating, or imposing liability or standards of conduct concerning (i) noise or odor; (ii) emissions, discharges, releases or threatened releases of Hazardous Substances into ambient air, surface water, groundwater or land; (iii) the generation, manufacture, processing, distribution, use, treatment, storage, disposal, release, transport or handling of, or exposure to, Hazardous Substances; or (iv) the investigation, remediation or cleanup of any Hazardous Substances. As used in this paragraph, "Hazardous Substances" means pollutants, contaminants or hazardous, dangerous, toxic, biohazardous or infectious substances, materials, constituents or wastes or toxins, petroleum, petroleum products and their breakdown constituents, or any other hazardous or toxic chemical substance regulated under Environmental Laws or exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitability, toxicity, or reactivity, whether solid, gaseous or liquid in nature.

(ss) The order confirming the (i) NRG plan of reorganization and (ii) joint plan of reorganization with respect to NRG Northeast Generating LLC and NRG South Central Generating LLC, that were filed under Chapter 11 of the Bankruptcy Code (each, a "Plan") were entered on November 24, 2003 and November 25, 2003, respectively (each, a "Confirmation Orders"). Notice of the Confirmation Orders was provided in accordance with Federal Rule of Bankruptcy Procedure Rules 2002(b) and 3017(d). After due inquiry, as of 5:00 p.m. on January 21, 2004, there was no order, notice or motion filed or pending to appeal, reverse, stay, vacate or modify either of the Confirmation Orders, except with respect to the Stipulation Order entered into between the Company and the New York State Public Service Commission.

(tt) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Notes), will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations T, U and X of the Board of Governors of the Federal Reserve System.

(uu) The statements set forth in the Offering Circular under the caption "Description of Notes," insofar as they purport to constitute a summary of the terms of the Notes, the Guarantees and the Security Documents, and under the captions "Certain Federal Income Tax Consequences," "Certain Relationships and Related Transactions," "Description of Certain Indebtedness," "Management--Employment Agreements" and "Plan of Distribution", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate in all material respects.

(vv) Prior to the date hereof, neither the Company, the Guarantors nor any of their respective affiliates nor any person acting on its or their behalf (other than you, as to whom the Company and the Guarantors make no representation) has taken any action that is designed to or that has constituted or that might have been expected to cause or result in stabilization or manipulation of the price of any security of the Company or the Guarantors in connection with the offering of the Notes.

(ww) Neither the Company nor any "affiliate" of the Company (other than FirstEnergy Inc. and its affiliates (collectively, "FirstEnergy")) is, or after giving effect to the issuance and sale of the Notes and Guarantees, will become, subject to regulation as (i) a "holding company," (ii) a "subsidiary company" of a "holding company" or (iii) a "public-utility company," in each case as such terms are defined in the Public Utility Holding Company Act of 1935 and the rules and regulations promulgated thereunder, as amended from time to time ("PUHCA"). As of the Closing Date, none of the Company or any of the affiliates of the Company (other than FirstEnergy) shall be a

"subsidiary company" of a "holding company," in each case as such terms are defined in PUHCA.

(xx) Except as described herein, none of the Company, the Guarantors or any of the Company's subsidiaries is subject to regulation as a "public utility" as such term is defined in the Federal Power Act and the rules and regulations promulgated thereunder, as amended from time to time (the "FPA"), other than (i) as a power marketer or an owner of generator leads, which has market-based rate authority under Section 205 of the FPA or (ii) as a "qualifying facility" ("QF") under the Public Utility Regulatory Policies Act of 1978 and the rules and regulations promulgated thereunder, as amended from time to time ("PURPA"), as contemplated by 18 C.F.R. Section 292.601(c). Except as set forth in Schedule IV, each of the Company and any of the Guarantors and the Company's subsidiaries that is subject to regulation as a "public utility" as such term is defined in the FPA has validly issued orders from the Federal Energy Regulatory Commission ("FERC"), not subject to any pending challenge, investigation or proceeding (other than the FERC's generic proceeding initiated in Docket No. EL01-118-000) (x) authorizing such person to engage in wholesale sales of electricity and, to the extent permitted under its market-based rate tariff, other transactions at market-based rates and (y) granting such waivers and blanket authorizations as are customarily granted to entities with market-based rate authority, including blanket authorizations to issue securities and to assume liabilities pursuant to Section 204 of the FPA; provided, however, FERC has indicated in at least one order that it will treat the Company as a "public utility" for purposes of Section 204 of the FPA. The Company does not have blanket authorizations to issue securities and assume liabilities pursuant to Section 204 of the FPA. Except as set forth in Schedule IV, with respect to each person described in the second sentence of this clause (xx), FERC has not imposed any rate caps or mitigation measures other than rate caps and mitigation measures generally applicable to similarly situated marketers or generators selling electricity, ancillary services or other services at wholesale at market-based rates in the geographic market where such person conducts its business.

(yy) None of the Company, the Guarantors or any of the Company's subsidiaries is subject to any state laws or regulations respecting rates or the financial or organizational regulation of utilities, other than, with respect to those entities that are QF's, such state regulations contemplated by 18 C.F.R. Section 292.602(c) and "lightened regulation" as defined by the New York State Public Service Commission.

(zz) The Company is subject to Section 13 or 15(d) of the Exchange Act.

(aaa) Except as disclosed in the Offering Circular, the Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-14 under the Exchange Act), which (i) are designed to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the Company's principal executive officer and its principal financial officer by others within those entities, particularly during the periods in which the periodic reports required under the Exchange Act are being prepared; (ii) have been evaluated for effectiveness as of a date within 90 days prior to the date of the Company's most recent annual or quarterly report; and (iii) are effective in all material respects to perform the functions for which they were established.

(bbb) Except as disclosed in the Offering Circular, based on the evaluation of its disclosure controls and procedures, the Company is not aware of (i) any significant deficiency in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or any material weaknesses in internal controls; or (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.

(ccc) Since the date of the most recent evaluation of such disclosure controls and procedures, there have been no significant changes in internal controls or in other factors that could

significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

3. Purchase of the Notes by the Initial Purchasers, Agreements to Sell, Purchase and Resell(a) . The Company and the Guarantors, jointly and severally hereby agree, on the basis of the representations, warranties and agreements of the Initial Purchasers contained herein and subject to all the terms and conditions set forth herein, to issue and sell to the Initial Purchasers and, upon the basis of the representations, warranties and agreements of the Company and the Guarantors herein contained and subject to all the terms and conditions set forth herein, each of the Initial Purchasers agrees, severally and not jointly, to purchase from the Company, at a purchase price of 105% of the principal amount thereof, plus accrued and unpaid interest from December 23, 2003 to the Closing Date, the total principal amount of Notes set forth opposite the name of such Initial Purchasers in Schedule V hereto. The Company and the Guarantors shall not be obligated to deliver any of the securities to be delivered hereunder except upon payment for all of the securities to be purchased as provided herein.

(b) Each of the Initial Purchasers, severally and not jointly hereby represents and warrants to the Company that it will offer the Notes for sale upon the terms and conditions set forth in this Agreement and in the Offering Circular. Each of the Initial Purchasers hereby represents and warrants to, and agrees with, the Company that such Initial Purchaser: (i) is a QIB with such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks of an investment in the Notes; (ii) is purchasing the Notes pursuant to a private sale exempt from registration under the Act; (iii) in connection with the Exempt Resales, will solicit offers to buy the Notes only from, and will offer to sell the Notes only to, the Eligible Purchasers in accordance with this Agreement and on the terms contemplated by the Offering Circular; and (iv) will not offer or sell the Notes, nor has it offered or sold the Notes by, or otherwise engaged in, any form of general solicitation or general advertising (within the meaning of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine, or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising) and will not engage in any directed selling efforts within the meaning of Rule 902 under the Act, in connection with the offering of the Notes. The Initial Purchasers have advised the Company that they will offer the Notes to Eligible Purchasers at a price initially equal to 106% of the principal amount thereof, plus accrued interest from December 23, 2003 to the Closing Date. Such price may be changed by the Initial Purchasers at any time without notice.

Each of the Initial Purchasers understands that the Company and, for purposes of the opinions to be delivered to the Initial Purchasers pursuant to Sections 7(c) and 7(d) hereof, counsel to the Company and counsel to the Initial Purchasers, will rely upon the accuracy and truth of the foregoing representations, warranties and agreements and the Initial Purchasers hereby consents to such reliance.

4. Delivery of the Notes and Payment Therefor. Delivery to the Initial Purchasers of and payment for the Notes shall be made at the office of Latham & Watkins LLP, at 9:00 A.M., New York City time, on the Closing Date. The place of closing for the Notes and the Closing Date may be varied by agreement between the Initial Purchasers and the Company.

The Notes will be delivered to the Initial Purchasers, or the Trustee as custodian for The Depository Trust Company ("DTC"), against payment by or on behalf of the Initial Purchasers of the purchase price therefor by wire transfer in immediately available funds, by causing DTC to credit the Notes to

the account of the Initial Purchasers at DTC. The Notes will be evidenced by one or more global securities in definitive form (the "Global Notes") or by additional definitive securities, and will be registered, in the case of the Global Notes, in the name of Cede & Co. as nominee of DTC, and in the other cases, in such names and in such denominations as the Initial Purchasers shall request prior to 9:30

A.M., New York City time, on the second business day preceding the Closing Date. The Notes to be delivered to the Initial Purchasers shall be made available to the Initial Purchasers in New York City for inspection and packaging not later than 9:30 A.M., New York City time, on the business day next preceding the Closing Date.

5. Agreements of the Company and the Guarantors. The Company and the Guarantors, jointly and severally agree with each of the Initial Purchasers as follows:

(a) The Company and the Guarantors will furnish to the Initial Purchasers, without charge, as of the date of the Offering Circular, such number of copies of the Offering Circular as may then be amended or supplemented as they may reasonably request.

(b) The Company and the Guarantors will not make any amendment or supplement to the Offering Circular of which the Initial Purchasers shall not previously have been advised or to which they shall reasonably object after being so advised.

(c) The Company and each of the Guarantors consent to the use of the Offering Circular in accordance with the securities or Blue Sky laws of the jurisdictions in which the Notes are offered by the Initial Purchasers and by all dealers to whom Notes may be sold, in connection with the offering and sale of the Notes.

(d) If, at any time prior to completion of the distribution of the Notes by the Initial Purchasers to Eligible Purchasers, any event occurs or information becomes known that, in the judgment of the Company, any of the Guarantors or in the opinion of counsel for the Initial Purchasers, should be set forth in the Offering Circular so that the Offering Circular does not include any untrue statement of material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary to supplement or amend the Offering Circular in order to comply with any law, the Company and the Guarantors will forthwith prepare an appropriate supplement or amendment thereto, and will expeditiously furnish to the Initial Purchasers and dealers a reasonable number of copies thereof.

(e) The Company and each of the Guarantors will cooperate with the Initial Purchasers and with their counsel in connection with the qualification of the Notes for offering and sale by the Initial Purchasers and by dealers under the securities or Blue Sky laws of such jurisdictions as the Initial Purchasers may designate and will file such consents to service of process or other documents necessary or appropriate in order to effect such qualification; provided, that in no event shall the Company or any of the Guarantors be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Notes, in any jurisdiction where it is not now so subject.

(f) For a period of 180 days from the date of the Offering Circular, the Company and the Guarantors agree not to, directly or indirectly, sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition in the future of), any debt securities of the Company, the Guarantors or any of their respective

subsidiaries, except (i) in exchange for the Exchange Notes and the Exchange Guarantees in connection with the Exchange Offer, (ii) with the prior consent of Credit Suisse First Boston LLC ("CSFB") or (iii) in accordance with terms of the NRG plan of reorganization.

(g) If not otherwise available on the Commission's Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"), the Company will furnish to the holders of the Notes as soon

as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the date of the Offering Circular), will make available to its securityholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail.

(h) If not otherwise available on EDGAR, so long as any of the Notes are outstanding, the Company and the Guarantors will furnish to the Initial Purchasers (i) as soon as available, a copy of each report of the Company or any Guarantor mailed to stockholders generally or filed with any stock exchange or regulatory body and (ii) from time to time such other information concerning the Company or the Guarantors as the Initial Purchasers may reasonably request.

(i) The Company and the Guarantors will apply the net proceeds from the sale of the Notes to be sold by it hereunder substantially in accordance with the description set forth in the Offering Circular under the caption "Use of Proceeds."

(j) Except as stated in this Agreement and in the Offering Circular, neither the Company, the Guarantors nor any of their respective affiliates has taken, nor will any of them take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company or any of the Guarantors to facilitate the sale or resale of the Notes and the Guarantees. Except as permitted by the Act, the Company and the Guarantors will not distribute any offering material in connection with the Exempt Resales.

(k) The Company and the Guarantors will use all commercially reasonable efforts to permit the Notes to be designated Private Offerings, Resales and Trading through Automated Linkages (PORTAL) Market(SM) (the "PORTAL Market(SM)") securities in accordance with the rules and regulations adopted by the National Association of Securities Dealers, Inc. relating to trading in the PORTAL Market(SM) and to permit the Notes to be eligible for clearance and settlement through DTC.

(l) During the period of two years after the Closing Date, the Company and the Guarantors will not, and will not permit any of their "affiliates" (as defined in Rule 144 under the Act), to, resell any of the Notes that constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

(m) The Company and the Guarantors agree to comply with all agreements set forth in the representation letters of the Company and the Guarantors to DTC relating to the approval of the Notes by DTC for "book entry" transfer.

(n) The Company and the Guarantors will take such steps as shall be necessary to ensure that neither the Company nor any of the Company's subsidiaries becomes an "investment company" within the meaning of such term under the Investment Company Act of 1940, as amended.

(o) The Company and the Guarantors will use all commercially reasonable efforts to do and perform all things required or necessary to be done and performed under this Agreement by them prior to the Closing Date, and to satisfy all conditions precedent to the Initial Purchasers' obligations hereunder to purchase the Notes.

6. Expenses. Whether or not the transactions contemplated by this Agreement are consummated or this Agreement becomes effective or is terminated, the Company and the Guarantors, jointly and severally, agree, to pay all costs, expenses, fees and taxes incident to and in connection with:

(i) the preparation, printing, filing and distribution of the Offering Circular (including, without limitation, financial statements and exhibits) and all amendments and supplements thereto (including the fees, disbursements and expenses of the Company's accountants and counsel); (ii) the preparation, printing (including, without limitation, word processing and duplication costs) and delivery of this Agreement, the Indenture, the Registration Rights Agreement, all Blue Sky Memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection therewith and with the Exempt Resales; (iii) the issuance and delivery by the Company of the Notes and by the Guarantors of the Guarantees and any taxes payable in connection therewith; (iv) the qualification of the Notes and Exchange Notes for offer and sale under the securities or Blue Sky laws of the several states (including, without limitation, the reasonable fees and disbursements of your counsel relating to such registration or qualification); (v) the furnishing of such copies of the Offering Circular, and all amendments and supplements thereto, as may be reasonably requested for use in connection with the Exempt Resales; (vi) the preparation of certificates for the Notes (including, without limitation, printing and engraving thereof); (vii) the application for quotation of the Notes in the PORTAL Market(SM) (including all disbursements and listing fees); (viii) the approval of the Notes by DTC for "book-entry" transfer (including fees and expenses of counsel); (ix) the rating of the Notes and the Exchange Notes; (x) the obligations of the Trustee, any agent of the Trustee and the counsel for the Trustee in connection with the Indenture, the Notes, the Guarantees, the Exchange Notes and the Exchange Guarantees; (xi) the creation and perfection of security interests and associated documents, including, without limitation, the Security Documents and all Financing Statements, including search and filing fees and the fees and disbursements of Latham & Watkins LLP incurred in connection therewith; (xii) the Collateral Trustee and any agent of the Collateral Trustee and counsel for the Collateral Trustee in connection with the Security Documents and the Collateral; (xiii) the performance by the Company and the Guarantors of their other obligations under this Agreement; and (xiv) the Initial Purchasers' entering into hedging agreements pursuant to the Credit Agreement, in connection with the offering of the Notes. Notwithstanding the foregoing, the aggregate amount of all reasonable fees and disbursements of Latham & Watkins LLP in connection with the transactions contemplated under this Agreement shall be paid by the Company and the Guarantors.

7. Conditions to Initial Purchasers' Obligations. The respective obligations of the Initial Purchasers hereunder are subject to the accuracy, when made and on and as of the Closing Date, of the representations and warranties of the Company and the Guarantors contained herein, to the performance by the Company and the Guarantors of their respective obligations hereunder, and to each of the following additional terms and conditions:

(a) The Initial Purchasers shall not have discovered and disclosed to the Company on or prior to the Closing Date that the Offering Circular or any amendment or supplement thereto contains an untrue statement of a fact that, in the opinion of Latham & Watkins LLP, is material or omits to state a fact that, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) All corporate proceedings and other legal matters

incident to the authorization, form and validity of this Agreement, the Notes, the Guarantees, the Exchange Notes, the Exchange Guarantees, the Registration Rights Agreement, the Indenture and the Offering Circular, and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be reasonably satisfactory in all material respects to counsel for the Initial Purchasers, and the Company and the Guarantors shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(c) Kirkland & Ellis LLP, General Counsel for the Company and local counsel to the Company set forth on Exhibit B shall have furnished to the Initial Purchasers their written opinions,

addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit B hereto.

(d) The Initial Purchasers shall have received from Latham & Watkins LLP, counsel for the Initial Purchasers, such opinion or opinions, dated the Closing Date, with respect to the issuance and sale of the Notes, the Offering Circular and other related matters as the Initial Purchasers may reasonably require, and the Company shall have furnished to such counsel such documents and information as they reasonably request for the purpose of enabling them to pass upon such matters.

(e) Kirkland & Ellis LLP and local counsel to the Company set forth on Exhibit C shall have furnished to the Initial Purchasers their written opinions with respect to federal regulatory matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit C hereto.

(f) General Counsel for the Company and local counsel to the Company set forth on Exhibit D shall have furnished to the Initial Purchasers their written opinions with respect to environmental matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit D hereto.

(g) Local counsel to the Company set forth on Exhibit E shall have furnished to the Initial Purchasers their written opinions (or reliance letters with respect to their written opinions delivered on December 23, 2003) with respect to the Mortgages and other real estate matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit E hereto.

(h) Kirkland & Ellis LLP, General Counsel for the Company and local counsel to the Company set forth on Exhibit F shall have furnished to the Initial Purchasers their written opinions with respect to security interest matters, addressed to the Initial Purchasers and dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers and substantially in the form of Exhibit E hereto.

(i) The Collateral Trustee shall have received (with a copy for the Initial Purchasers) those items listed on Exhibit G hereto to the extent not delivered in connection with the closing of the December 2003 Notes offering.

(j) To the extent not delivered in connection with the closing of the December 2003 Notes offering (A) all Uniform Commercial Code Financing Statements or other similar Financing Statements and Uniform Commercial Code Form UCC-3 termination statements required pursuant to clauses (1) and (2) of Exhibit G (collectively, the "Financing Statements") shall have been delivered to CT Corporation System or another similar filing service

company acceptable to the Collateral Trustee (the "Filing Agent"); and (B) the Filing Agent shall have acknowledged in a writing reasonably satisfactory to the Collateral Trustee and its counsel (i) the Filing Agent's receipt of all Financing Statements, (ii) that the Financing Statements have either been submitted for filing in the appropriate filing offices or will be submitted for filing in the appropriate offices within ten days following the Closing Date and (iii) that the Filing Agent will notify the Collateral Trustee and its counsel of the results of such submissions within 30 days following the Closing Date.

(k) At the time of execution of this Agreement, the Initial Purchasers shall have received from PricewaterhouseCoopers LLP a letter, in form and substance satisfactory to the Initial Purchasers, addressed to the Initial Purchasers and dated the date hereof (i) confirming that they are

independent public accountants within the meaning of the Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission and (ii) stating, as of the date hereof (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Offering Circular, as of a date not more than five days prior to the date hereof), the conclusions and findings of such firm with respect to the financial information and (iii) covering such other matters as are ordinarily covered by accountants' "comfort letters" to underwriters in connection with registered public offerings.

(l) With respect to the letter of PricewaterhouseCoopers LLP referred to in the preceding paragraph and delivered to the Initial Purchasers concurrently with the execution of this Agreement (the "initial letter"), the Company shall have furnished to the Initial Purchasers a letter (the "bring-down letter") of such accountants, addressed to the Initial Purchasers and dated the Closing Date (i) confirming that they are independent public accountants within the meaning of the Act and are in compliance with the applicable requirements relating to the qualification of accountants under Rule 2-01 of Regulation S-X of the Commission, (ii) stating, as of the Closing Date (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the Offering Circular, as of a date not more than five days prior to the date of the Closing Date), the conclusions and findings of such firm with respect to the financial information and other matters covered by the initial letter and (iii) confirming in all material respects the conclusions and findings set forth in the initial letter.

(m) Neither the Company, any Guarantor nor any of their respective subsidiaries shall have sustained, since the date of the latest audited financial statements included in the Offering Circular, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Circular; and, since such date, there shall not have been any change in the stockholders' equity or long-term debt of the Company, any Guarantor or any of their respective subsidiaries or material adverse change, or any development involving a prospective material adverse change, in or affecting the management, condition, financial or otherwise, stockholders' equity, results of operations, business or prospects of the Company, any Guarantors and their respective subsidiaries, taken as a whole.

(n) The Company and each Guarantor shall have furnished or caused to be furnished to the Initial Purchasers on the Closing Date certificates of officers of the Company and each Guarantor satisfactory to the Initial Purchasers as to the accuracy of the representations and warranties of the Company and each Guarantor herein at and as of the Closing Date, as to the performance by the Company and each Guarantor of all of their obligations hereunder to be performed at or prior to the Closing Date and as to such other matters as CSFB may reasonably request.

(o) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any governmental agency or body which would, as of the Closing Date, prevent the issuance or sale of the Notes; and no injunction, restraining order or order of any other nature by any federal or state court of competent jurisdiction shall have been issued as of the Closing Date which would prevent the issuance or sale of the Notes.

(p) The Notes shall have been designated for trading on the PORTAL Market(SM).

(q) The Company and the Guarantors shall have executed and delivered the Registration Rights Agreement and each of the Security Documents (to the extent not delivered in

connection with the closing of the December 2003 Notes offering), and the Initial Purchasers shall have received an original copy thereof, duly executed by the Company and the Guarantors.

(r) On the Closing Date, a senior financial officer of the Company shall have furnished to the Initial Purchasers a certificate in form and substance satisfactory to the Initial Purchasers as to the accuracy of certain numbers contained in the Offering Circular, which numbers shall be set forth in a schedule attached to such certificate.

(s) The Confirmation Orders shall not have been reversed, modified, vacated or stayed.

(t) Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or other), business, properties or results of operations of the Company and its subsidiaries taken as one enterprise which, in the reasonable judgment of CSFB, is material and adverse and makes it impractical or inadvisable to proceed with completion of the offering or the sale of and payment for the Notes; (ii) any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g) under the Securities Act), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating) or any announcement that the Company has been placed on negative outlook; (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the reasonable judgment of CSFB, be likely to prejudice materially the success of the proposed issue, sale or distribution of the Notes, whether in the primary market or in respect of dealings in the secondary market, (iv) any material suspension or material limitation of trading in securities generally on the New York Stock Exchange, or any setting of minimum prices for trading on such exchange, or any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (v) any banking moratorium declared by U.S. Federal or New York authorities; (vi) any major disruption of settlements of securities or clearance services in the United States or (vii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the reasonable judgment of CSFB, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency makes it impractical or inadvisable to proceed with completion of the offering or sale of and payment for the Notes.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Initial Purchasers.

8. Indemnification and Contribution.

(a) The Company and each Guarantor will, jointly and severally, indemnify and hold harmless each Initial Purchaser, its partners, directors and officers and each person, if any, who controls any Initial Purchaser within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such Initial Purchaser may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, including any losses, claims, damages or liabilities arising out of or based upon the

Company's failure to perform its obligations under Section 5(d) of this Agreement, and will reimburse each Initial Purchaser for any legal or other expenses reasonably incurred by such Initial Purchaser in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Initial Purchaser through CSFB specifically for use therein, it being understood and agreed that the only such information consists of the information described as such in Section 8(b) below.

(b) Each Initial Purchaser will severally and not jointly indemnify and hold harmless the Company, each Guarantor, their respective directors and officers and each person, if any, who controls the Company or any Guarantor within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities to which the Company or any Guarantor may become subject, under the Securities Act or the Exchange Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Initial Purchaser through CSFB specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action as such expenses are incurred, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the following information in the Offering Circular: under the caption "Plan of Distribution" paragraphs 3, 4, 5, 8, 9, 10, 11, 12 and 13; provided, however, that the Initial Purchasers shall not be liable for any losses, claims, damages or liabilities arising out of or based upon the Company's failure to perform its obligations under Section 5(d) of this Agreement.

(c) Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under Sections 8(a) or 8(b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under Sections 8(a) or 8(b) above except to the extent that it has been materially prejudiced (through the

forfeiture of substantive rights or defenses) by such failure. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 8 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement includes (i) an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or failure to act by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable or insufficient to hold harmless an indemnified party under Sections 8(a) or 8(b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Sections 8(a) or 8(b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the Guarantors on the one hand and the Initial Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors on the one hand and the Initial Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Guarantors bear to the total discounts and commissions received by the Initial Purchasers from the Company under this Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and the Guarantors or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 8(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this Section 8(d). Notwithstanding the provisions of this Section 8(d), no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Notes purchased by it were resold exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The Initial Purchasers' obligations under this Section 8(d) to contribute are several in proportion to their respective purchase obligations and not joint.

(e) The obligations of the Company and the Guarantors under this Section 8 shall be in addition to any liability which the Company and the Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Initial Purchasers within the meaning of the Securities Act or the Exchange Act; and the obligations of the Initial Purchasers under this Section 8 shall be in addition to any

liability which the respective the Initial Purchaser may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls the Company and the Guarantors within the meaning of the Securities Act or the Exchange Act.

9. Defaulting Initial Purchasers. If, on the Closing Date, any Initial Purchaser defaults in the performance of its obligations under this Agreement, the remaining non-defaulting Initial Purchasers shall be obligated to purchase the Notes that the defaulting Initial Purchaser agreed but failed to purchase on the Closing Date in the respective proportions that the number of Notes set opposite the name of each remaining non-defaulting Initial Purchaser in Schedule V hereto bears to the total number of Notes set opposite the names of all the remaining non-defaulting Initial Purchasers in Schedule V hereto; provided, however, that the remaining non-defaulting Initial Purchasers shall not be obligated to purchase any of the Notes on the Closing Date if the total number of Notes that the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase on such date exceeds 9.09% of the total number of Notes to be purchased on the Closing Date, and any remaining non-defaulting Initial Purchasers shall not be obligated to purchase more than 110% of the number of Notes that it agreed to purchase on the Closing Date pursuant to the terms of Section 3. If the foregoing maximums are exceeded, the remaining non-defaulting Initial Purchasers, or those other Initial Purchasers satisfactory to the Initial Purchasers who so agree, shall have the right, but shall not be obligated, to purchase, in such proportion as may be agreed upon among them, all the Notes to be purchased on the Closing Date. If the remaining Initial Purchasers

or other Initial Purchasers satisfactory to the Initial Purchasers do not elect to purchase the Notes that the defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase on the Closing Date, this Agreement shall terminate without liability on the part of any non-defaulting Initial Purchaser or the Company or the Guarantors, except that the Company and the Guarantors will continue to be liable for the payment of expenses to the extent set forth in Sections 6 and 11.

Nothing contained herein shall relieve a defaulting Initial Purchaser of any liability it may have to the Company or any Guarantor for damages caused by its default. If other Initial Purchasers are obligated or agree to purchase the Notes of a defaulting or withdrawing Initial Purchaser, either the remaining Initial Purchasers or the Company may postpone the Closing Date for up to seven full business days in order to effect any changes that in the opinion of counsel for the Company or counsel for the Initial Purchasers may be necessary in the Offering Memorandum or in any other document or arrangement.

10. Termination. The obligations of the Initial Purchasers hereunder may be terminated by the Initial Purchasers by notice given to and received by the Company prior to delivery of and payment for the Notes if, prior to that time, any of the events described in Sections 7(n) and 7(t) shall have occurred or if the Initial Purchasers shall decline to purchase the Notes for any reason permitted under this Agreement.

11. Reimbursement of Initial Purchasers' Expenses. If the Company fails to tender the Notes for delivery to the Initial Purchasers by reason of any failure, refusal or inability on the part of the Company or any Guarantor to perform any agreement on their part to be performed, or because any other condition of the obligations hereunder required to be fulfilled by the Company or any Guarantor is not fulfilled, the Company and the Guarantors shall reimburse the Initial Purchasers for all reasonable out-of-pocket expenses (including fees and disbursements of counsel) incurred by the Initial Purchasers in connection with this Agreement and the proposed purchase of the Notes, and upon demand the Company and the Guarantors shall pay the full amount thereof to the Initial Purchasers. If this Agreement is terminated pursuant to Section 9 by reason of the default of one or more Initial Purchasers, the Company and the Guarantors shall not be obligated to reimburse any defaulting Initial Purchaser on account of those expenses.

12. Notices, etc. All statements, requests, notices and agreements hereunder shall be in writing, and:

(a) if to any Initial Purchaser, shall be delivered or sent by hand delivery, mail, telex, overnight courier or facsimile transmission to Credit Suisse First Boston LLC, Eleven Madison Avenue, New York, New York 10010-3629, Attention: Transactions Advisory Group, with a copy to Latham & Watkins LLP, 885 Third Avenue, Suite 1000, New York, New York 10022, Attention: Kirk A. Davenport, Esq. (Fax: (212) 751-4864);

(b) if to the Company or any Guarantor, shall be delivered or sent by mail, telex, overnight courier or facsimile transmission to NRG Energy, Inc., 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota 55401, Attention: Scott J. Davido, Esq. (Fax: (612) 373-5392), with a copy to Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attention: Gerald T. Nowak, Esq. (Fax: (312) 861-2200);

provided, however, that any notice to an Initial Purchaser pursuant to Section 8(c) shall be delivered or sent by hand delivery, mail, telex or facsimile transmission to such Initial Purchaser at its address set forth in its acceptance telex, overnight courier to CSFB, which address will be supplied to any other party hereto by CSFB upon request. Any such statements, requests, notices or agreements shall take

effect at the time delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery. The Company shall be entitled to act and rely upon any request, consent, notice or agreement given or made on behalf of the Initial Purchasers by CSFB.

13. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Company, the Guarantors and their respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (A) the representations, warranties, indemnities and agreements of the Company and the Guarantors contained in this Agreement shall also be deemed to be for the benefit of directors of the Initial Purchasers, officers of the Initial Purchasers and any person or persons controlling any Initial Purchaser within the meaning of Section 15 of the Act and (B) the indemnity agreement of the Initial Purchasers contained in Section 8(b) of this Agreement shall be deemed to be for the benefit of directors of the Company and the Guarantors, officers of the Company and the Guarantors and any person controlling the Company or the Guarantors within the meaning of Section 15 of the Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 13, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

14. Survival. The respective indemnities, representations, warranties and agreements of the Company, the Guarantors and the Initial Purchasers contained in this Agreement or made by or on behalf on them, respectively, pursuant to this Agreement, shall survive the delivery of and payment for the Notes and shall remain in full force and effect, regardless of any investigation made by or on behalf of any of them or any person controlling any of them.

15. Definition of the Terms "Business Day" and "Subsidiary." For purposes of this Agreement, (a) "business day" means any day on which the New York Stock Exchange, Inc. is open for trading and (b) "subsidiary" has the meaning set forth in Rule 405 of the Rules and Regulations.

16. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF NEW YORK.

17. Counterparts. This Agreement may be executed in one or more counterparts and, if executed in more than one counterpart, the executed counterparts shall each be deemed to be an original but all such counterparts shall together constitute one and the same instrument.

18. Headings. The headings herein are inserted for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

If the foregoing correctly sets forth the agreement among the Company, the Guarantors, and the Initial Purchasers, please indicate your acceptance in the space provided for that purpose below.

Very truly yours,

NRG ENERGY, INC.

By _____
Name:
Title:

EACH GUARANTOR LISTED ON SCHEDULE I HEREOF

By _____
Name:
Title:

Accepted:

CREDIT SUISSE FIRST BOSTON LLC
LEHMAN BROTHERS INC.

By CREDIT SUISSE FIRST BOSTON LLC, as Authorized Representative

By _____
Name:
Title:

SCHEDULE I

GUARANTORS

1. Arthur Kill Power LLC

2. Astoria Gas Turbine Power LLC

3. Berrians I Gas Turbine Power LLC

4. Big Cajun II Unit 4 LLC

5. Capistrano Cogeneration Company

6. Chickahominy River Energy Corp.

7. Cobee Energy Development LLC

8. Commonwealth Atlantic Power LLC

9. Conemaugh Power LLC

10. Connecticut Jet Power LLC

11. Devon Power LLC

12. Dunkirk Power LLC

13. Eastern Sierra Energy Company

14. El Segundo Power II LLC

15. Hanover Energy Company

16. Huntley Power LLC

17. Indian River Operations Inc.

18. Indian River Power LLC

19. James River Power LLC

20. Kaufman Cogen LP

21. Keystone Power LLC

22. Louisiana Generating LLC

23. MidAtlantic Generation Holding LLC

24. Middletown Power LLC

25. Montville Power LLC

26. NEO California Power LLC

27. NEO Chester-Gen LLC

28. NEO Corporation

29. NEO Freehold-Gen LLC

30. NEO Landfill Gas Holdings Inc.

31. NEO Landfill Gas Inc.

32. NEO Nashville LLC

33. NEO Power Services Inc.

34. NEO Tajiguas LLC

35. Northeast Generation Holding LLC

36. Norwalk Power LLC

37. NRG Affiliate Services Inc.

38. NRG Arthur Kill Operations Inc.

39. NRG Asia-Pacific, Ltd.

40. NRG Astoria Gas Turbine Operations Inc.

41. NRG Bayou Cove LLC

42. NRG Cabrillo Power Operations Inc.

43. NRG Cadillac Operations Inc.

44. NRG California Peaker Operations LLC

45. NRG Central U.S. LLC

46. NRG Connecticut Affiliate Services Inc.

47. NRG Devon Operations Inc.

48. NRG Dunkirk Operations Inc.

49. NRG Eastern LLC

50. NRG El Segundo Operations Inc.

51. NRG Huntley Operations Inc.

52. NRG International LLC

53. NRG Kaufman LLC

54. NRG Mesquite LLC

55. NRG MidAtlantic Affiliate Services Inc.

56. NRG MidAtlantic Generating LLC

57. NRG MidAtlantic LLC

58. NRG Middletown Operations Inc.

59. NRG Montville Operations Inc.

60. NRG New Jersey Energy Sales LLC

61. NRG New Roads Holdings LLC

62. NRG North Central Operations Inc.

63. NRG Northeast Affiliate Services Inc.

64. NRG Northeast Generating LLC

65. NRG Norwalk Harbor Operations Inc.

66. NRG Operating Services, Inc.

67. NRG Oswego Harbor Power Operations Inc.

68. NRG Power Marketing Inc.

69. NRG Rocky Road LLC

70. NRG Saguaro Operations Inc.

71. NRG South Central Affiliate Services Inc.

72. NRG South Central Generating LLC

73. NRG South Central Operations Inc.

74. NRG West Coast LLC

75. NRG Western Affiliate Services Inc.

76. Oswego Harbor Power LLC

77. Saguaro Power LLC

78. Somerset Operations Inc.

79. Somerset Power LLC

80. South Central Generation Holding LLC

81. Vienna Operations Inc.

82. Vienna Power LLC

SCHEDULE II

SECURITY DOCUMENTS (NOT INCLUDING MORTGAGES)

The Collateral Trust Agreement, dated as of December 23, 2003, by and among the Company, PMI, the Guarantors from time to time party hereto, the Administrative Agent, the Trustee, and the Collateral Trustee.

The Guarantee And Collateral Agreement, dated as of December 23, 2003, made by each of the signatories thereto (together with any other entity that may become a party thereto as provided therein, the "Grantors"), in favor of the Collateral Trustee for (i) the Administrative Agent and Collateral Agent and for the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, (ii) the Trustee and the other Secured Parity Lien Parties under the Indenture and (iii) any other Secured Parties (as defined therein) from time to time entitled to the benefits of the Collateral Trust Agreement; and, for purposes of Section 2 thereof, in favor of the Administrative Agent and the Trustee and any other future Guaranteed Secured Debt Representative (as defined therein) with respect to any Series of Guaranteed Secured Debt (as defined therein) that becomes entitled to the benefits of the Collateral Trust Agreement.

The Control Agreement with respect to Commodities Accounts - Bank One.

The Control Agreement(s) with respect to Deposit and Securities Accounts - LaSalle.

The Control Agreement(s) with respect to Deposit and Securities Accounts - Wells Fargo.

The Intellectual Property Security Agreement, dated as of December 23, 2003, by and among the Grantors in favor of the Collateral Trustee for the Secured Parties (as defined in the Guarantee and Collateral Agreement referred to above).

SCHEDULE III

MORTGAGES

Documents 14-18 below are each referred to as an "Amendment of Open-End

Mortgage" and collectively as the "Amendments of Open-End Mortgage."

New York

1. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Dunkirk Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Chautauqua County, New York.

2. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Huntley Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Erie County, New York.

3. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Astoria Gas Turbine Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Astoria County, New York.

4. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Arthur Kill Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Richmond County, New York.

5. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Oswego Harbor Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Oswego County, New York.

Connecticut

6. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Fairfield County, Connecticut.

7. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Litchfield County, Connecticut.

8. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

9. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Devon Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

10. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Middletown Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in Middlesex County, Connecticut.

11. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Montville Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New London County, Connecticut.

12. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Norwalk Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

13. Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Meriden Gas Turbines LLC, for the benefit of Deutsche Bank Trust Company Americas, dated as of December 23, 2003, filed in New Haven County, Connecticut.

14. Amendment of Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Connecticut Jet Power LLC for the benefit of Deutsche Bank Trust Company Americas, dated as of January 28, 2004, to be recorded in the Land Records of the Towns of Greenwich, Litchfield, Branford and Torrington.

15. Amendment of Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Middletown Power LLC for the benefit of Deutsche Bank Trust Company Americas, dated as of January 28, 2004, to be recorded in the Land Records of the Town of Middletown.

16. Amendment of Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Devon Power LLC for the benefit of Deutsche Bank Trust Company Americas, dated as of January 28, 2004, to be recorded in the Land Records of the Town of Milford.

17. Amendment of Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Montville Power LLC for the benefit of Deutsche Bank Trust Company Americas, dated as of January 28, 2004, to be recorded in the Land Records of the Towns of Montville and Waterford.

18. Amendment of Open-End Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Norwalk Power LLC for the benefit of Deutsche Bank Trust Company Americas, dated as of January 28, 2004, to be recorded in the Land Records of the Town of Norwalk.

Massachusetts

19. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Somerset Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Bristol County, Massachusetts.

Pennsylvania

20. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Conemaugh Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Indiana County, Pennsylvania.

21. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Keystone Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Armstrong and Indiana County, Pennsylvania.

Maryland

22. Deed of Trust, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Vienna Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Dorchester County, Maryland.

Delaware

23. Mortgage, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Indian River Power LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Sussex County, Delaware.

Louisiana

24. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Pointe Coupee Parish, Louisiana.

25. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in West Baton Rouge, Louisiana.

26. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in West Baton Rouge Parish, Louisiana.

27. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Pointe Coupee Parish, Louisiana.

28. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Red River Parish, Louisiana.

29. Mortgage, Assignment of Rents and Leases and Security Agreement by NRG New Roads Holdings LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Desoto Parish, Louisiana.

30. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Winn Parish, Louisiana.

31. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in West Carroll Parish, Louisiana.

32. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Washington Parish, Louisiana.

33. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Vernon Parish, Louisiana.

34. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Union Parish, Louisiana.

35. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Terrebone Parish,

Louisiana.

36. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Tangipahoa Parish, Louisiana.

37. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Sabine Parish, Louisiana.

38. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in St. Tammany Parish, Louisiana.

39. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Pointe Coupee, Louisiana.

40. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Natchitoches Parish, Louisiana.

41. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Livingston Parish, Louisiana.

42. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Lincoln Parish, Louisiana.

43. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Franklin Parish, Louisiana.

44. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in East Feliciano Parish, Louisiana.

45. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in East Baton Rouge Parish, Louisiana.

46. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in De Soto Parish, Louisiana.

47. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Catahoula Parish, Louisiana.

48. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust

Company Americas, dated December 23, 2003, filed in Cameron Parish, Louisiana.

49. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Calcasieu Parish, Louisiana.

50. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Lafayette Parish, Louisiana.

51. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Jefferson Davis Parish, Louisiana.

52. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Webster Parish, Louisiana.

53. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Moorehouse Parish, Louisiana.

54. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in St. Helena, Louisiana.

55. Mortgage, Assignment of Rents and Leases and Security Agreement by Louisiana Generating LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in St. Martin Parish, Louisiana.

Texas

56. Deed of Trust, Assignment of Rents and Leases, Fixture Filing, Financing Statement and Security Agreement by Kaufman Cogen LP, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Kaufman County, Texas.

California

57. Deed of Trust by NEO California LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Madera County, California.

58. Deed of Trust by NEO California LLC, for the benefit of Deutsche Bank Trust Company Americas, dated December 23, 2003, filed in Red Bluff County, California.

SCHEDULE IV

ENERGY REGULATION

NRG has filed with FERC an amended reliability must run agreement for its Devon

7 and 8 facilities.

The following NRG facilities' maintenance expenses are paid for by other New England Power Pool participants: Devon 11-14, Middletown Station, and Norwalk Harbor. The agreement authorizing these payments expires on March 31, 2004.

FERC issued orders on August 25, 2003 and July 24, 2003 authorizing generating facilities located in designated congestion areas, such as Connecticut, the ability to include fixed costs in their energy market bids if individual untis had a capacity factor of 10% or less in 2002. This is scheduled to expire by June 1, 2004.

SCHEDULE V

INITIAL PURCHASER	PRINCIPAL AMOUNT OF NOTES TO BE PURCHASED
Credit Suisse First Boston LLC	$ 296,875,000
Lehman Brothers Inc.	178,125,000
Total	$ 475,000,000

EXHIBIT A

REGISTRATION RIGHTS AGREEMENT

DATED AS OF JANUARY 28, 2004

BY AND AMONG

NRG ENERGY, INC.,

AS ISSUER,

THE ENTITIES LISTED ON SCHEDULE A HEREOF

AS GUARANTORS,

AND

CREDIT SUISSE FIRST BOSTON LLC

AND

LEHMAN BROTHERS INC.,

AS INITIAL PURCHASERS

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of January 28, 2004, by and among NRG Energy, Inc., a Delaware

corporation (the "COMPANY"), the entities listed on Schedule A hereto (the "GUARANTORS"), and Credit Suisse First Boston LLC and Lehman Brothers Inc. (each an "INITIAL PURCHASER" and, together, the "INITIAL PURCHASERS"), each of whom has agreed to purchase the Company's 8% Second Priority Senior Secured Notes due 2013 in an aggregate principal amount of $475,000,000 (the "SERIES A NOTES") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated January 21, 2004 (the "PURCHASE AGREEMENT"), by and among the Company, the Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Company and the Guarantors have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 7(q) of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture, dated December 23, 2003, among the Company, the Guarantors and Law Debenture Trust Company of New York, as Trustee, relating to the Series A Notes and the Series B Notes (as defined below) (the "INDENTURE").

The parties hereby agree as follows:

19. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed.

Certificated Securities: Definitive Notes, as defined in the Indenture.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer; (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the period required pursuant to Section 3(b) hereof; and (c) the delivery by the Company to the Registrar under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

Consummation Deadline: As defined in Section 3(b) hereof.

December 2003 Notes: The Company's previously issued $1,250,000,000 in aggregate principal amount of 8% Second Priority Senior Secured Notes due 2013 under the Indenture.

Effectiveness Deadline: As defined in Section 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Company of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange

Offer Registration Statement) equal to the outstanding principal amount of Series A Notes that are tendered by Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Initial Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act, and in compliance with Regulation S under the Act.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Guarantors: The entities listed on Schedule A hereto and any other subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the Indenture.

Holders: As defined in Section 2 hereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company and the Guarantors relating to (a) an offering of Series B Notes and related Subsidiary Guarantees pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Regulation S: Regulation S promulgated under the Act.

Rule 144: Rule 144 promulgated under the Act.

Series B Notes: The Company's 8% Series B Second Priority Senior Secured Notes due 2013 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

Suspension Notice: As defined in Section 6(e) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: (i) Each Series A Note and the related Subsidiary Guarantees, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer for a Series B Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act; (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement; or (c) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act; and (ii) each Series B Note and the related Subsidiary Guarantees acquired by a Broker-Dealer in exchange for a Series A Note acquired for its own account as a result of market making activities or other trading activities until the date on which such Series B

Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

20. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "HOLDER") whenever such Person owns Transfer Restricted Securities.

21. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Company and the Guarantors shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 150 days after December 23, 2003 (such 150th day being the "FILING DEADLINE"); (ii) use all commercially reasonable efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 210 days after December 23, 2003 (such 210th day being the "EFFECTIVENESS DEADLINE"); (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer; and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting (i) registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and (ii) resales of Series B Notes by Broker-Dealers that tendered into the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Company and the Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes shall be included in the Exchange Offer Registration Statement, except for the exchange notes (and the guarantees thereof) to be issued pursuant to the Indenture in exchange for the December 2003 Notes. The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange

Offer Registration Statement has become effective, but in no event later than 30 Business Days thereafter (such 30th Business Day being the "CONSUMMATION DEADLINE").

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may

require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because any such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer, the Company and the Guarantors shall permit the use of the Prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such prospectus delivery requirement. To the extent necessary to ensure that the Prospectus contained in the Exchange Offer Registration Statement is available for sales of Series B Notes by Broker-Dealers, the Company and the Guarantors agree, in the event any of them receives notice from a Broker-Dealer within 30 days of the Consummation of the Exchange Offer that such Broker-Dealer holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making or similar activities, to use all commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Section 6(a) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of 180 days from the date on which the Exchange Offer is Consummated or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Company shall provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than two Business Days after such request, at any time during such period.

22. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law (after the Company and the Guarantors have complied with the procedures set forth in Section 6(a)(i) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company in writing within 20 business days following the Consummation of the Exchange Offer that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Company or any of its Affiliates, then the Company and the Guarantors shall:

(x) use all commercially reasonable efforts to cause to be filed, on or prior to 30 days after the earlier of (i) the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Company

receives the notice specified in clause (a)(ii) above (such earlier date, the "FILING DEADLINE"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "SHELF REGISTRATION STATEMENT")), relating to all Transfer Restricted Securities; provided, however, that nothing in this Section 4(a)(x) shall require the filing of the Shelf Registration Statement prior to the Filing Deadline for the Exchange Offer Registration Statement; and

(y) shall use all commercially reasonable efforts to cause such Shelf Registration Statement to become effective on or prior to 90 days after the Filing Deadline for the Shelf Registration Statement (such 90th day the "EFFECTIVENESS DEADLINE").

If, after the Company has and the Guarantors have filed an Exchange

Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Company is and the Guarantors are required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Company and the Guarantors shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and the other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Company and the Guarantors shall use all commercially reasonable efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 15 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information. Each Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading. The Company shall not be obligated to supplement such Shelf Registration Statement after it has been declared effective by the Commission more than one time per quarterly period to reflect additional Holders.

23. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline; (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline; (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) the Shelf Registration Statement is declared effective but thereafter, pending the announcement of a material corporate transaction, the Company issues a notice that the Shelf Registration Statement is unusable, or such notice

is required under applicable securities laws to be issued by the Company, and, during the period specified in Section 4(a) above, the aggregate number of days in any consecutive twelve-month period for which all such notices are issued or required to be issued exceeds 45 days or (v) the Exchange Offer Registration Statement is filed and declared effective but thereafter (A) during the period through and including the Consummation Deadline, shall cease to be effective or fail to be usable for its intended purpose without being succeeded within five Business Days by a post-effective amendment to such Exchange Offer Registration Statement that cures such failure and that is itself declared effective immediately or (B) during the period from the day after the Consummation Deadline through and including the one-hundred-eightieth day after the Consummation Deadline, pending the announcement of a material corporate transaction, the Company issues a notice that the Exchange Offer Registration Statement is unusable for the purposes contemplated by the second paragraph of

Section 3(c) above, or such notice is required under applicable securities laws to be issued by the Company, and, during the 180-day period specified in Section 3(c) above, the aggregate number of days for which all such notices are issued or required to be issued exceeds 45 days (each such event referred to in clauses (i) through (v), a "REGISTRATION DEFAULT"), then the Company and the Guarantors hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages in an amount equal to $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues for the first 90-day period immediately following the occurrence of such Registration Default. The amount of the liquidated damages shall increase by an additional $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Company and the Guarantors shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above; (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above; (3) upon Consummation of the Exchange Offer, in the case of (iii) above; or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of clauses (iv) and (v) above, as applicable, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii), (iv) or (v)(A) or (B), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Company and the Guarantors to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

In the event that the Exchange Offer Registration Statement is declared effective but thereafter the Company issues a notice as contemplated by clause (v)(B) above, the number of days during which such Registration Statement is unusable shall be deducted from the number of days permitted under the first annual 45-day "blackout" period under clause (iv) above for purposes of determining the number of days during which liquidated damages would accrue in the event of a Registration Default under clause (iv) above.

24. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company and the Guarantors shall (x) comply with all applicable provisions of Section 6(c) below; (y) use all commercially reasonable efforts to effect such exchange and to permit the resale of Series B Notes by any Broker-Dealer that tendered Series A Notes in the Exchange Offer that such Broker-Dealer acquired for its own account as a result of its market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof; and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by

applicable federal law, the Company and the Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Company and the Guarantors to Consummate an Exchange Offer for such Transfer Restricted Securities. The Company and the Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company and the Guarantors hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission staff, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker-Dealer) shall furnish, upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company and the Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series B Notes to be issued in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course of business. Each Holder using the Exchange Offer to participate in a distribution of the Series B Notes will be required to acknowledge and agree that, if the resales are of Series B Notes obtained by such Holder in exchange for Series A Notes acquired directly from the Company or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall provide a supplemental letter to the Commission (A) stating that the Company and the Guarantors are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Company nor any Guarantor has entered into any

arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of the Company's and each Guarantor's information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company and the Guarantors shall:

(i) comply with all the provisions of Section 6(c) and 6(d) below and use all commercially reasonable efforts to effect such

registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company and the Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof; and

(ii) issue, upon the request of any Holder or purchaser of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes sold pursuant to the Shelf Registration Statement and surrendered to the Company for cancellation; the Company and the Guarantors shall register Series B Notes and the related Subsidiary Guarantees on the Shelf Registration Statement for this purpose and issue the Series B Notes to the purchaser(s) of securities subject to the Shelf Registration Statement in the names as such purchaser(s) shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Company and the Guarantors shall:

(i) use all commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein (in the case of the Prospectus only, in light of the circumstances under which they were made) not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company and the Guarantors shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use all commercially reasonable efforts to cause such amendment to be declared effective as soon as practicable. Notwithstanding the foregoing, if the board of directors of the Company determines in good faith that it is in the best interests of the Company not to disclose the existence of facts surrounding any proposed or pending material corporate transaction or other material development involving the Company and the Guarantors, the Company may allow the Shelf Registration Statement to fail to be effective or the Prospectus contained therein to be unusable as a result of such nondisclosure for up to 60 days in any year during the two-year period of effectiveness required by Section 4(a) hereof, provided that a Registration Default would not occur during such period;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such

Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the

timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two business days prior to such sale of Transfer Restricted Securities;

(iv) use all commercially reasonable efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Transfer Restricted Securities; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(v) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(vi) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act); and

(vii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all commercially reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner.

(d) Additional Provisions Applicable to Shelf Registration Statements and Certain Exchange Offer Prospectuses. In connection with each Shelf Registration Statement, and each Exchange Offer Registration Statement if and to the extent that an Initial Purchaser has notified the Company in writing that it is a holder of Series B Notes that are Transfer Restricted Securities (for so long as such Series B Notes are Transfer Restricted Securities or for the period provided in Section 3, whichever is shorter), the Company and the Guarantors shall:

(i) advise each selling Holder promptly and, if requested by such selling Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto; (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes; (D) of the existence of any fact or the happening of any event that makes any statement of

a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (E) of the existence of any event as described in the last sentence of Section 6(c)(i) hereof. If at any time the Commission shall issue any stop order suspending the effectiveness of any Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company and the Guarantors shall use all commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(ii) if any fact or event contemplated by Section 6(d)(i)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(iii) furnish to each selling Holder in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein (except the Prospectus included in the Exchange Offer Registration Statement at the time it was declared effective) or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such selling Holders in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such selling Holders shall reasonably object within five Business Days after the receipt thereof. A selling Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein (in case of the Prospectus only, in light of the circumstances under which they were made) not misleading or fails to comply with the applicable requirements of the Act;

(iv) upon request, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each Holder in connection with such exchange or sale, if any, make the Company's and the Guarantors' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders may reasonably request;

(v) subject to appropriate confidentiality agreements being entered into, make available, at reasonable times, for inspection by each selling Holder and any attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate documents of the Company and the Guarantors and cause the Company's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such selling Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(vi) if requested by any selling Holders in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(vii) furnish to each selling Holder in connection with such exchange or sale without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(viii) deliver to each selling Holder without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company and the Guarantors hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each selling Holder in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(ix) upon the request of Holders who collectively hold an aggregate principal amount of Series A Notes in excess of 20% of the amount of outstanding Transfer Restricted Securities (the "REQUESTING HOLDERS"), enter into such agreements (including underwriting agreements) on up to three occasions and make such customary representations and warranties and take all such other actions in connection therewith as may be reasonable customary in underwritten offerings in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by the Requesting Holders in connection with any sale or resale pursuant to any applicable Registration Statement. In such connection, the Company and the Guarantors shall:

upon request of any Requesting Holder, furnish (or in the case of paragraphs (2) and (3), use all commercially reasonable efforts to cause to be furnished) to each Requesting Holder, upon Consummation of the Exchange Offer or upon the effectiveness of the Shelf Registration Statement, as the case may be:

a certificate, dated such date, signed on behalf of the Company and each Guarantor by an officer of the Company or of such Guarantor, as the case may be, confirming, as of the date thereof, the matters set forth in Section 7(o) of the Purchase Agreement and such other similar matters as such Requesting Holders may reasonably request;

an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company and the Guarantors covering matters similar to those set forth in Exhibits B through F of the Purchase Agreement and such

other matters as such Requesting Holders may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public accountants for the Company and the Guarantors and has considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of

Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

a customary comfort letter, dated the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Sections 7(l) and 7(m) of the Purchase Agreement; and

deliver such other documents and certificates as may be reasonably requested by the Requesting Holders to evidence compliance with the matters covered in clause (A) above and with any customary conditions contained in any agreement entered into by the Company and the Guarantors pursuant to this clause (ix);

(x) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject; and

(xi) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(e) Restrictions on Holders. Each Holder's acquisition of a Transfer Restricted Security constitutes such Holder's agreement that, upon receipt of the notice referred to in Section 6(d)(i)(C) or any notice from the Company of the existence of any fact of the kind described in Section 6(d)(i)(D) hereof or of any event of the kind described in the last sentence of Section 6(c)(i) hereof (in each case, a "SUSPENSION NOTICE"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(d)(ii) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has

received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "RECOMMENCEMENT DATE"). Each Holder receiving a Suspension Notice shall be required to either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Company with more recently dated Prospectuses or (ii) deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of

such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of delivery of the Recommencement Date.

25. REGISTRATION EXPENSES

(a) All expenses incident to the Company's and the Guarantors' performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses, messenger and delivery services and telephone); (iv) all fees and disbursements of counsel for the Company, the Guarantors and one counsel for the Holders of Transfer Restricted Securities which shall be Latham & Watkins LLP or such other counsel as may be selected by a majority of such Holders; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its and the Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company or the Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company and the Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Series A Notes into in the Exchange Offer and/or selling or reselling Series A Notes or Series B Notes pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Latham & Watkins LLP unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

26. INDEMNIFICATION

(a) The Company and the Guarantors agree, jointly and severally, to indemnify and hold harmless each Holder, its directors, officers and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, liabilities, judgments, (including without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement,

preliminary prospectus or Prospectus (or any amendment or supplement thereto) provided by the Company to any Holder or any prospective purchaser of Series B Notes or registered Series A Notes, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a preliminary prospectus or Prospectus or any supplement thereto, in the light of the circumstances under which they were made) not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by an untrue

statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Company by any of the Holders; provided, that the Company and each Guarantor will not be liable to any Holder under this Section 8(a) to the extent, but only to the extent, that (1) such loss, claim, damage or liability resulted solely from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in or omitted from such preliminary Prospectus which was corrected in the final Prospectus, (2) the Company sustains the burden of proving that such Holder sold Transfer Restricted Securities to the person alleging such loss, claim, damage or liability without sending or giving a copy of the Prospectus within the time required by the Act, (3) the Company had previously furnished sufficient quantities of the Prospectus to such Holder in such amounts and within such period of time as required under this Agreement and (4) such Holder failed to deliver the Prospectus, if required by law to have so delivered it, and such delivery would have been a complete defense against the person asserting such loss, claim, damage or liability.

(b) By its acquisition of Transfer Restricted Securities, each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company and the Guarantors, and its their respective directors and officers, and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company or the Guarantors to the same extent as the foregoing indemnity from the Company and the Guarantors set forth in section (a) above, but only with reference to information relating to such Holder furnished in writing to the Company by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers or any Person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party; (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party; or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the

defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and

expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Company and the Guarantors, in the case of parties indemnified pursuant to Section 8(b). No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) To the extent that the indemnification provided for in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand, and the Holders, on the other hand, from their initial sale of Transfer Restricted Securities (or in the case of Series B Notes that are Transfer Restricted Securities, the sale of the Series A Notes for which such Series B Notes were exchanged); or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or such Guarantor, on the one hand, or by the Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and judgments referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of this Section 8(d), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company, the Guarantors and, by its acquisition of Transfer Restricted Securities, each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any matter, including any action that could have given rise to such losses, claims, damages, liabilities or judgments.

Notwithstanding the provisions of this Section 8, no Holder, its directors, its officers or any Person, if any, who controls such Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

27. RULE 144A AND RULE 144

The Company and each Guarantor agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company or such Guarantor (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available within a reasonable period of time, upon written request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A; and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

28. MISCELLANEOUS

(a) Remedies. The Company and the Guarantors acknowledge and agree that any failure by the Company and/or the Guarantors to comply with their respective obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantor's obligations under Sections 3 and 4 hereof. The Company and the Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company and the Guarantors will not, on or after the date of this Agreement, enter into any agreement with respect to their respective securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The Company and the Guarantors have not previously entered into any agreement, other than the registration rights agreement, dated December 23, 2003, between the Company, the Guarantors and the initial purchasers relating to the December 2003 Notes, granting any registration rights with respect to its their respective securities to any Person that would require such securities to be included in any Registration Statement filed hereunder. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's and the Guarantors' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities; and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted

Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company or any of the Guarantors:

NRG Energy, Inc,
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55402-3265
Attention: Scott J. Davido, Esq.
Fax: (612) 373-5392

With a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60610
Attention: Gerald T. Nowak, Esq.
Fax: (312) 861-2200

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale

set forth in this Agreement and, if applicable, the Purchase Agreement, and such

Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NRG ENERGY, INC.

By: _____
Name:
Title:

EACH GUARANTOR LISTED ON SCHEDULE A HEREOF

By: _____
Name:
Title:

CREDIT SUISSE FIRST BOSTON LLC
LEHMAN BROTHERS INC.

BY: CREDIT SUISSE FIRST BOSTON LLC

By: _____
Name:
Title:

SCHEDULE A

GUARANTORS

83. Arthur Kill Power LLC

84. Astoria Gas Turbine Power LLC

85. Berrians I Gas Turbine Power LLC

86. Big Cajun II Unit 4 LLC

87. Capistrano Cogeneration Company

88. Chickahominy River Energy Corp.

89. Cobee Energy Development LLC

90. Commonwealth Atlantic Power LLC

91. Conemaugh Power LLC

92. Connecticut Jet Power LLC

93. Devon Power LLC

94. Dunkirk Power LLC

95. Eastern Sierra Energy Company

96. El Segundo Power II LLC

97. Hanover Energy Company

98. Huntley Power LLC

99. Indian River Operations Inc.

100. Indian River Power LLC

101. James River Power LLC

102. Kaufman Cogen LP

103. Keystone Power LLC

104. Louisiana Generating LLC

105. MidAtlantic Generation Holding LLC

106. Middletown Power LLC

107. Montville Power LLC

108. NEO California Power LLC

109. NEO Chester-Gen LLC

110. NEO Corporation

111. NEO Freehold-Gen LLC

112. NEO Landfill Gas Holdings Inc.

113. NEO Landfill Gas Inc.

114. NEO Nashville LLC

115. NEO Power Services Inc.

116. NEO Tajiguas LLC

117. Northeast Generation Holding LLC

118. Norwalk Power LLC

119. NRG Affiliate Services Inc.

120. NRG Arthur Kill Operations Inc.

121. NRG Asia-Pacific, Ltd.

122. NRG Astoria Gas Turbine Operations Inc.

123. NRG Bayou Cove LLC

124. NRG Cabrillo Power Operations Inc.

125. NRG Cadillac Operations Inc.

126. NRG California Peaker Operations LLC

127. NRG Central U.S. LLC

128. NRG Connecticut Affiliate Services Inc.

129. NRG Devon Operations Inc.

130. NRG Dunkirk Operations Inc.

131. NRG Eastern LLC

132. NRG El Segundo Operations Inc.

133. NRG Huntley Operations Inc.

134. NRG International LLC

135. NRG Kaufman LLC

136. NRG Mesquite LLC

137. NRG MidAtlantic Affiliate Services Inc.

138. NRG MidAtlantic Generating LLC

139. NRG MidAtlantic LLC

140. NRG Middletown Operations Inc.

141. NRG Montville Operations Inc.

142. NRG New Jersey Energy Sales LLC

143. NRG New Roads Holdings LLC

144. NRG North Central Operations Inc.

145. NRG Northeast Affiliate Services Inc.

146. NRG Northeast Generating LLC

147. NRG Norwalk Harbor Operations Inc.

148. NRG Operating Services, Inc.

149. NRG Oswego Harbor Power Operations Inc.

150. NRG Power Marketing Inc.

151. NRG Rocky Road LLC

152. NRG Saguaro Operations Inc.

153. NRG South Central Affiliate Services Inc.

154. NRG South Central Generating LLC

155. NRG South Central Operations Inc.

156. NRG West Coast LLC

157. NRG Western Affiliate Services Inc.

158. Oswego Harbor Power LLC

159. Saguaro Power LLC

160. Somerset Operations Inc.

161. Somerset Power LLC

162. South Central Generation Holding LLC

163. Vienna Operations Inc.

164. Vienna Power LLC

EXHIBIT B

OPINIONS WITH RESPECT TO CORPORATE MATTERS

Kirkland & Ellis LLP, General Counsel for the Company, Richards Layton and Finger, Leonard Street & Deinhard, Sheppard, Mullin, Richter & Hampton, LLC, local Virginia counsel and other local counsel for the Company shall collectively provide the following opinions with respect to the corporate matters pertaining to the Company and its subsidiaries:

(Capitalized terms used by not defined in this Exhibit B shall have the meanings assigned to them in the Purchase Agreement.)

(i) The Company and the Guarantors have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing as foreign entities in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification and have all power and authority necessary to own or hold their respective properties and conduct the businesses in which they are engaged;

(ii) No registration under the Act of the Notes is required for the sale of the Notes to you as contemplated hereby or for the Exempt Resales, assuming (i) the accuracy of the Initial Purchasers' representations in this Agreement and (ii) the accuracy of the Company's representatives contained herein;

(iii) The Company and each Guarantor has the capitalization as set forth in the Offering Circular, and all of the issued shares of capital stock of the Company and each Guarantor have been duly

authorized and validly issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each subsidiary of the Company and each Guarantor have been duly and validly authorized and issued and are fully paid, non-assessable and (except (i) for directors' qualifying shares or foreign national qualifying capital stock, (ii) as otherwise set forth in the Offering Circular and (iii) as pledged to secure indebtedness of the Company and/or its subsidiaries pursuant to credit facilities, indentures and other instruments evidencing indebtedness as contemplated by the Offering Circular and existing on the Closing Date) are owned directly or indirectly by the Company or such Guarantor, free and clear of all liens, encumbrances, equities or claims;

(iv) The Company is not an "investment company," as such term is defined in the Investment Company Act of 1940, as amended;

(v) To the best of such counsel's knowledge and other than as set forth in the Offering Circular, there are no legal or governmental proceedings pending to which the Company, the Guarantors or any of their respective subsidiaries is a party or of which any property or assets of the Company, the Guarantors or any of their respective subsidiaries is the subject that, if determined adversely to the Company, the Guarantors or any of their respective subsidiaries, might have a material adverse effect on the consolidated financial position, stockholders' equity, results of operations, business or prospects of the Company, the Guarantors or any of their respective subsidiaries; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(vi) The statements contained in the Offering Circular under the caption "Description of Notes" insofar as they purport to constitute a summary of the terms of the Indenture, the Notes, the Guarantees, the Registration Rights Agreement and the Security Documents and under the

captions "Certain Relationships and Related Transactions," "Certain Federal Income Tax Consequences," "Management--Employment Agreements," "Description of Certain Indebtedness" and "Plan of Distribution," insofar as they describe the laws and documents referred therein, are accurate in all material respects;

(vii) The Company and each of the Guarantors (as applicable) have all requisite corporate power and authority to enter into this Agreement, the Security Documents, the Registration Rights Agreement and the Indenture and to issue and sell to the Notes and the Exchange Notes;

(viii) This Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors;

(ix) Each of the Security Documents has been duly authorized, executed and delivered by the Company and each of the Guarantors (as applicable) and, assuming the due execution and delivery thereof by the other parties thereto, is the legally valid and binding agreement of the Company and each of the Guarantors (as applicable), enforceable against the Company and each of the Guarantors (as applicable) in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), by an implied covenant of good faith and fair dealing, and, as to rights of indemnification and contribution, by principles of public policy;

(x) The Registration Rights Agreement has been duly authorized, executed and delivered by the Company and each of the Guarantors and, assuming the due execution and delivery thereof by the Initial Purchasers, is the legally valid and binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws

relating to or affecting creditor's rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law), by an implied covenant of good faith and fair dealing, and, as to rights of indemnification and contribution, by principles of public policy;

(xi) The Indenture has been duly authorized, executed and delivered by the Company and each of the Guarantors and, assuming the due authorization, execution and delivery thereof by the Trustee, is the legally valid and binding agreement of the Company and each of the Guarantors, enforceable against the Company and each of the Guarantors in accordance with its terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium, and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing; no qualification of the Indenture under the 1939 Act is required in connection with the offer and sale of the Notes or in connection with the Exempt Resales;

(xii) The Notes have been duly authorized by the Company, and, when executed, issued and authenticated in accordance with the terms of the Indenture and delivered to and paid for by you in accordance with the terms of the Purchase Agreement, will be the legally valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization moratorium and other similar laws relating to or affecting creditors' rights generally, by

general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing;

(xiii) The Exchange Notes have been authorized by the Company;

(xiv) The Guarantee of each of the Guarantors has been duly authorized by that Guarantor and, when executed by that Guarantor and when the Notes on which such Guarantees have been endorsed have been duly executed by the Company and authenticated by the Trustee in accordance with the terms of the Indenture and delivered and paid for by the Initial Purchasers in accordance with the terms of the Purchase Agreement, the Guarantee of each Guarantor (assuming the due authorization, execution and delivery of the Notes by the Company) will constitute the valid and binding obligations of that Guarantor, enforceable against that Guarantor in accordance with their terms, except as such enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization moratorium and other similar laws relating to or affecting creditors' rights generally, by general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law) and by an implied covenant of good faith and fair dealing;

(xv) The Guarantees of the Exchange Notes have been authorized by the Guarantors;

(xvi) The issue and sale of the Notes being delivered on the Closing Date by the Company, and the compliance by the Company and the Guarantors with all of the provisions of this Agreement, the Notes, the Exchange Notes the Guarantees, the Guarantees of the Exchange Notes, the Indenture, the Registration Rights Agreement, the Security Documents, the consummation of the transactions contemplated hereby and thereby and the grant and perfection of the security interests in the Collateral pursuant to the Security Documents (i) will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement, lease or other

agreement or instrument known to such counsel to which the Company, any of the Guarantors or any of their respective subsidiaries is a party or by which the Company, any of the Guarantors or any of their respective subsidiaries is bound or to which any of the property or assets of the Company, any of the Guarantors or any of their subsidiaries is subject, (ii) will not result in any violation of the provisions of the charter or by-laws of the Company, or any Guarantor or (iii) will not violate any statute or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Company, any of the Guarantors or any of their respective subsidiaries or any of their properties or assets, except for (u) in the cases of clauses (i) and (iii) only, for such defaults, violations and failures as would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect; (w) such consents, approvals, authorizations, orders of, or filings, registrations or qualifications that have been obtained or where failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (x) the registration of the Exchange Notes under the Act; (y) such consents, approvals, authorizations, orders, filings, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Initial Purchasers; and (z) filings required to perfect the Collateral Trustee's security interests granted pursuant to the Security Documents, no consent, approval, authorization or order of, or filing, registration or qualification with, any such court or governmental agency or body is required for the issue and sale of the Notes, the consummation by the Company of the transactions contemplated by this Agreement, the Indenture, the Registration Rights Agreement or the Security Documents and the grant and perfection of the security interests in the Collateral pursuant to the Security Documents.

(xvii) The Confirmation Order with respect to the NRG plan of reorganization was entered on November 24, 2003. The Confirmation Order with respect to the joint plan of

reorganization for NRG Northeast Generating LLC and NRG South Central Generating LLC was entered on November 25, 2003. Notices of the Confirmation Orders was provided in accordance with Federal Rule of Bankruptcy Procedure Rule 2002(b) and 3017(d). After due inquiry, as of [____] a.m. on January 28, 2004, there was no order, notice or motion filed or pending to appeal, reverse, stay, vacate or modify the Confirmation Orders.

In rendering such opinion, such counsel may (i) state that its opinion is limited to matters governed by the Federal laws of the United States of America, the laws of the State of New York and the General Corporation Law of the State of Delaware, and (ii) opinions of local counsel licensed in other jurisdictions with respect to the laws of all other jurisdictions; provided that such counsel shall state that it believes that both the Initial Purchasers and it are justified in relying upon such other counsel's opinions.

Such counsel shall also have furnished to the Initial Purchasers a written statement, addressed to the Initial Purchasers and dated the Closing Date, in form and substance satisfactory to Credit Suisse First Boston LLC, to the effect that (x) such counsel has acted as counsel to the Company and the Guarantors in connection with the preparation of the Offering Circular, and (y) based on the foregoing, no facts have come to the attention of such counsel that lead it to believe that, as of its date and as of the date of such opinion, the Offering Circular contained or contains any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The foregoing statement may be qualified by a statement to the effect that such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Circular except for the statements made in the Offering Circular under the captions "Description of Notes," "Certain Relationships and Related Transactions," "Certain Federal Income Tax Consequences," "Management--Employment Agreements," "Description of Certain

Indebtedness" and "Plan of Distribution," insofar as such statements relate to the Notes and concern legal matters.

EXHIBIT C

OPINIONS WITH RESPECT TO FEDERAL REGULATORY MATTERS

Kirkland & Ellis LLP, Baker Botts, Kirkpatrick & Lockhart, Murtha Cullina, Malatesta & Knight, Leonard Street & Dienhard and other local counsel shall provide the following opinions with respect to the federal regulatory matters:

(Capitalized terms used by not defined in this Exhibit C shall have the meanings assigned to them in the Purchase Agreement. If not defined in the Purchase Agreement, then such terms have the meanings assigned to them in the Credit Agreement.)

1. PUHCA

(a) Neither the Company nor any affiliate of the Company (other than FirstEnergy) is, or by virtue of the Transactions, will become, subject to regulation as (i) a "holding company," (ii) a "subsidiary company" of a "holding company" or (iii) a "public-utility company," in each case as such terms are defined in PUHCA.

(b) None of the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, purchasers or holders of the Notes, or any Affiliate of any of the foregoing shall, solely as a result of the Transactions, become subject to, or not exempt from, regulation under PUHCA.

2. FPA

(a) Except as described herein, none of the Company or any of the Subsidiaries is subject to regulation as a "public utility" as such term is defined in the FPA, other than (i) as a power marketer or an owner of generator leads, which has market-based rate authority under Section 205 of the FPA or (ii) as a QF under PURPA, as contemplated by 18 C.F.R. Section 292.601(c). Except as set forth in Schedule IV to the Purchase Agreement, each of the Company and any of the Subsidiaries that is subject to regulation as a "public utility" as such term is defined in the FPA has validly issued orders from FERC, not subject to any pending challenge, investigation or proceeding (other than the FERC's generic proceeding initiated in Docket No. EL01-118-000) (x) authorizing such Subsidiary to engage in wholesale sales of electricity, ancillary services and, to the extent permitted under its market-based rate tariff, other transactions at market-based rates and (y) granting such waivers and blanket authorizations as are customarily granted to entities with market-based rate authority, including blanket authorizations to issue securities and to assume liabilities pursuant to Section 204 of the FPA; provided, however, FERC has indicated that in at least one order that it will treat the Company as a "public utility" for purposes of Section 204 of the FPA, and, provided further, however, the Company does not have blanket authorization to issue securities and to assume liabilities pursuant to Section 204. Except as set forth in Schedule IV to the Purchase Agreement, with respect to each person described in the preceding sentence, FERC has not imposed any rate caps or mitigation measures other than rate caps and mitigation measures generally applicable to similarly situated marketers or generators selling electricity, ancillary services or other services at wholesale at market-based rates in the geographic market where such person conducts its business.

(b) None of the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, purchasers or holders of the Notes, or any Affiliate of any of the foregoing shall, solely as a result of the Transactions, become subject to, or not exempt from, regulation under FPA.

3. State Public Utility Regulation

(a) None of the Company or any of the Subsidiaries is subject to any state laws or regulations respecting rates or the financial or organization regulation of utilities, other than, with respect to those Subsidiaries that are QF's, such state regulations contemplated by 18 C.F.R. Section 292.602(c) and "lightened regulation" as defined by the New York Public Service Commission.

(b) None of the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank, the Lenders, purchasers or holders of the Notes, or any Affiliate of any of the foregoing shall, solely as a result of the Transactions, become subject to, or not exempt from, any state laws or regulations respecting rates or the financial or organization regulation of utilities.

4. Approvals

No actions, consents or approvals of, registrations or filings with, notices to, or other actions by, FERC, the Commission or any other Governmental Authority acting under the FPA, PUHCA or state laws or regulations respecting rates or the financial or organization regulation of utilities is or will be required in connection with the Transactions except such as have been made or obtained and are in full force and effect.

EXHIBIT D

OPINIONS WITH RESPECT TO ENVIRONMENTAL MATTERS

General Counsel for the Company, Nixon Peabody, Jones Walker, Richards Layton & Finger, Baker & Botts, Kirkpatrick & Lockhard, Murtha Cullina and other local counsel shall collectively provide the following opinions with respect to the environmental matters pertaining to the Company and its subsidiaries:

(Capitalized terms used by not defined in this Exhibit D shall have the meanings assigned to them in the Purchase Agreement.)

1. The Company and [and each relevant entity] have all of the Governmental Approvals(1) that are required to be obtained for the ownership, construction, and operation of the Facilities(2). Except to the extent qualified or limited expressly herein, each such Governmental Approval is held in the name of [the Company or relevant entity], is in full force and effect, is not subject to any appeals or further proceedings and all applicable administrative and judicial appeal periods have expired. Each such Governmental Approval has been duly issued and based upon the representation in the [relevant entity's] affidavits, the [relevant entity] represents that to the best of its knowledge it is operating its [relevant entity] facility in material compliance with the provisions of such Governmental Approvals, and we have no actual knowledge of any facts or claims that would render this representation untrue. Assuming that applications for renewal of such Governmental Approvals are timely filed, there is no reason of which we are aware that such Governmental Approvals should not be renewed in the ordinary course of the relevant Governmental Authority's administrative processes. To the extent that additional Governmental Approvals are required for the ownership, construction, and operation of any Facility, but are not presently held by [the Company or relevant entity], we have no knowledge of any reason why any such Governmental Approval will not be obtained in the ordinary course of business and without material difficulty, expense or delay prior to the time [the Company or relevant entity] is required to obtain such Governmental Approvals.(3)

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(1)Governmental Approval shall include any action, approval, consent, waiver,

exemption, variance, franchise, order, permit, authorization, certificate, registration, right or license required under any applicable Federal, state and local laws (including, but not limited to, Environmental Laws, State Energy Facility Siting Laws, or other State Energy Laws).

(2) This opinion is required only for certain core assets, i.e., those for which a mortgage or deed of trust is being taken.

(3) If the project has received all of its Governmental Approvals, this sentence can be omitted.

EXHIBIT E

OPINIONS WITH RESPECT TO MORTGAGED PROPERTY

Nixon Peabody, Kirkpatrick & Lockhart, Murtha Cullina, Jones Walker, Richards Layton & Finger, Piper & Rudnick, Reed Smith, Sheppard, Mullin, Richter & Hampton, LLC, Andrews & Kurth and other local counsel shall collectively provide the following opinions (or reliance letters with respect to their opinions delivered on December 23, 2003) with respect to the Mortgages:

(Capitalized terms used by not defined in this Exhibit E shall have the meanings assigned to them in the Purchase Agreement. If not defined in the Purchase Agreement, then such terms have the meanings assigned to them in the respective Mortgage.)

1. Except for filings which are necessary to perfect the security interests granted under the Documents (as defined in such Mortgage) and such other filings, authorizations or approvals as are specifically contemplated by the [Documents], no authorizations or approvals of, and no filings with, any governmental or regulatory authority or agency of the United States, the state of [Borrower's][the Company's] formation, or the state of _____ (the "State") are necessary for the execution, delivery or performance of the [Documents] by the [Borrower][Company/Guarantor].

2. Each of the [Documents] constitutes the legal, valid and binding obligation of the [Borrower][Company/Guarantor], enforceable against [Borrower][Company/Guarantor] in accordance with its terms.

3. The execution and delivery by the [Borrower][Company/Guarantor] of the [Documents] and the consummation of the transactions contemplated thereby do not conflict with or violate any federal or State law, rule, regulation or ordinance applicable to the [Borrower][Company/Guarantor].

4. The choice of law provisions contained in the [Documents] will be upheld and enforced by the courts of the State and Federal courts sitting in and applying the laws of the State. In this regard, the amounts to be received by [Lenders][holders of the Notes] as interest in respect of the [Note], made by the [Borrower][Company/Guarantor], as maker, in favor of [Lenders][holders of the Notes] and under the [Credit Agreement][Purchase Agreement] constitute lawful interest under the laws of the State and are neither usurious nor illegal.

5. The Mortgage (as defined in such Mortgage) to be recorded in the State is in form satisfactory for recording. The recording of the Mortgage in the office of _____ for the County of _____ [State of], and the filing and recording of the [Financing Statements] referred to on Schedule 1 hereto in the offices shown on Schedule 1 hereto, are the only recordings or filings necessary to publish notice of and to establish of record the rights of the parties thereto and to perfect the liens and security interests granted by the [Borrower][Company/Guarantor] pursuant to the Mortgage in the real property (including fixtures) covered thereby. Such [Financing Statements] comply in all respects with applicable provisions of the Uniform Commercial Code as in effect in the State (the "UCC") and are in

appropriate form for filing or recording and the description therein of the property covered thereby is adequate to permit the perfection of such security interests. Upon the execution and delivery of such Mortgage, such liens and security interests shall be created and upon the recording and filing of the Mortgage and [Financing Statements] as aforesaid, such liens and security interests shall be perfected. No documents or instruments other than those referred to in this paragraph need be recorded, registered or filed in any public office in the State in order to publish notice of the applicable Mortgage or to perfect such liens and security interests or for the

validity or enforceability of any of the [Documents] or to permit [Lenders][holders of the Notes] to enforce their rights thereunder in the courts of the State.

6. Except for _____, no recording, filing, privilege or other tax must be paid by either the [Borrower][Company/Guarantor] or [Lenders][holders of the Notes] in connection with the execution, delivery, recordation or enforcement of any of the Documents.

7. The Loans, as made, will not violate any applicable usury laws of the State, or other applicable laws regulating the interest rate, fees and other charges that may be collected with respect to the Loans.

8. It is not necessary for Lenders to qualify to do business in the State solely to make the Loans and enforce the provisions of the Documents. The making of the Loans and enforcement of the provisions of the Documents will not result in the imposition upon Lenders of any taxes of the State, or any subdivision thereof in which the applicable Mortgaged Property is located (including, without limitation, franchise, license, tax on interest received or income taxes), other than taxes which Lenders, if and when it becomes the actual and record owner of such Mortgaged Property, by reason of power of sale or foreclosure under the applicable Mortgage or by deed in lieu of foreclosure, would be required to pay. Lenders are not in violation of any banking law of the State by carrying out the transactions contemplated by the Documents.

9. The foreclosure of the Mortgage to be recorded in the State, exercise of [Lenders'][the holders' of the Notes] power of sale, or exercise of any other remedy provided in the Mortgage will not in any manner restrict, affect or impair the liability of the [Borrower][Company/Guarantor] with respect to the indebtedness secured thereby or the rights and remedies of [Lenders][holders of the Notes] with respect to the foreclosure or enforcement of any other security interests or liens securing such indebtedness, to the extent any deficiency remains unpaid after application of the proceeds of the foreclosure of such Mortgage, exercise of such power of sale or as a result of the exercise of any other remedy.

10. The priority of the lien of the Mortgage to be recorded in the State in respect of all advances or extensions of credit made by the [Lenders][Initial Purchaser] under the [Credit Agreement][Purchase Agreement] on, before or after the date on which such Mortgage is recorded in the appropriate recording office referred to in Paragraph 5 above will be determined by the date of such recording.

11. The priority of the lien of the Mortgage will not be affected by (a) any prepayment of a portion of the [Loans][Notes], or (b) any increase in or reduction of the outstanding amount of the [Loans][Notes] from time to time.

12. The Mortgage to be recorded in the State creates valid security interests in favor of the [Lenders][holders of the Notes] in the Collateral to the extent the UCC is applicable thereto, as security for the payment or performance of the Obligations (as defined in such Mortgage).

Schedule 1
UCC Financing Statements

1. UCC-1 Financing Statements naming the [Borrower][Company/Guarantor], as debtor, and [Lenders][Collateral Trustee], as secured party, with respect to the Collateral, to be filed with:

EXHIBIT F

OPINIONS WITH RESPECT TO SECURITY INTERESTS

Kirkland & Ellis LLP, General Counsel for the Company, Richards Layton & Finger, Leonard Street & Deinhard, Sheppard, Mullin, Richter & Hampton, LLC, local Virginia counsel and other local counsel for the Company shall collectively provide the following opinions with respect to the security interests created by the Security Documents:

(Capitalized terms used by not defined in this Exhibit F shall have the meanings assigned to them in the Purchase Agreement.)

1. The provisions of each Security Document are effective to create valid security interests in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, in that portion of the Collateral and the Mortgaged Properties described in the Guarantee and Collateral Agreement, the Collateral Trust Agreement, each Mortgage and each Intellectual Property Security Agreement, respectively, in each case to the extent such Collateral is subject to Article 9 of the UCC as security for the payment, to the extent set forth in each such Security Document of the Obligations of the relevant Loan Party to the Parity Lien Secured Parties under the Security Documents.

2. Upon delivery of the certificates representing the Pledged Securities (as defined in the Guarantee and Collateral Agreement) to the Collateral Agent in the State of New York pursuant to the Guarantee and Collateral Agreement with undated transfer powers duly endorsed in blank by an effective endorsement, the security interests in such Pledged Securities in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, will be perfected. No other security interest in the Pledged Securities is equal or prior to the security interest of the Collateral Agent for the benefit of the Parity Lien Secured Parties, except for the security interest of the Collateral Agent for the benefit of the Priority Lien Secured Parties or for any Permitted Prior Liens.

3. Upon delivery of that portion of the Pledged Collateral consisting of the collateral that constitutes "instruments" within the meaning of Section 9-102(a)(47) of the [_____] UCC (the "Pledged Notes") to the Collateral Trustee in the State of New York pursuant to the Guarantee and Collateral Agreement, the security interests in favor of the Collateral Agent, for the benefit of the Parity Lien Secured Parties, will be perfected. No other security interest in the Pledged Notes is equal or prior to the security interest of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, assuming the Collateral Agent takes possession of the Pledged Notes in good faith and without knowledge that its security interest in the Pledged Notes violates the rights of another secured party, except for the security interest of the Collateral Agent for the benefit of the Priority Lien Secured Parties or for any Permitted Prior Liens.

4. The provisions of the Control Agreements (as defined in the Guarantee and Collateral Agreement) are effective under the [_____] UCC to perfect the security interest in favor of the Collateral Trustee, for the benefit of the Parity Lien Secured Parties, in that portion of the Pledged Collateral consisting of Deposit Account[s] maintained with _____ (the "Depositary Bank") described in each such Control Agreement (the "Deposit Account[s]"), assuming that (a) each such Control Agreement has been duly

authorized, executed and delivered by each of the parties thereto (other than the Company, PMI or any Guarantor) and is the legally valid and binding obligation of each such party, (b) the Depositary Bank's jurisdiction (determined in accordance with Section 9304 of the [_____] UCC is that State of [_____] and (c) the Deposit Account[s] constitute[s] [s] "deposit account[s]" as defined in Section 9102(a)(29) of the [_____] UCC.

5. Each Financing Statement is in appropriate form for filing in the office of the [Secretary of State][relevant central filing authority] of the State of [_____]. Upon the proper filing of each such Financing Statement in the office of the [Secretary of State][relevant central filing authority] of the State of [_____], the security interest in favor of the Collateral Agent, for the benefit of the Parity Lien Secured Parties, in the collateral described in each such Financing Statement will be perfected to the extent a security interest in such collateral can be perfected under the provisions of the [_____] UCC by the filing of a financing statement in the State of [_____].

6. There are to the best of our knowledge, no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments of any nature relating to any of the Pledge Securities (as defined in the Guarantee and Collateral Agreement).

EXHIBIT G

The Collateral Trustee shall have received (with a copy for the Initial Purchaser):

(Capitalized terms used by not defined in this Exhibit G shall have the meanings assigned to them in the Purchase Agreement.)

1. Appropriately completed copies, which have been duly authorized for filing by the appropriate Person, of Uniform Commercial Code Financing Statements naming the Company and each Guarantor (as applicable) as a debtor and the Collateral Trustee as the secured party, or other similar instruments or documents to be filed under the UCC of all jurisdictions as may be necessary or, in the reasonable opinion of the Collateral Trustee and its counsel, desirable to perfect the security interests of the Collateral Trustee pursuant to the Security Documents.

2. Appropriately completed copies, which have been duly authorized for filing by the appropriate Person, of Uniform Commercial Code Form UCC-3 termination statements, if any, necessary to release all Liens (other than Permitted Prior Liens) of any Person in any collateral described in the Security Documents previously granted by any Person.

3. Certified copies of Uniform Commercial Code Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party acceptable to the Collateral Trustee, dated a date reasonably near to the Closing Date, listing all effective Financing Statements which name the Company and the Guarantors (under their respective present name and any previous names) as the debtor, together with copies of such Financing Statements (none of which shall cover any collateral described in the Security Documents, other than such Financing Statements that evidence Permitted Prior Liens).

4. Such releases, reconveyances, satisfactions or other instruments as it may request to confirm the release, satisfaction and discharge in full of all mortgages and deeds of trust at any time delivered by the Company or any Guarantor to secure any Obligations in respect of any existing credit facilities or other secured indebtedness, duly executed, delivered and acknowledged in recordable form by the grantee named therein or its of record successors or assigns.

5. A copy of the Collateral Trust Agreement executed by the Administrative Agent under the Credit Agreement, the Company and each Guarantor.

6. A certificate of insurance satisfactory to the Initial Purchasers confirming that all insurance requirements of the Guarantee and Collateral Agreement are satisfied.

7. Such other approvals, opinions or documents as the Initial Purchasers, the Trustee or the Collateral Trustee may reasonably request in form and substance satisfactory to each of them.

EXHIBIT 4.5

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

DATED AS OF JANUARY 28, 2004

BY AND AMONG

NRG ENERGY, INC.,

AS ISSUER,

THE ENTITIES LISTED ON SCHEDULE A HEREOF

AS GUARANTORS,

AND

CREDIT SUISSE FIRST BOSTON LLC

AND

LEHMAN BROTHERS INC.,

AS INITIAL PURCHASERS

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of January 28, 2004, by and among NRG Energy, Inc., a Delaware corporation (the "COMPANY"), the entities listed on Schedule A hereto (the "GUARANTORS"), and Credit Suisse First Boston LLC and Lehman Brothers Inc. (each an "INITIAL PURCHASER" and, together, the "INITIAL PURCHASERS"), each of whom has agreed to purchase the Company's 8% Second Priority Senior Secured Notes due 2013 in an aggregate principal amount of $475,000,000 (the "SERIES A NOTES") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated January 21, 2004 (the "PURCHASE AGREEMENT"), by and among the Company, the Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Company and the Guarantors have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 7(q) of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to them in the Indenture, dated December 23, 2003, among the Company, the Guarantors and Law Debenture Trust Company of New York, as Trustee, relating to the Series A Notes and the Series B Notes (as defined below) (the "INDENTURE").

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day other than a Saturday, a Sunday or a day

on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed.

Certificated Securities: Definitive Notes, as defined in the Indenture.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer; (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the period required pursuant to Section 3(b) hereof; and (c) the delivery by the Company to the

Registrar under the Indenture of Series B Notes in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by Holders thereof pursuant to the Exchange Offer.

Consummation Deadline: As defined in Section 3(b) hereof.

December 2003 Notes: The Company's previously issued $1,250,000,000 in aggregate principal amount of 8% Second Priority Senior Secured Notes due 2013 under the Indenture.

Effectiveness Deadline: As defined in Section 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Company of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Series A Notes that are tendered by Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Exempt Resales: The transactions in which the Initial Purchasers propose to sell the Series A Notes to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act, and in compliance with Regulation S under the Act.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Guarantors: The entities listed on Schedule A hereto and any other subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the Indenture.

Holders: As defined in Section 2 hereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company and the Guarantors relating to (a) an offering of Series B Notes and related Subsidiary Guarantees pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments

and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Regulation S: Regulation S promulgated under the Act.

Rule 144: Rule 144 promulgated under the Act.

Series B Notes: The Company's 8% Series B Second Priority Senior Secured Notes due 2013 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

Suspension Notice: As defined in Section 6(e) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: (i) Each Series A Note and the related Subsidiary Guarantees, until the earliest to occur of (a) the date on which such Series A Note is exchanged in the Exchange Offer for a Series B Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act; (b) the date on which such Series A Note has been disposed of in accordance with a Shelf Registration Statement; or (c) the date on which such Series A Note is distributed to the public pursuant to Rule 144 under the Act; and (ii) each Series B Note and the related Subsidiary Guarantees acquired by a Broker-Dealer in exchange for a Series A Note acquired for its own account as a result of market making activities or other trading activities until the date on which such Series B Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

SECTION 2. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "HOLDER") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law (after the procedures set forth in Section 6(a)(i) below have been complied with), the Company and the Guarantors shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 150 days after December 23, 2003 (such 150th day being the "FILING DEADLINE"); (ii) use all commercially reasonable efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 210 days after December 23, 2003 (such 210th day being the "EFFECTIVENESS DEADLINE"); (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-

effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer; and (iv) upon the effectiveness of such Exchange Offer Registration Statement, commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting (i) registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and (ii) resales of Series B Notes by Broker-Dealers that tendered into the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Company and the Guarantors shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes shall be included in the Exchange Offer Registration Statement, except for the exchange notes (and the guarantees thereof) to be issued pursuant to the Indenture in exchange for the December 2003 Notes. The Company and the Guarantors shall use all commercially reasonable efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 Business Days thereafter (such 30th Business Day being the "CONSUMMATION DEADLINE").

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Series A Notes acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because any such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer, the Company and the Guarantors shall permit the use of the Prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such prospectus delivery requirement. To the extent necessary to ensure that the Prospectus contained in the Exchange Offer Registration Statement is available for sales of Series B Notes by Broker-Dealers, the Company and the Guarantors agree, in the event any of them receives notice from a

Broker-Dealer within 30 days of the Consummation of the Exchange Offer that such Broker-Dealer holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making or similar activities, to use all commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Section 6(a) and (c)

hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of 180 days from the date on which the Exchange Offer is Consummated or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Company shall provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than two Business Days after such request, at any time during such period.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law (after the Company and the Guarantors have complied with the procedures set forth in Section 6(a)(i) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company in writing within 20 business days following the Consummation of the Exchange Offer that (A) such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Company or any of its Affiliates, then the Company and the Guarantors shall:

(x) use all commercially reasonable efforts to cause to be filed, on or prior to 30 days after the earlier of (i) the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Company receives the notice specified in clause (a)(ii) above (such earlier date, the "FILING DEADLINE"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "SHELF REGISTRATION STATEMENT")), relating to all Transfer Restricted Securities; provided, however, that nothing in this Section 4(a)(x) shall require the filing of the Shelf Registration Statement prior to the Filing Deadline for the Exchange Offer Registration Statement; and

(y) shall use all commercially reasonable efforts to cause such Shelf Registration Statement to become effective on or prior to 90 days after the Filing Deadline for the Shelf Registration Statement (such 90th day the "EFFECTIVENESS DEADLINE").

If, after the Company has and the Guarantors have filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Company is and the Guarantors are required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Company and the Guarantors shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and the other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Company and the Guarantors shall use all commercially reasonable efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant

thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 15 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information. Each Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading. The Company shall not be obligated to supplement such Shelf Registration Statement after it has been declared effective by the Commission more than one time per quarterly period to reflect additional Holders.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline; (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline; (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) the Shelf Registration Statement is declared effective but thereafter, pending the announcement of a material corporate transaction, the Company issues a notice that the Shelf Registration Statement is unusable, or such notice is required under applicable securities laws to be issued by the Company, and, during the period specified in Section 4(a) above, the aggregate number of days in any consecutive twelve-month period for which all such notices are issued or required to be issued exceeds 45 days or (v) the Exchange Offer Registration Statement is filed and declared effective but thereafter (A) during the period through and including the Consummation Deadline, shall cease to be effective or fail to be usable for its intended purpose without being succeeded within five Business Days by a post-effective amendment to such Exchange Offer Registration Statement that cures such failure and that is itself declared effective immediately or (B) during the period from the day after the Consummation Deadline through and including the one-hundred-eightieth day after the Consummation Deadline, pending the announcement of a material corporate transaction, the Company issues a notice that the Exchange Offer Registration Statement is unusable for the purposes contemplated by the second paragraph of Section 3(c) above, or such notice is required under applicable securities laws to be

issued by the Company, and, during the 180-day period specified in Section 3(c) above, the aggregate number of days for which all such notices are issued or required to be issued exceeds 45 days (each such event referred to in clauses (i) through (v), a "REGISTRATION DEFAULT"), then the Company and the Guarantors hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages in an amount equal to $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues for the first 90-day period immediately following the occurrence of such Registration Default. The amount of the liquidated damages shall increase by an additional $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of $0.50 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Company and the Guarantors shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above; (2) upon the

effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above; (3) upon Consummation of the Exchange Offer, in the case of (iii) above; or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of clauses (iv) and (v) above, as applicable, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii), (iv) or (v)(A) or (B), as applicable, shall cease.

All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Company and the Guarantors to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

In the event that the Exchange Offer Registration Statement is declared effective but thereafter the Company issues a notice as contemplated by clause (v)(B) above, the number of days during which such Registration Statement is unusable shall be deducted from the number of days permitted under the first annual 45-day "blackout" period under clause (iv) above for purposes of determining the number of days during which liquidated damages would accrue in the event of a Registration Default under clause (iv) above.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company and the Guarantors shall (x) comply with all applicable provisions of Section 6(c) below; (y) use all commercially reasonable efforts to effect such exchange and to permit the resale of Series B Notes by any Broker-Dealer that tendered Series A Notes in the Exchange Offer that such Broker-Dealer acquired for its own account as a result of its market

making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof; and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company and the Guarantors hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Company and the Guarantors to Consummate an Exchange Offer for such Transfer Restricted Securities. The Company and the Guarantors hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company and the Guarantors hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission staff, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker-Dealer) shall furnish,

upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company and the Guarantors (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series B Notes to be issued in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course of business. Each Holder using the Exchange Offer to participate in a distribution of the Series B Notes will be required to acknowledge and agree that, if the resales are of Series B Notes obtained by such Holder in exchange for Series A Notes acquired directly from the Company or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall provide a supplemental letter to the Commission (A)

stating that the Company and the Guarantors are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Company nor any Guarantor has entered into any arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of the Company's and each Guarantor's information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company and the Guarantors shall:

(i) comply with all the provisions of Section 6(c) and 6(d) below and use all commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company and the Guarantors will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof; and

(ii) issue, upon the request of any Holder or purchaser of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes sold pursuant to the Shelf Registration Statement and surrendered to the Company for cancellation; the Company and the Guarantors shall register Series B Notes and the related Subsidiary Guarantees on the Shelf Registration Statement for this purpose and issue the Series B Notes to the purchaser(s) of securities subject to the Shelf Registration Statement in the names as such purchaser(s) shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Company and the Guarantors shall:

(i) use all commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein (in the case of the Prospectus only,

in light of the circumstances under which they were made) not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company and the Guarantors shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use all commercially reasonable efforts to cause such amendment to be declared effective as soon as practicable. Notwithstanding the foregoing, if the board of directors of the Company determines in good faith that it is in the best interests of the Company not to disclose the existence of facts surrounding any proposed or pending material corporate transaction or other material development involving the Company and the Guarantors, the Company may allow the Shelf Registration Statement to fail to be effective or the Prospectus contained therein to be unusuable as a result of such nondisclosure for up to 60 days in any year during the two-year period of effectiveness required by Section 4(a) hereof, provided that a Registration Default would not occur during such period;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two business days prior to such sale of Transfer Restricted Securities;

(iv) use all commercially reasonable efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Transfer Restricted Securities; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(v) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with certificates for the Transfer

Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(vi) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act); and

(vii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all commercially reasonable best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner.

(d) Additional Provisions Applicable to Shelf Registration Statements and Certain Exchange Offer Prospectuses. In connection with each Shelf Registration Statement, and each Exchange Offer Registration Statement if and to the extent that an Initial Purchaser has notified the Company in writing that it is a holder of Series B Notes that are Transfer Restricted Securities (for so long as such Series B Notes are Transfer Restricted Securities or for the period provided in Section 3, whichever is shorter), the Company and the Guarantors shall:

(i) advise each selling Holder promptly and, if requested by such selling Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto; (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes; (D) of the existence of any fact or the happening of any event that makes any

statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and (E) of the existence of any event as described in the last sentence of Section 6(c)(i) hereof. If at any time the Commission shall issue any stop order suspending the effectiveness of any Registration Statement, or any state

securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company and the Guarantors shall use all commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(ii) if any fact or event contemplated by Section 6(d)(i)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(iii) furnish to each selling Holder in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein (except the Prospectus included in the Exchange Offer Registration Statement at the time it was declared effective) or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such selling Holders in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such selling Holders shall reasonably object within five Business Days after the receipt thereof. A selling Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein (in case of the Prospectus only, in light of the circumstances under which they were made) not misleading or fails to comply with the applicable requirements of the Act;

(iv) upon request, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each Holder in connection with such exchange or sale, if any, make the Company's and the Guarantors' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders may reasonably request;

(v) subject to appropriate confidentiality agreements being entered into, make available, at reasonable times, for inspection by each selling Holder and any attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate

documents of the Company and the Guarantors and cause the Company's and the Guarantors' officers, directors and employees to supply all information reasonably requested by any such selling Holder, attorney or accountant in connection with such

Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(vi) if requested by any selling Holders in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(vii) furnish to each selling Holder in connection with such exchange or sale without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(viii) deliver to each selling Holder without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company and the Guarantors hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each selling Holder in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(ix) upon the request of Holders who collectively hold an aggregate principal amount of Series A Notes in excess of 20% of the amount of outstanding Transfer Restricted Securities (the "REQUESTING HOLDERS"), enter into such agreements (including underwriting agreements) on up to three occasions and make such customary representations and warranties and take all such other actions in connection therewith as may be reasonable customary in underwritten offerings in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by the Requesting Holders in connection with any sale or resale pursuant to any applicable Registration Statement. In such connection, the Company and the Guarantors shall:

(A) upon request of any Requesting Holder, furnish (or in the case of paragraphs (2) and (3), use all commercially reasonable efforts to cause to be furnished) to each Requesting Holder, upon Consummation of the Exchange Offer or upon the effectiveness of the Shelf Registration Statement, as the case may be:

(1) a certificate, dated such date, signed on behalf of the Company and each Guarantor by an officer of the Company or of such Guarantor, as the case may be, confirming, as of the date thereof, the

matters set forth in Section 7(o) of the Purchase Agreement and such other similar matters as such Requesting Holders may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company and the Guarantors covering matters similar to those set forth in Exhibits B through F of the Purchase Agreement and such other matters as such Requesting Holders may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company and the Guarantors, representatives of the independent public accountants for the Company and the Guarantors and has considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing, no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Sections 7(l) and 7(m) of the Purchase Agreement; and

(B) deliver such other documents and certificates as may be reasonably requested by the Requesting Holders to evidence compliance with the matters

covered in clause (A) above and with any customary conditions contained in any agreement entered into by the Company and the Guarantors pursuant to this clause (ix);

(x) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that neither the Company nor any Guarantor shall be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject; and

(xi) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(e) Restrictions on Holders. Each Holder's acquisition of a Transfer Restricted Security constitutes such Holder's agreement that, upon receipt of the notice referred to in Section 6(d)(i)(C) or any notice from the Company of the existence of any fact of the kind described in Section 6(d)(i)(D) hereof or of any event of the kind described in the last sentence of Section 6(c)(i) hereof (in each case, a "SUSPENSION NOTICE"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(d)(ii) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "RECOMMENCEMENT DATE"). Each Holder receiving a Suspension Notice shall be required to either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Company with more recently dated Prospectuses or (ii) deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of delivery of the Recommencement Date.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Company's and the Guarantors' performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state

Blue Sky or securities laws; (iii) all expenses of printing (including certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses, messenger and delivery services and telephone); (iv) all fees and disbursements of counsel for the Company, the Guarantors and one counsel for the Holders of Transfer Restricted Securities which shall be Latham & Watkins LLP or such other counsel as may be selected by a majority of such Holders; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system

pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company and the Guarantors (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its and the Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company or the Guarantors.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company and the Guarantors will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Series A Notes into in the Exchange Offer and/or selling or reselling Series A Notes or Series B Notes pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Latham & Watkins LLP unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) The Company and the Guarantors agree, jointly and severally, to indemnify and hold harmless each Holder, its directors, officers and each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, liabilities, judgments, (including without limitation, any legal or other expenses incurred in connection with investigating or defending any matter, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto) provided by the Company to any Holder or any prospective purchaser of Series B Notes or registered Series A Notes, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a preliminary prospectus or Prospectus or any supplement thereto, in the light of the circumstances under which they were made) not misleading, except insofar as such losses, claims, damages, liabilities or judgments are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to any of the Holders furnished in writing to the Company by any of the Holders; provided, that the Company and each Guarantor will not be liable to any Holder under this Section 8(a) to the extent, but only to the extent, that (1) such loss, claim, damage or liability

resulted solely from an untrue statement or omission or alleged untrue statement or omission of a material fact contained in or omitted from such preliminary Prospectus which was corrected in the final Prospectus, (2) the Company sustains the burden of proving that such Holder sold Transfer Restricted Securities to the person alleging such loss, claim, damage or liability without sending or giving a copy of the Prospectus within the time required by the Act, (3) the Company had previously furnished sufficient quantities of the Prospectus to such Holder in such amounts and within such period of time as required under this Agreement and (4) such Holder failed to deliver the Prospectus, if required by law to have so delivered it, and such delivery would have been a complete defense against the person asserting such loss, claim, damage or liability.

(b) By its acquisition of Transfer Restricted Securities, each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company and the Guarantors, and its their respective directors and officers, and each person, if any, who controls (within

the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company or the Guarantors to the same extent as the foregoing indemnity from the Company and the Guarantors set forth in section (a) above, but only with reference to information relating to such Holder furnished in writing to the Company by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers or any Person who controls such Holder be liable or responsible for any amount in excess of the amount by which the total amount received by such Holder with respect to its sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PERSON") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such action pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party; (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party; or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with

any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Company and the Guarantors, in the case of parties indemnified pursuant to Section 8(b). No indemnifying party shall (i) without the prior written consent of the indemnified parties (which consent shall not be unreasonably withheld), settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim, action, suit or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified parties are actual or potential parties to such claim or action) unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising out of such claim, action, suit or proceeding, or (ii) be liable for any settlement of any such action effected without its written consent (which consent shall not be unreasonably withheld), but if settled with the consent of the indemnifying party or if there be a final judgment of the plaintiff in any such action, the indemnifying party agrees to indemnify and hold harmless any indemnified party from and against any loss or liability by reason of such settlement or judgment.

(d) To the extent that the indemnification provided for

in this Section 8 is unavailable to an indemnified party in respect of any losses, claims, damages, liabilities or judgments referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or judgments (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand, and the Holders, on the other hand, from their initial sale of Transfer Restricted Securities (or in the case of Series B Notes that are Transfer Restricted Securities, the sale of the Series A Notes for which such Series B Notes were exchanged); or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other relevant equitable considerations. The relative fault of the Company and the Guarantors, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or such Guarantor, on the one hand, or by the Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and judgments referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of this Section 8(d), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company, the Guarantors and, by its acquisition of Transfer Restricted Securities, each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one

entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any matter, including any action that could have given rise to such losses, claims, damages, liabilities or judgments. Notwithstanding the provisions of this Section 8, no Holder, its directors, its officers or any Person, if any, who controls such Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities; and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

SECTION 9. RULE 144A AND RULE 144

The Company and each Guarantor agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company or such Guarantor (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available within a reasonable period of time, upon written request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any

prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A; and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

SECTION 10. MISCELLANEOUS

(a) Remedies. The Company and the Guarantors acknowledge and agree that any failure by the Company and/or the Guarantors to comply with their respective obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantor's obligations under Sections 3 and 4 hereof. The Company and the Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company and the Guarantors will not, on or after the date of this Agreement, enter into any agreement with respect to their respective securities that is inconsistent with the rights granted to the Holders in this Agreement or

otherwise conflicts with the provisions hereof. The Company and the Guarantors have not previously entered into any agreement, other than the registration rights agreement, dated December 23, 2003, between the Company, the Guarantors and the initial purchasers relating to the December 2003 Notes, granting any registration rights with respect to its their respective securities to any Person that would require such securities to be included in any Registration Statement filed hereunder. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's and the Guarantors' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities; and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect their rights hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company or any of the Guarantors:

NRG Energy, Inc,
901 Marquette Avenue, Suite 2300
Minneapolis, Minnesota 55402-3265
Attention: Scott J. Davido, Esq.
Fax: (612) 373-5392

With a copy to:

Kirkland & Ellis LLP
200 East Randolph Drive

Chicago, Illinois 60610
Attention: Gerald T. Nowak, Esq.
Fax: (312) 861-2200

All such notices and communications shall be deemed to have been duly given at the time delivered by hand, when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the

parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NRG ENERGY, INC.

By: _____
Name:
Title:

EACH GUARANTOR LISTED ON SCHEDULE A HEREOF

By: _____
Name:
Title:

CREDIT SUISSE FIRST BOSTON LLC
LEHMAN BROTHERS INC.

BY: CREDIT SUISSE FIRST BOSTON LLC

By: _____
Name:
Title:

SCHEDULE A

GUARANTORS

1. Arthur Kill Power LLC

2. Astoria Gas Turbine Power LLC

3. Berrians I Gas Turbine Power LLC

4. Big Cajun II Unit 4 LLC

5. Capistrano Cogeneration Company

6. Chickahominy River Energy Corp.

7. Cobee Energy Development LLC

8. Commonwealth Atlantic Power LLC

9. Conemaugh Power LLC

10. Connecticut Jet Power LLC

11. Devon Power LLC

12. Dunkirk Power LLC

13. Eastern Sierra Energy Company

14. El Segundo Power II LLC

15. Hanover Energy Company

16. Huntley Power LLC

17. Indian River Operations Inc.

18. Indian River Power LLC

19. James River Power LLC

20. Kaufman Cogen LP

21. Keystone Power LLC

22. Louisiana Generating LLC

23. MidAtlantic Generation Holding LLC

24. Middletown Power LLC

25. Montville Power LLC

26. NEO California Power LLC

27. NEO Chester-Gen LLC

28. NEO Corporation

29. NEO Freehold-Gen LLC

30. NEO Landfill Gas Holdings Inc.

31. NEO Landfill Gas Inc.

32. NEO Nashville LLC

33. NEO Power Services Inc.

34. NEO Tajiguas LLC

35. Northeast Generation Holding LLC

36. Norwalk Power LLC

37. NRG Affiliate Services Inc.

38. NRG Arthur Kill Operations Inc.

39. NRG Asia-Pacific, Ltd.

40. NRG Astoria Gas Turbine Operations Inc.

41. NRG Bayou Cove LLC

42. NRG Cabrillo Power Operations Inc.

43. NRG Cadillac Operations Inc.

44. NRG California Peaker Operations LLC

45. NRG Central U.S. LLC

46. NRG Connecticut Affiliate Services Inc.

47. NRG Devon Operations Inc.

48. NRG Dunkirk Operations Inc.

49. NRG Eastern LLC

50. NRG El Segundo Operations Inc.

Schedule I-2

51. NRG Huntley Operations Inc.

52. NRG International LLC

53. NRG Kaufman LLC

54. NRG Mesquite LLC

55. NRG MidAtlantic Affiliate Services Inc.

56. NRG MidAtlantic Generating LLC

57. NRG MidAtlantic LLC

58. NRG Middletown Operations Inc.

59. NRG Montville Operations Inc.

60. NRG New Jersey Energy Sales LLC

61. NRG New Roads Holdings LLC

62. NRG North Central Operations Inc.

63. NRG Northeast Affiliate Services Inc.

64. NRG Northeast Generating LLC

65. NRG Norwalk Harbor Operations Inc.

66. NRG Operating Services, Inc.

67. NRG Oswego Harbor Power Operations Inc.

68. NRG Power Marketing Inc.

69. NRG Rocky Road LLC

70. NRG Saguaro Operations Inc.

71. NRG South Central Affiliate Services Inc.

72. NRG South Central Generating LLC

73. NRG South Central Operations Inc.

74. NRG West Coast LLC

75. NRG Western Affiliate Services Inc.

76. Oswego Harbor Power LLC

Schedule I-3

77. Saguaro Power LLC

78. Somerset Operations Inc.

79. Somerset Power LLC

80. South Central Generation Holding LLC

81. Vienna Operations Inc.

82. Vienna Power LLC

EXHIBIT 4.6

EXECUTION COPY

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$1,450,000,000

CREDIT AGREEMENT

dated as of December 23, 2003

among

NRG ENERGY, INC.,

NRG POWER MARKETING INC.,

THE LENDERS PARTY HERETO

and

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch,
as Administrative Agent

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch,

and

LEHMAN BROTHERS INC.,
as Joint Lead Book Runners and Joint Lead Arrangers

LEHMAN COMMERCIAL PAPER INC.,
as Syndication Agent

GENERAL ELECTRIC CAPITAL CORPORATION,
as Revolver Agent

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TABLE OF CONTENTS

Exhibits and Schedules

CREDIT AGREEMENT dated as of December 23, 2003 (this "Agreement"), among NRG ENERGY, INC., a Delaware corporation (the "Company"), NRG POWER MARKETING INC., a Delaware corporation ("NRG Power Marketing"), the LENDERS from time to time party hereto, CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch, and LEHMAN BROTHERS INC., as joint lead book runners and joint lead arrangers (in such capacities, collectively, the "Arrangers"), CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch, as administrative agent (in such capacity and together with its successors, the "Administrative Agent") and as collateral agent (in such capacity and together with its successors, the "Collateral Agent"), LEHMAN COMMERCIAL PAPER INC., as syndication agent (in such capacity, the "Syndication Agent") and GENERAL ELECTRIC CAPITAL CORPORATION, as revolver agent (in such capacity and together with its successors, the "Revolver Agent").

The parties hereto agree as follows:

ARTICLE I.

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"Account" shall have the meaning assigned to such term in the UCC.

"Additional Non-Recourse Indebtedness" shall mean secured Indebtedness for borrowed money of a Subsidiary that is not a Loan Party as of the Closing Date (so long as such Subsidiary does not become (and remain for a period of 365 days or more) a Subsidiary Guarantor after the Closing Date), or a Subsidiary that becomes a Subsidiary after the Closing Date, that is incurred to finance the development, construction or acquisition by such Subsidiary of a power generation facility (or a power transmission, distribution, fuel supply or fuel transportation facility), which facility in each case either does not exist as of the Closing Date (and in respect of which no development or construction thereof has taken place as of the Closing Date) or is owned by a person other than the Company or an Affiliate of the Company as of the Closing Date, and fixed or capital assets related thereto; provided that (a) such Indebtedness is without recourse to the Company or any other Subsidiary or to any property or assets of the Company or any other Subsidiary (other than, in each such case, another Subsidiary (x) which is the direct parent or a direct or indirect Subsidiary of the Subsidiary that incurred or issued such Indebtedness (other than any such Indebtedness constituting a Guarantee) or (y) that is a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee) or is the direct parent or a direct or indirect Subsidiary of a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee)), (b) neither the Company nor any other Subsidiary (other than another Subsidiary (x) which is the direct

parent or a direct or indirect Subsidiary of the Subsidiary that incurred or issued such Indebtedness

(other than any such Indebtedness constituting a Guarantee) or (y) that is a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee) or is the direct parent or a direct or indirect Subsidiary of a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee)) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or is directly or indirectly liable as a guarantor or otherwise in respect of such Indebtedness or in respect of the business or operations of the applicable Subsidiary that is the obligor on such Indebtedness or any of its subsidiaries (other than (i) any such credit support or liability consisting of reimbursement obligations in respect of Letters of Credit issued under, and subject to the terms of, Section 2.23 to support obligations of such applicable subsidiary and (ii) any investments in such applicable subsidiary made in accordance with Section 6.04(a)), (c) neither the Company nor any other Subsidiary or Affiliate of any thereof constitutes the lender of such Indebtedness, (d) no default with respect to such Indebtedness (including any rights that the holders of such Indebtedness may have to take enforcement action against a Subsidiary that is not a Loan Party) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any other Loan Party (other than Indebtedness incurred pursuant to Section 6.01(a), (b) or (f)) to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity, (e) the Liens securing such Indebtedness shall exist only on (i) the property and assets of any Subsidiary that is not a Loan Party and (ii) the Equity Interests in any Subsidiary that is not a Loan Party (and shall not apply to any other property or assets of the Company or any other Subsidiary that is a Loan Party) and (f) the lenders of such Indebtedness have been notified in writing that they will not have any recourse to the stock or assets of the Company or any other Loan Party, except, in the case of each of clauses (a), (b) and (f) for (x) agreements of the Company or any other Subsidiary to provide corporate or management services or operation and maintenance services to such Subsidiary, (y) Guarantees of the Company or any other Subsidiary with respect to debt service reserves established with respect to such Subsidiary to the extent that such Guarantee shall result in the immediate payment of funds, pursuant to dividends or otherwise, in the amount of such Guarantee to the Company or such other Subsidiary and (z) contingent obligations of the Company or any other Subsidiary to make capital contributions to such Subsidiary, in the case of each of clauses (x), (y) and (z), which are otherwise permitted hereunder.

"Adjusted Distributed Income" shall mean, for any period, Distributed Income for such period minus the sum of the following amounts (determined without duplication), in each case to the extent paid by the Company during such period and regardless of whether any such amount was accrued during such period: (a) tax expenses of the Company and the Subsidiaries and (b) general and administrative expenses, including corporate overhead expenses.

"Adjusted Excess Cash Flow" shall mean, for any fiscal year of the Company, Excess Cash Flow for such fiscal year minus $25,000,000.

"Adjusted LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum equal to the product of (a) the LIBO Rate in effect for such Interest Period and (b) Statutory Reserves.

"Administrative Agent" shall have the meaning assigned to such term in the preamble.

"Administrative Agent Fees" shall have the meaning assigned to such term in Section 2.05(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit A, or such other form as may be supplied from time to time by the Administrative Agent.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified; provided, however, that, (a) for purposes of Section 6.07, the term "Affiliate" shall also include any person that directly or indirectly owns 10% or more of any class of Equity Interests in the person specified or that is an officer or director of the person specified and (b) for purposes of Section 3.24, the term "Affiliate" shall have the meaning assigned to such term in Section 2(a)(11) of PUHCA.

"Affiliate Subordination Agreement" shall mean an Affiliate Subordination Agreement in the form of Exhibit B pursuant to which intercompany obligations and advances owed to any Loan Party are subordinated to the Secured Obligations hereunder.

"Agents" shall have the meaning assigned to such term in Article VIII.

"Aggregate Revolving Credit Exposure" shall mean the aggregate amount of the Lenders' Revolving Credit Exposures.

"Agreement" shall have the meaning assigned to such term in the preamble.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greater of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) 2.50%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Applicable Margin" shall mean, for any day, for each Type of Loan, the rate per annum set forth under the relevant column heading below:

	ABR Loans	Eurodollar Loans
Revolving Loans and Swingline Loans	3.00%	4.00%
Term Loans	3.00%	4.00%

"Arrangers" shall have the meaning assigned to such term in the preamble.

"Asset Sale" shall mean the direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), sale and leaseback, lease and leaseback, assignment, conveyance, transfer, issuance or other disposition (by way of merger, consolidation,

casualty, condemnation, operation of law or otherwise (other than pursuant to a Recovery Event)) by the Company or any of the Subsidiaries to any person other than the Company or any Subsidiary Guarantor of (a) any Equity Interests of any of the Subsidiaries (other than directors' qualifying shares or investments by foreign nationals required by applicable law) or (b) any other assets of the Company or any of the Subsidiaries, including Equity Interests of any person that is not the Company or a Subsidiary; provided that (i) any asset sale or series of related asset sales described in clause (b) above having a value not

in excess of $5,000,000 shall be deemed not to be an "Asset Sale" for purposes of this Agreement (other than for purposes of the definition of Designated Asset Sale Proceeds); and (ii) each of the following transactions shall be deemed not to be an "Asset Sale" for purposes of this Agreement: (A) the sale, transfer or other disposition by the Company or any Subsidiary of obsolete assets, scrap and Permitted Investments, in each case in the ordinary course of business, (B) the sale by the Company or any Subsidiary of power, capacity, fuel and other products or services, in each case in the ordinary course of business and consistent with the terms hereof, (C) the sale by the Company or any Subsidiary of emission credits in the ordinary course of business, (D) the sale, transfer or other disposition by any Subsidiary that is not a Loan Party of its assets (other than any such assets which are Collateral) in connection with a foreclosure by the applicable lenders with respect to any Indebtedness of such Subsidiary (or in lieu of such a foreclosure, but not in connection with a negotiated disposition) to the extent that such assets are collateral security for such Indebtedness and (E) the sale, transfer or other disposition by any Subsidiary that is not a Loan Party of any of its assets (other than any such assets constituting Collateral) to any other Subsidiary that is not a Loan Party; provided that if such transferor Subsidiary is a Domestic Subsidiary then such sale, transfer or other disposition may only be to another Domestic Subsidiary.

"Asset Sale Proceeds Account" shall mean a segregated account under the exclusive dominion and control of the Collateral Trustee, for the benefit of the Secured Parties, which is free from any other Liens.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any person whose consent is required by Section 9.04), substantially in the form of Exhibit C or such other form as shall be approved by the Administrative Agent.

"Bankruptcy Cases" shall mean the cases filed under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court by the Company, NRG Northeast and NRG South Central and certain of their respective subsidiaries (to the extent subject to the NRG Plan or the Northeast/South Central Plan, as the case may be) prior to the date hereof.

"Bankruptcy Code" shall mean Title 11 of United States Code, 11 U.S.C. Sections 101, et seq., as amended from time to time.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the Southern District of New York.

"Benchmark LIBO Rate" shall have the meaning assigned to such term in Section 2.24(b).

"Benefit Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Tax Code or Section 307 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States of America.

"Borrowers" shall mean the Revolving Loan Borrowers and the Term Loan Borrower.

"Borrowing" shall mean (a) Loans of the same Class and Type made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect, or (b) a Swingline Loan.

"Borrowing Request" shall mean a request by a Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit D, or

with such changes as may be approved by the Administrative Agent acting reasonably.

"Breakage Event" shall have the meaning assigned to such term in Section 2.16.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which commercial banks in New York City are authorized or required by law to close; provided, however, that when used in connection with a Eurodollar Loan (including with respect to all notices and determinations in connection therewith and any payments of principal, interest or other amounts thereon), the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Business Plan" shall have the meaning assigned to such term in Section 4.02(q).

"Capital Expenditures" shall mean, for any period, (a) the expenditures (by expenditure of cash or any other consideration or the incurrence of Indebtedness) for additions to property, plant and equipment and other capital expenditures of the Company and its consolidated Subsidiaries that are (or should be) included in "additions to property, plant and equipment", "capital expenditures" or other similar items reflected in a consolidated statement of cash flows of the Company for such period prepared in accordance with GAAP and (b) Capital Lease Obligations incurred by the Company and its consolidated Subsidiaries during such period.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP, and the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

A "Change in Control" shall be deemed to have occurred if (a) the Permitted Holders shall own directly or indirectly, beneficially or of record, Equity Interests representing 50% or more of either the aggregate ordinary voting power or the aggregate equity value represented by

the issued and outstanding Equity Interests in the Company; (b) any "person" or "group" (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof) other than the Permitted Holders shall own directly or indirectly, beneficially or of record, Equity Interests representing more than 30% of either the aggregate ordinary voting power or the aggregate equity value represented by the issued and outstanding Equity Interests in the Company; (c) a majority of the seats (other than vacant seats) on the board of directors of the Company shall at any time be occupied by persons who are not Continuing Directors; (d) the Company shall at any time fail to own directly or indirectly, beneficially and of record, 100% of each class of issued and outstanding Equity Interests in NRG Power Marketing free and clear of all Liens (other than Liens created by the Guarantee and Collateral Agreement); or (e) any change of control (or similar event, however denominated) shall occur under and as defined in the Senior Note Documents.

"Change in Law" shall mean (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or the Issuing Bank (or, for purposes of Section 2.14, by any lending office of such Lender or by such Lender's or Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Charges" shall have the meaning assigned to such term in Section 9.09.

"Class", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Term Loans or Swingline Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Credit Commitment, Term Loan Commitment, Swingline Commitment or Credit-Linked Deposit.

"Closing Date" shall mean the date of the first Credit Event.

"Collateral" shall mean all property and assets of the Loan Parties, now owned or hereafter acquired, other than the Excluded Assets.

"Collateral Agent" shall have the meaning assigned to such term in the preamble.

"Collateral Trust Agreement" shall mean the Collateral Trust Agreement in the form of Exhibit E, to be executed and delivered by the Company and each Subsidiary Guarantor.

"Collateral Trust Joinder" shall have the meaning assigned to such term in the Collateral Trust Agreement.

"Collateral Trustee" shall mean Deutsche Bank Trust Company Americas, acting as collateral trustee under the Collateral Trust Agreement.

"Commitment" shall mean, with respect to any Lender, such Lender's Revolving Credit Commitment, Term Loan Commitment, Swingline Commitment and Credit-Linked Deposit.

"Commitment Fee" shall have the meaning assigned to such term in Section 2.05(a).

"Commitment Fee Rate" shall mean a rate per annum equal to (a) 1.00%, if the average daily unused amount of the average Revolving Credit Commitment during the preceding quarter (or other applicable period) shall equal 66-2/3% or more of such average Revolving Credit Commitments, (b) 0.75%, if the average daily unused amount of the average Revolving Credit Commitment during the preceding quarter (or other applicable period) shall be greater than 33-1/3% but less than 66-2/3% of such average Revolving Credit Commitment and (c) 0.50%, if the average daily unused amount of the average Revolving Credit Commitment during the preceding quarter (or other applicable period) shall be 33-1/3% or less of such average Revolving Credit Commitment.

"Commitment Letter" shall mean the Commitment Letter dated as of August 19, 2003, among the NRG Entities, Credit Suisse First Boston, acting through its Cayman Islands Branch, Lehman Brothers Inc. and Lehman Commercial Paper Inc.

"Commodity Account" shall have the meaning assigned to such term in the UCC.

"Commodity Contract" shall have the meaning assigned to such term in the UCC.

"Company" shall have the meaning assigned to such term in the preamble.

"Confidential Information Memorandum" shall mean the Confidential Information Memorandum of the Company dated December 6, 2003.

"Confirmation Orders" shall mean the NRG Confirmation Order and the Northeast/South Central Confirmation Order.

"Consolidated EBITDA" shall mean, for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such

period, (iii) all amounts attributable to depreciation and amortization for such period, (iv) any extraordinary or non-recurring non-cash charges (other than the write-down of current assets) for such period (including any such non-cash charges for such period relating to the application of fresh start accounting principals), (v) any non-cash goodwill or other intangible asset impairment charges incurred after the date hereof resulting from the application of Statement Number 142 of the Financial Accounting Standards Board, (vi) any non-recurring expenses incurred in connection with the Financing Transactions and (vii) any non-cash compensation charges, including any such charges arising from stock options, restricted stock grants and other equity incentive programs (provided that to the extent that all or any portion of the income of any Subsidiary or other person is excluded from Consolidated Net Income pursuant to the definition thereof for all or any portion of such period any amounts set forth in the preceding clauses (i) through (vii) that are attributable to such Subsidiary or other person shall be not be included for purposes of this clause (a) for such period or portion thereof), and minus (b) without duplication (i) all cash payments made during such period on account of reserves, restructuring charges and other non-cash charges added to Consolidated Net Income pursuant to clause (a) above in a previous period and (ii) to the extent included in determining such Consolidated Net Income, any extraordinary gains and all non-cash items of income for

such period, all determined on a consolidated basis in accordance with GAAP; provided that for purposes of calculating Consolidated EBITDA for any period for purposes of the covenant set forth in Section 6.12 (A) the Consolidated EBITDA of any Acquired Entity acquired by the Company or any Subsidiary pursuant to a Permitted Acquisition during such period for which the aggregate consideration paid by the Company or any Subsidiary shall be equal to or greater than $25,000,000 shall be included on a pro forma basis for such period (assuming the consummation of such acquisition and the incurrence or assumption of any Indebtedness in connection therewith occurred as of the first day of such period) and (B) the Consolidated EBITDA of any person or line of business sold or otherwise disposed of by the Company or any Subsidiary during such period for which the aggregate consideration received by the Company or any Subsidiary shall be equal to or greater than $25,000,000 shall be excluded for such period (assuming the consummation of such sale or other disposition and the repayment of any Indebtedness in connection therewith occurred as of the first day of such period).

"Consolidated Interest Coverage Ratio" shall mean, on any date, the ratio of (a) Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date, taken as one accounting period, to (b) Consolidated Interest Expense for the period of four consecutive fiscal quarters most recently ended on or prior to such date, taken as one accounting period.

"Consolidated Interest Expense" shall mean, for any period, (a) the sum of, without duplication, (i) the interest expense (including imputed interest expense in respect of Capital Lease Obligations and Synthetic Lease Obligations) of the Company and the Subsidiaries for such period (including all commissions, discounts and other fees and charges owed by the Company and the Subsidiaries with respect to letters of credit and bankers' acceptance financing), net of interest income, in each case determined on a consolidated basis in accordance with GAAP, plus (ii) any interest accrued during such period in respect of Indebtedness of the Company or any Subsidiary that is required to be capitalized rather than included in consolidated interest expense for such period in accordance with GAAP, minus (b) to the extent included in such consolidated interest expense for such period, amounts attributable to the amortization of financing costs and non-cash amounts attributable to the amortization of debt discounts. For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by the Company or any Subsidiary with respect to interest rate Hedging Agreements.

"Consolidated Leverage Ratio" shall mean, on any date, the ratio of (a) Total Debt on such date to (b) Consolidated EBITDA for the period of four

consecutive fiscal quarters most recently ended on or prior to such date, taken as one accounting period.

"Consolidated Net Income" shall mean, for any period, the net income or loss before cumulative effect in change of accounting principles of the Company and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by the Subsidiary of that income is not, as a result of a Subsidiary Debt Default, at the time permitted by operation of the terms of the agreement or other documents governing the Indebtedness under which such Subsidiary Debt Default shall have occurred (provided that such income of such Subsidiary shall only be so excluded for that

portion of such period during which the condition described in this clause (a) shall so exist), (b) the income or loss of any person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Company or any Subsidiary or the date that such person's assets are acquired by the Company or any Subsidiary, (c) the income of any person (other than a Subsidiary) in which any other person (other than the Company or a wholly owned Subsidiary or any director or foreign national holding qualifying shares in accordance with applicable law) has an interest, except to the extent of the amount of dividends or other distributions actually paid to the Company or a wholly owned Subsidiary by such person during such period, and (d) any gains attributable to sales of assets out of the ordinary course of business.

"Continuing Directors" shall mean, at any time, any member of the board of directors of the Company who (a) was a member of such board of directors on the Closing Date or (b) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative thereto; provided that when used in connection with the Collateral Trustee's rights with respect to, or security interest in, any Collateral, "control" shall have the meaning specified in the UCC with respect to that type of Collateral.

"Control Agreement" shall mean each Control Agreement to be executed and delivered by each Loan Party and the other parties thereto, as required by the Guarantee and Collateral Agreement.

"Core Collateral" shall mean all Equity Interests in, and property and assets of, NRG Mid-Atlantic, NRG Northeast and NRG South Central and their respective subsidiaries (other than NRG Sterlington Power LLC, Bayou Cove Peaking Power LLC and Big Cajun I Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries), whether now owned or hereafter acquired.

"Credit Event" shall have the meaning assigned to such term in Section 4.01.

"Credit-Linked Deposit" shall mean, with respect to each Lender, the cash deposit, if any, made by such Lender pursuant to Section 2.23(d), as the same may be (a) reduced from time to time pursuant to Section 2.02(f), 2.09(b) or 2.09(d) and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The amount of each Lender's Credit-Linked Deposit on the Closing Date is set forth on the Lender Addendum delivered by such Lender.

"Credit-Linked Deposit Account" shall mean, collectively, one or more operating and/or investment accounts of, and established by, the Administrative

Agent under its sole and exclusive control and maintained at the office of the Administrative Agent located at Eleven Madison Avenue, New York, New York 10010 (or such other office as the Administrative Agent

shall from time to time designate to the Company), in any such case that shall be used for the purposes set forth in Article II.

"Creditor Notes" shall mean unsecured notes of the Company in an aggregate principal amount of up to $100,000,000 which may be issued pursuant to the NRG Plan to certain holders of unsecured pre-petition claims against the Company and NRG Power Marketing to the extent that the Company does not maintain a reserve for such claims after the Closing Date; provided that such notes (a) shall have an interest rate not to exceed 10%, (b) shall not be Guaranteed by any of the Subsidiaries and (c) shall not have a stated maturity, and shall not be subject to mandatory repurchase, redemption or amortization (other than pursuant to customary asset sale or change of control provisions requiring redemption or repurchase only if and to the extent permitted by this Agreement), prior to the date that is seven years following the Closing Date.

"Default" shall mean any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would constitute an Event of Default.

"Deposit Account" shall have the meaning assigned to such term in the UCC.

"Designated Asset Sale Proceeds" shall mean (a) Net Asset Sale Proceeds received by the Company or any Subsidiary in respect of an Asset Sale (other than an Asset Sale that relates to the Specified Assets Held for Sale), which (i) not later than the 330th day following the consummation of the applicable Asset Sale are so designated by the Company or such Subsidiary, as the case may be, pursuant to a notice (a "Designated Asset Sale Notice") delivered to the Administrative Agent specifying the amount thereof, the Permitted Acquisition to which such Net Asset Sale Proceeds will be applied and the amount of any Permitted Acquisition Indebtedness to be incurred in connection therewith and (ii) are, within 365 days of the date of receipt thereof applied to consummate the Permitted Acquisition specified in such Designated Asset Sale Notice in the amount so specified and (b) Net Asset Sale Proceeds from Asset Sales that relate to the Specified Assets Held for Sale.

"Designated Country" shall mean Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and any other country that shall at any time after the Closing Date become a member state of the European Union.

"Designated Non-Recourse Indebtedness" shall mean the Non-Recourse Indebtedness of NRG Peaker Finance Co. LLC existing on the date hereof.

"Disclosure Statement" shall mean the Third Amended Disclosure Statement for Debtors' second amended joint plan of reorganization pursuant to Chapter 11 of the Bankruptcy Code dated as of October 10, 2003, as approved by the Bankruptcy Court on October 14, 2003.

"Distributed Income" shall mean, for any period, the sum of the following amounts (determined without duplication, and excluding any amount that previously represented Distributed Income for purposes of this definition), but only to the extent received in cash by the Company from a Subsidiary during such period: (a) dividends paid to the Company by the Subsidiaries during such period, (b) consulting and management fees paid to the Company by the

Subsidiaries during such period, (c) tax sharing payments made to the Company by

the Subsidiaries during such period and (d) interest and other cash payments made to the Company by the Subsidiaries during such period other than (i) returns of invested capital, except for returns on invested capital in accordance with the ordinary course of business, (ii) payments of the principal of Indebtedness of any such Subsidiary to the Company and (iii) payments in an amount equal to the aggregate amount released from debt service reserve accounts upon the issuance of Guarantees by any Loan Party or letters of credit for the account of any Loan Party and for the benefit of the beneficiaries of such accounts. For purposes of determining Distributed Income, proceeds received by the Company, directly or indirectly from a Subsidiary, from Asset Sales, Recovery Events, Equity Issuances or the incurrence of Indebtedness or any merger, consolidation, liquidation or dissolution shall not be included in Distributed Income for any period.

"dollars" or "$" shall mean lawful money of the United States of America.

"Domestic Subsidiaries" shall mean all Subsidiaries incorporated, formed or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"Easement" shall have the meaning assigned to such term in Section 3.07.

"Engagement Letter" shall mean the Engagement Letter dated as of August 19, 2003, among the NRG Entities, Lehman Brothers Inc. and Credit Suisse First Boston LLC.

"Environmental Laws" shall mean all former, current and future Federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances and codes, and legally binding decrees, judgments, directives and orders (including consent orders), in each case, relating to protection of the environment, natural resources, occupational health and safety or the presence, Release of, or exposure to, Hazardous Materials, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or the arrangement for such activities with respect to, Hazardous Materials.

"Environmental Liability" shall mean all liabilities, obligations, damages, losses, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs (including administrative oversight costs, natural resource damages and remediation costs), whether contingent or otherwise, arising out of or relating to (a) compliance or non-compliance with any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a partnership or limited liability company, beneficial interests in a trust or other equity interests in any person, or any obligations convertible into or exchangeable for, or giving any person a right, option or warrant to acquire, such equity interests or such convertible or exchangeable obligations.

"Equity Issuance" shall mean any issuance or sale by the Company of any Equity Interests of the Company, or the receipt by the Company of any capital contribution, as

applicable, except in each case for (a) any receipt of any capital contribution from any Subsidiary, (b) any issuance of directors' qualifying shares or any issuance of shares to foreign nationals required by applicable law, (c) sales or issuances of common stock or other Equity Interests of the Company to management or employees of the Company or any Subsidiary under any employee stock option or

stock purchase plan or employee benefit plan in existence from time to time in the ordinary course of business or (d) any issuance of Equity Interests pursuant to the Recapitalization as provided in the NRG Plan.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Tax Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Tax Code, is treated as a single employer under Section 414 of the Tax Code.

"ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Benefit Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Benefit Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Tax Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Tax Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Benefit Plan; (d) the incurrence by the Company or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Benefit Plan or the withdrawal or partial withdrawal of the Company or any of its ERISA Affiliates from any Benefit Plan or Multiemployer Plan; (e) the receipt by the Company or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Benefit Plan or Plans or to appoint a trustee to administer any Benefit Plan; (f) the adoption of any amendment to a Benefit Plan that would require the provision of security pursuant to Section 401(a)(29) of the Tax Code or Section 307 of ERISA; (g) the receipt by the Company or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Company or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; or (h) the occurrence of a material non-exempt "prohibited transaction" with respect to which the Company or any of the Subsidiaries is a "disqualified person" (within the meaning of Section 4975 of the Tax Code) or with respect to which the Company or any such Subsidiary could otherwise be liable.

"Eurodollar", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"Event of Default" shall have the meaning assigned to such term in Article VII.

"Excess Cash Flow" shall mean, for any fiscal year of the Company, the excess of (a) the sum, without duplication, of the cash flow from operations determined on an unconsolidated

basis in accordance with GAAP of the Company and the Subsidiaries and, to the extent of the Company's or any Subsidiary's interest therein, any person (other than a Subsidiary) in which the Company or any Subsidiary has an interest; provided that there shall be excluded the cash flow from operations of any Subsidiary or other person in which the Company or any Subsidiary has an interest to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary or such other person of that cash flow from operations is not at the time permitted by operation of the terms of its governing documents or any agreement, instrument, judgment, decree, statute, rule or governmental regulation applicable to such Subsidiary, over (b) the sum, without duplication, of (i) the cash outflow from investments determined on an unconsolidated basis in accordance with GAAP of the Company and the Subsidiaries and, to the extent of the Company's or any Subsidiary's interest therein, any person (other than a Subsidiary) in which the Company or any Subsidiary has an

interest, (ii) permanent repayments of Indebtedness (other than mandatory prepayments of Loans under Section 2.13) made by the Company and the Subsidiaries during such fiscal year, but only to the extent that such prepayments by their terms cannot be reborrowed or redrawn and do not occur in connection with a refinancing of all or any portion of such Indebtedness and (iii) to the extent reflected in cash flow from operations of the Company and the Subsidiaries for such period, any Xcel Cash.

"Excess Credit-Linked Deposits" shall mean, at any time, the excess, if any, of the Total Credit-Linked Deposit over the aggregate Funded L/C Exposure at such time.

"Excluded Assets" shall mean (i) any lease, license, contract, property right or agreement to which any Loan Party is a party or any of such Loan Party's rights or interests thereunder if and only for so long as the grant of a security interest therein under the Security Documents shall constitute or result in a breach, termination or default or invalidity under any such lease, license, contract, property right or agreement (other than to the extent that any such term would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law or principles of equity); provided that such lease, license, contract, property right or agreement shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result; (ii) any interests in real property owned or leased by any Loan Party only for so long as such interest represents an Excluded Perfection Asset; (iii) any Equity Interests in any Excluded Project Subsidiary the pledge of which pursuant to the Security Documents would constitute a default under the applicable Non-Recourse Indebtedness in respect of which it is an obligor and any voting Equity Interests in excess of 66% (or, in the case of NRG International Holdings GmbH, NRG International Holdings (No.2) GmbH and NRGenerating International BV, 65%) of the total outstanding voting Equity Interests in any Excluded Foreign Subsidiary; (iv) any Deposit Account, Securities Account or Commodities Account (and all cash, Permitted Investments and Commodity Contracts held therein) if and only for so long as such Deposit Account, Securities Account or Commodities Account is subject to a Lien permitted under Section 6.02(g)(ii); (v) the Equity Interests in, and all properties and assets of, NRG Energy Insurance Ltd. (Cayman Islands); (vi) the Equity Interests in, and all properties and assets of, NRGenerating Holdings (No. 4) GmbH (only for so long as such entity shall remain a direct subsidiary of NRG International LLC and shall have no assets other than those owned on the date hereof), NRGenerating III (Gibraltar), NRGenerating Holdings (No. 23) BV, NRGenerating

IV Gibraltar, ONSITE Marianas Corporation, NGR Pacific Corporate Services Pty Ltd., Coniti Holding BV (only for so long as such entity shall own no assets other than the Equity Interests in Tosli (Gibraltar) BV) and Tosli (Gibraltar) BV (only for so long as such entity shall own no assets); (vii) the Equity Interests in, and all properties and assets of, NRG Latin America Inc., Sterling Luxembourg (No. 4) S.a.r.l, NRGenerating Luxembourg (No. 6) S.a.r.l., NRGenerating Holdings (No. 21) BV (only for so long as such entity shall own no assets other than the stock of its subsidiaries owned on the date hereof) and Compania Boliviana de Energia Elexctrica S.A. (Cobee Nova Scotia); (viii) the Equity Interests in NRG Sterlington Power LLC and Big Cajun I Peaking Power LLC for so long as such Equity Interests are pledged within 90 days of the Closing Date to the lenders of Non-Recourse Indebtedness of NRG Peaker Finance Co. LLC existing on the date hereof; (ix) any Equity Interest of a person (other than a Subsidiary) held by any Loan Party if and for so long as the pledge thereof under the Security Documents shall constitute or result in a breach, termination or default under any joint venture, stockholder or partnership agreement between such Loan Party and one or more other holders of Equity Interests of such person; provided that (A) such Loan Party shall have used reasonable efforts to obtain the consent or waiver of such other holders of Equity Interests of such person to such a pledge and such consent or waiver shall not have been obtained

and (B) such Equity Interest shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result; (x) all personal property and equipment (except two heat recovery steam generators) of Meriden Gas Turbines LLC; provided that such equipment is transferred to Dick Corporation within 180 days of the Closing Date; (xi) all properties and assets of the Company's resource recovery facility located at North Newport, MN and all properties and assets of the Company's resource recovery facility located at Elk River, MN if and for so long as the grant of a security interest therein under the Security Documents shall constitute or result in a breach, termination or default under any service agreement with the applicable municipalities in which such facilities reside; provided that (A) the Company shall have used reasonable efforts to obtain the consent or waiver of such municipalities to the grant of such security interests and such consent or waiver shall not have been obtained and (B) such properties and assets shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result; (xii) any Account of NRG Power Marketing solely to the extent that (x) such Account relates to the sale by NRG Power Marketing of power or capacity that was purchased by NRG Power Marketing from a Subsidiary that is an Excluded Project Subsidiary and (y) the grant of a security interest in such Account under the Security Documents shall constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Existing Non-Recourse Indebtedness of such Subsidiary (as such agreement or instrument is in effect on the date hereof); (xiii) the Deposit Account (and all cash held therein not to exceed $37,000,000) which has been pledged to ANZ Bank to cash collateralize a letter of credit issued by ANZ Bank and the Deposit Account (and all cash held therein not to exceed $600,000) which has been pledged to Bremer Bank to cash collateralize a letter of credit issued by Bremer Bank; provided that each such Deposit Account (and all cash held therein) shall automatically cease to be an Excluded Asset from and after the date that is 60 days after the Closing Date, (xiv) the Equity Interests in (x)

either of the NEO Companies and (y) any of Commonwealth Atlantic Power LLC, Hanover Energy Company, Chickahominy River Energy Corp. or Commonwealth Atlantic Power Limited Partnership, in the case of each of clause (x) and (y) to the extent that a grant of a security interest in such Equity Interests under the Security Documents shall constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Existing Non-Recourse Indebtedness of their subsidiaries (as such agreement or instrument is in effect on the date hereof); provided that the Equity Interests in the entities listed in clause (y) shall automatically cease to be Excluded Assets from and after the date that is 180 days after the Closing Date; (xv) the Deposit Account established by the Company pursuant to the NRG Plan in respect of the Consolidated Edison dispute and all cash held therein not to exceed (x) $11,700,000 as of the Closing Date plus (y) any amounts required by the NRG Plan to be deposited therein in respect of invoices owing to Consolidated Edison; provided that such Deposit Account (and all cash therein) shall automatically cease to be an Excluded Asset from and after the date that such dispute is resolved and (xvi) the Xcel Cash Account and all Xcel Cash therein.

"Excluded Capital Expenditures" shall mean, for any period, any Capital Expenditures made by the Company and the Subsidiaries during such period with the net cash proceeds from Asset Sales or Recovery Events during such period; provided that (a) any such Capital Expenditure is made within 365 days of receipt of such net cash proceeds and (b) the assets acquired in connection with any such Capital Expenditure are productive assets of a kind then used or usable in the business of the Company and the Subsidiaries as then conducted or proposed to be conducted in such time period pursuant to the Business Plan and, if such proceeds result from the sale of assets that constitute Collateral (other than the Specified Assets Held for Sale), such proceeds shall only be

used to acquire assets that will constitute Collateral.

"Excluded Entities" shall mean (a) those entities the Equity Interests, properties and assets of which represent "Excluded Assets" pursuant to clauses (vi) and (vii) of such definition, (b) those entities the Equity Interests of which represent "Excluded Assets" pursuant to clause (ix) of such definition, (c) those entities that are deemed to be "Excluded Foreign Subsidiaries" pursuant to clause (ii) of the proviso contained in such definition and (d) those entities that are deemed to not be "Material Subsidiaries" pursuant to the proviso contained in such definition (other than the Peakers Entities).

"Excluded Foreign Subsidiaries" shall mean, at any time, any Foreign Subsidiary that is (or is treated as) for United States federal income tax purposes either (a) a corporation or (b) a pass-through entity owned directly or indirectly by another Foreign Subsidiary that is (or is treated as) a corporation; provided that (i) none of NRG Mid-Atlantic, NRG Northeast or NRG South Central or any of their respective subsidiaries may at any time be an Excluded Foreign Subsidiary and (ii) notwithstanding the foregoing, the following entities will be deemed to be "Excluded Foreign Subsidiaries": Sterling Luxembourg (No. 4) S.a.r.l., Tosli Acquisition BV, NRGenerating Luxembourg (No. 6) S.a.r.l., NRGenerating Holdings (No. 4) GmbH (only for so long as such entity shall remain a direct subsidiary of NRG International LLC and shall have no assets other than those owned on the date hereof), NRGenerating Holdings (No. 3) Gibraltar, NRGenerating Holdings (No. 23) BV, NRG Pacific Corporate Services Pty Ltd., NRGenerating III (Gibraltar), NRGenerating IV (Gibraltar), Coniti Holding BV (only for so long as such entity shall own no assets other than the Equity Interests in Tosli (Gibraltar)

BV) and Tosli (Gibraltar) BV (only for so long as such entity shall own no assets). The Excluded Foreign Subsidiaries on the Closing Date are set forth on Schedule 1.01(a).

"Excluded Perfection Assets" shall mean (a) any Specified Assets Held for Sale if and only to the extent that the grant of a security interest with respect thereto cannot be perfected by the filing of a financing statement under the UCC of the relevant jurisdiction or, in the case of any Specified Assets Held for Sale that consist of Equity Interests, either the filing of a financing statement under the UCC of the relevant jurisdiction or the possession of certificates representing such Equity Interests; provided that any of such Specified Assets Held for Sale that are not sold or otherwise disposed of by the Company or any of the Subsidiaries to any person other than the Company or any of the Subsidiaries within 12 months of the Closing Date shall cease to be an Excluded Perfection Asset; and (b) any other property or assets (other than any Core Collateral except (i) the lease of Dunkirk Power LLC relating to 347 Seneca Street, Buffalo, NY, (ii) the lease of Astoria Gas Turbine Power LLC relating to the Consolidated Edison site located at 31-02 20th Avenue, Astoria, NY, (iii) the lease of Astoria Gas Turbine Power LLC relating to the A-11 dock located at 31-02 20th Avenue, Astoria, NY, (iv) the lease of NRG New Roads Holding LLC relating to the turbine storage facilities located at GTS Duratek, 1790 Dock Street, Memphis, TN, (v) the lease of NRG New Roads Holding LLC relating to the turbine storage facilities located at Liebherr American Inc., 4100 Chestnut, Newport News, VA and (vi) the lease of NRG New Roads Holding LLC relating to the warehouse facilities for turbine storage located at Tidewater Warehouses, Bay 3, 814 Childs Avenue, Hampton, VA) in which a security interest cannot be perfected by the filing of a financing statement under the UCC of the relevant jurisdiction or, in the case of Equity Interests, either the filing of a financing statement under the UCC of the relevant jurisdiction or the possession of certificates representing such Equity Interests; provided that such property or assets shall not have a fair market value at any time exceeding $2,000,000 (or, if such property or asset is a Deposit Account or Securities Account, $250,000) individually or $20,000,000 in the aggregate and, to the extent that the fair market value of any such property or asset shall exceed $2,000,000 (or, if such property or asset is a Deposit Account or Securities Account, $250,000) individually, such property or asset shall cease to be an Excluded Perfection Asset and, to the extent that the fair market value of such property or assets

shall exceed $20,000,000 in the aggregate at any time, such property or assets shall cease to be Excluded Perfection Assets to the extent of such excess fair market value.

"Excluded Project Subsidiaries" shall mean, at any time, (a) any Subsidiary existing as of the Closing Date that is an obligor with respect to Existing Non-Recourse Indebtedness outstanding at such time and (b) any Subsidiary that is set forth on Schedule 1.01(b) as of the Closing Date (so long as such Subsidiary does not become (and remain for a period of 365 days or more) a Subsidiary Guarantor after the Closing Date) or any Subsidiary that becomes a Subsidiary after the Closing Date that is an obligor with respect to Additional Non-Recourse Indebtedness outstanding at such time, in each case if and for so long as the grant of a security interest in the property or assets of such Subsidiary or the pledge of the Equity Interests of such Subsidiary, in each case in favor of the Collateral Trustee for the benefit of the Secured Parties, shall constitute or result in a breach, termination or default under the agreement or instrument governing the applicable Non-Recourse Indebtedness; provided that such Subsidiary shall be an Excluded Project Subsidiary only to the extent that and for so long as the requirements and consequences above shall exist; provided further that none of NRG Mid-Atlantic, NRG Northeast or NRG South Central or any of their respective subsidiaries (other than NRG

Sterlington Power LLC, Bayou Cove Peaking Power LLC and Big Cajun I Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries) may at any time be an Excluded Project Subsidiary. The Excluded Project Subsidiaries on the Closing Date are set forth on Schedule 1.01(b).

"Excluded Subsidiary" shall mean an Excluded Foreign Subsidiary or an Excluded Project Subsidiary.

"Excluded Taxes" shall mean, with respect to the Administrative Agent, any Lender, the Issuing Bank and any other recipient of any payment to be made by or on account of any obligation of a Borrower hereunder, and, for purposes of Section 2.20 only, by or on account of any obligation of the Administrative Agent pursuant to Section 2.24(b), (a) income or franchise taxes imposed on (or measured by) each such person's net income by the United States of America, or as a result of a present or former connection between such recipient and the jurisdiction imposing such tax (or any political subdivision thereof), other than any such connection arising solely from such recipient having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document and (b) in the case of a Foreign Lender (other than an assignee pursuant to a request by a Borrower under Section 2.21(a)), any United States withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Foreign Lender's failure to comply with Section 2.20(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from such Borrower with respect to such withholding tax pursuant to Section 2.20(a) or (b).

"Existing Non-Recourse Indebtedness" shall mean secured Indebtedness for borrowed money outstanding as of the Closing Date of a Subsidiary (or of Cadillac Renewable Energy LLC) existing as of the Closing Date and any Permitted Refinancing Indebtedness in respect of such Indebtedness that was incurred to finance the development, construction or acquisition of or by, or repairs, improvements or additions to, fixed or capital assets of such Subsidiary (including power generation facilities); provided that, except as set forth on Schedule 1.01(c), (a) such Indebtedness is without recourse to the Company or any other Subsidiary or to any property or assets of the Company or any other Subsidiary (other than, in each such case, another Subsidiary (x) which is the direct parent or a direct or indirect Subsidiary of the Subsidiary that incurred or issued such Indebtedness (other than any such Indebtedness constituting a Guarantee) or (y) that is a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee) or is the direct

parent or a direct or indirect Subsidiary of a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee)), (b) neither the Company nor any other Subsidiary (other than another Subsidiary (x) which is the direct parent or a direct or indirect Subsidiary of the Subsidiary that incurred or issued such Indebtedness (other than any such Indebtedness constituting a Guarantee) or (y) that is a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee) or is the direct parent or a direct or indirect Subsidiary of a Subsidiary that itself has Non-Recourse Indebtedness (other than any such Indebtedness constituting a Guarantee)) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or is directly or indirectly liable as a guarantor or

otherwise in respect of such Indebtedness or in respect of the business or operations of the applicable Subsidiary that is the obligor on such Indebtedness or any of its subsidiaries (other than (i) any such credit support or liability consisting of reimbursement obligations in respect of Letters of Credit issued under, and subject to the terms of, Section 2.23 to support obligations of such applicable subsidiary and (ii) any investments in such applicable subsidiary made in accordance with Section 6.04(a)), (c) neither the Company nor any other Subsidiary or Affiliate of any thereof constitutes the lender of such Indebtedness, (d) no default with respect to such Indebtedness (including any rights that the holders of such Indebtedness may have to take enforcement action against a Subsidiary that is not a Loan Party) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any other Loan Party (other than Indebtedness incurred pursuant to Section 6.01(a), (b) or (f)) to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its stated maturity and (e) the Liens securing such Indebtedness shall exist only on (i) the property and assets of any Subsidiary that is not a Loan Party and (ii) the Equity Interests in any Subsidiary that is not a Loan Party (and shall not apply to any other property or assets of the Company or any other Subsidiary that is a Loan Party), except, in the case of each of clauses (a) and (b) for (x) agreements of the Company or any other Subsidiary to provide corporate or management services or operation and maintenance services to such Subsidiary, (y) Guarantees of the Company or any other Subsidiary with respect to debt service reserves established with respect to such Subsidiary to the extent that such Guarantee shall result in the immediate payment of funds, pursuant to dividends or otherwise, in the amount of such Guarantee to the Company or such other Subsidiary and (z) contingent obligations of the Company or any other Subsidiary to make capital contributions to such Subsidiary, in the case of each of clauses (x), (y) and (z), which are otherwise permitted hereunder.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" shall mean the Fee Letter dated as of August 19, 2003, among the NRG Entities, Credit Suisse First Boston, acting through its Cayman Islands Branch, Lehman Brothers Inc. and Lehman Commercial Paper Inc.

"Fees" shall mean the Commitment Fees, the Administrative Agent's Fees, any Prepayment Fee, the L/C Participation Fees and the Issuing Bank Fees.

"FERC" shall mean the Federal Energy Regulatory Commission or its successor.

"Financial Institution" shall mean a bank, an investment bank or an Affiliate of a bank or an investment bank.

"Financial Officer" of any person shall mean any of the chief financial

officer (or if no individual shall have such designation, the person charged by the board of directors of such

person with such powers and duties as are customarily bestowed upon the individual with such designation) or the audit or finance committee of the board of directors of such person.

"Financing Transactions" shall mean the negotiation, execution, delivery and performance by each Loan Party of each Loan Document and each Senior Note Document to which it is a party.

"Foreign Lender" shall mean any Lender that is organized under the laws of a jurisdiction other than that in which the Borrowers are incorporated or organized. For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Foreign Subsidiary" shall mean any Subsidiary that is not a Domestic Subsidiary.

"FPA" shall mean the Federal Power Act and the rules and regulations promulgated thereunder, as amended from time to time.

"Funded Issuing Bank Fees" shall have the meaning assigned to such term in Section 2.05(d).

"Funded L/C Commitment" shall mean the commitment of the Issuing Bank to issue Funded Letters of Credit pursuant to Section 2.23.

"Funded L/C Disbursements" shall mean a payment or disbursement made by the Issuing Bank pursuant to a Funded Letter of Credit.

"Funded L/C Exposure" shall mean, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Funded Letters of Credit at such time and (b) the aggregate amount of all Funded L/C Disbursements that have not yet been reimbursed at such time (or deemed to have not yet been reimbursed at such time pursuant to Section 2.23(e)). The Funded L/C Exposure of any Term Lender at any time shall equal its Pro Rata Percentage of the aggregate Funded L/C Exposure at such time.

"Funded L/C Fee Payment Date" shall have the meaning assigned to such term in Section 2.05(d).

"Funded L/C Participation Fee" shall have the meaning assigned to such term in Section 2.05(d).

"Funded Letter of Credit Availability Period" shall mean the period from and including the Closing Date to but excluding the earlier of the Funded Letter of Credit Maturity Date and the date on which all of the Credit-Linked Deposits are returned to the Term Lenders, utilized to reimburse the Issuing Bank for Funded L/C Disbursements or converted into Term Loans.

"Funded Letter of Credit Maturity Date" shall mean the Term Loan Maturity Date.

"Funded Letter of Credit" shall mean, at any time, any Letter of Credit that has been designated by the Term Loan Borrower (or deemed designated) as a Funded Letter of Credit in accordance with the provisions of Section 2.23.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Good Utility Practices" shall mean any of those practices, methods, standards and acts (including the practices, methods, standards and acts engaged in or approved by a significant portion of the electric power generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should have reasonably been expected to have been known at the time a decision was made, could have reasonably been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts conform in all material respects to applicable law, permits and other governmental approvals.

"Governmental Authority" shall mean the government of the United States of America or any other nation, any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Granting Lender" shall have the meaning assigned to such term in Section 9.04(i).

"Guarantee" of or by any person (the "guarantor") shall mean any obligation, contingent or otherwise, of (a) the guarantor or (b) another person (including any bank under a letter of credit) to induce the creation of which the guarantor has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation, contingent or otherwise, of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (iv) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation or (v) to otherwise assure or hold harmless the owner of such Indebtedness or other obligation against loss in respect thereof; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee and Collateral Agreement" shall mean the Guarantee and Collateral Agreement in the form of Exhibit F, to be executed and delivered by the Company and each Subsidiary Guarantor.

"Hazardous Materials" shall mean (a) any petroleum products or byproducts and all other hydrocarbons, coal ash, coal combustion by-products or waste, boiler slag, scrubber residue, flue desulfurization material, radon gas, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, chlorofluorocarbons and all other ozone-depleting substances and (b) any hazardous or toxic chemical, material, substance or waste that is prohibited, limited or regulated by or pursuant to any Environmental Law.

"Hedging Agreement" shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, fuel or other commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided, however, that no phantom stock or similar plan providing for payments and on account of services provided by current or former directors, officers, employees or consultants of the Company or any Subsidiary shall be a Hedging

Agreement.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets acquired by such person, (d) all obligations of such person in respect of the deferred purchase price of property or services (other than trade accounts payable incurred in the ordinary course of business that are not more than 90 days past due), (e) all obligations of such person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value, or make any payment in cash (whether dividends, interest or otherwise) prior to the Term Loan Maturity Date in respect of, any Equity Interests in such person, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the Indebtedness secured thereby has been assumed (provided that, if such person has not assumed such Indebtedness of another person, then the amount of Indebtedness of such person for purposes of this clause (f) shall be equal to the lesser of the amount of the Indebtedness of the other person and the fair market value of the assets of such person which secures such Indebtedness), (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations or Synthetic Lease Obligations of such person, (i) all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such person in respect of bankers' acceptances. The Indebtedness of any person shall include the Indebtedness of any other person (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person's ownership interest in, or other relationship with, such other person, except to the extent the terms of such Indebtedness provide that such person is not liable therefor.

"Indemnified Taxes" shall mean Taxes other than Excluded Taxes and Other Taxes.

"Indemnitee" shall have the meaning assigned to such term in Section 9.05(b).

"Information" shall have the meaning assigned to such term in Section 9.16.

"Intellectual Property Collateral" shall have the meaning assigned to such term in the Guarantee and Collateral Agreement.

"Intellectual Property Security Agreement" shall mean all Intellectual Property Security Agreements to be executed and delivered by the Loan Parties, each substantially in the applicable form required by the Guarantee and Collateral Agreement.

"Interest Payment Date" shall mean (a) with respect to any ABR Loan (other than a Swingline Loan), the last Business Day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing, and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid.

"Interest Period" shall mean (a) with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is 1, 2, 3 or 6 months thereafter (or 9 or 12 months thereafter if, at the time of the relevant Borrowing, an interest period of such duration is available to all Lenders

participating therein), as the applicable Borrower may elect and (b) with respect to the Credit-Linked Deposits, each period commencing on the date the Credit-Linked Deposits are initially funded or on the last day of the preceding Interest Period applicable thereto, as the case may be, and ending on the numerically corresponding date in the calendar month that is 3 months thereafter; provided, however, that (i) a single Interest Period shall at all times apply to all Credit-Linked Deposits, (ii) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (iii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Issuing Bank" shall mean, as the context may require, (a) Credit Suisse First Boston, acting through its Cayman Islands Branch, in its capacity as the issuer of Funded Letters of Credit hereunder, (b) General Electric Capital Corporation, in its capacity as the issuer of Revolving Letters of Credit hereunder, and (c) any other Lender that may become an Issuing Bank pursuant to Section 2.23(i) or 2.23(k), with respect to Letters of Credit issued by such Lender. The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank or other financial institutions, in which case the term "Issuing Bank" shall include any such Affiliate or other financial institution with respect to Letters of Credit issued by such Affiliate or other financial institution.

"Issuing Bank Fees" shall mean Revolving Issuing Bank Fees and Funded Issuing Bank Fees.

"L/C Commitment" shall mean a Revolving L/C Commitment or a Funded L/C Commitment.

"L/C Disbursement" shall mean a Revolving L/C Disbursement or a Funded L/C Disbursement.

"L/C Exposure" shall mean, at any time, the Revolving L/C Exposure and the Funded L/C Exposure at such time.

"L/C Exposure Cap" shall mean $125,000,000.

"Lender Addendum" shall mean, with respect to any initial Lender, a Lender Addendum in the form of Exhibit G, or such other form as may be supplied by the Administrative Agent, to be executed and delivered by such Lender on the Closing Date.

"Lenders" shall mean (a) the persons that deliver a Lender Addendum (other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance) and (b) any person that has become a party hereto pursuant to an Assignment and Acceptance. Unless the context otherwise requires, the term "Lenders" shall include the Swingline Lender.

"Letter of Credit" shall mean a Revolving Letter of Credit or a Funded Letter of Credit.

"LIBO Rate" shall mean, with respect to any Eurodollar Borrowing or Credit-Linked Deposit for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m., London time, on the date that is two Business Days prior to the commencement of such Interest Period by reference to the British Bankers' Association Interest Settlement Rates for

deposits in dollars (as set forth by the Bloomberg Information Service or any successor thereto or any other service selected by the Administrative Agent which has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; provided that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "LIBO Rate" shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits in dollars are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period; provided further that if the LIBO Rate determined as provided above for any Eurodollar Borrowing for any Interest Period would be less than 1.50% per annum, then the "LIBO Rate" for such Borrowing for such Interest Period shall be deemed to be 1.50% per annum.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, deed to secure debt, lien (statutory or otherwise), pledge, hypothecation, encumbrance, restriction, collateral assignment, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing)

relating to such asset and (c) in the case of Equity Interests or debt securities, any purchase option, call or similar right of a third party with respect to such Equity Interests or debt securities.

"Loan Documents" shall mean this Agreement, any promissory note delivered pursuant to Section 2.04(e), the Security Documents and the Affiliate Subordination Agreement.

"Loan Parties" shall mean the Company and each Subsidiary Guarantor.

"Loans" shall mean the Revolving Loans, the Term Loans and the Swingline Loans.

"Majority Lenders" shall mean, at any time, Lenders having Loans (excluding Swingline Loans), Revolving L/C Exposure, Funded L/C Exposure, Swingline Exposure, unused Revolving Credit Commitments and Term Loan Commitments and Excess Credit-Linked Deposits representing at least a majority of the sum of all Loans outstanding (excluding Swingline Loans), Revolving L/C Exposure, Funded L/C Exposure, Swingline Exposure, unused Revolving Credit Commitments and Term Loan Commitments and Excess Credit-Linked Deposits at such time.

"Majority Revolving Credit Lenders" shall mean, at any time, Revolving Credit Lenders having Revolving Loans (excluding Swingline Loans), Revolving L/C Exposure, Swingline Exposure and unused Revolving Credit Commitments representing at least a majority of the sum of all Revolving Loans outstanding (excluding Swingline Loans), Revolving L/C Exposure, Swingline Exposure and unused Revolving Credit Commitments at such time.

"Majority Term Lenders" shall mean, at any time, Term Lenders having Term Loans, Funded L/C Exposure, unused Term Loan Commitments and Excess Credit-Linked Deposits representing at least a majority of the sum of all Term Loans outstanding, Funded L/C Exposure, unused Term Loan Commitments and Excess Credit-Linked Deposits at such time.

"Margin Stock" shall have the meaning assigned to such term in Regulation U.

"Material Adverse Effect" shall mean a material adverse change in or material adverse effect on (a) the condition (financial or otherwise), results of operations, assets, liabilities or prospects of the Company and the

Subsidiaries, taken as a whole, or (b) the validity or enforceability of any of the Loan Documents or the rights and remedies of the Arrangers, the Administrative Agent, the Collateral Agent, the Collateral Trustee or the Secured Parties thereunder.

"Material Contract" shall have the meaning assigned to such term in the Guarantee and Collateral Agreement.

"Material Indebtedness" shall mean Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Hedging Agreements, of any one or more of the Company or any of the Subsidiaries in an aggregate principal amount exceeding $50,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of the Company or any Subsidiary in respect of any Hedging Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that the Company or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Material Subsidiary" shall mean, at any time, any Subsidiary that at such time shall own or otherwise hold more than 2.5% of the Company's total consolidated assets; provided that the following Subsidiaries shall not in any event be Material Subsidiaries for purposes hereof so long as at any time after the Closing Date (a) such Subsidiaries shall not merge or consolidate with the Company, any other Subsidiary or any other person and (b) neither the Company nor any other Subsidiary or other person shall sell, transfer, lease, issue or otherwise dispose of (in one transaction or series of related transactions) assets with a fair market value in excess of $1,000,000 to such Subsidiary: NRG Ilion LP LLC, NRG Ilion Limited Partnership, Meriden Gas Turbine LLC, LSP Kendall Energy LLC, LSP-Pike Energy LLC, LSP-Nelson Energy LLC, NRG Nelson Turbines LLC, NRG Jackson Valley Energy I, Inc., NRG McClain LLC, NRG Audrain Holding LLC, NRG Audrain Generating LLC and the Peakers Entities.

"Maximum Rate" shall have the meaning assigned to such term in Section 9.09.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor entity.

"Mortgaged Properties" shall mean, initially, each parcel of real property and the improvements located thereon and appurtenants thereto owned or leased by a Loan Party and specified on Schedule 1.01(d), and shall include each other parcel of real property and improvements located thereon with respect to which a Mortgage is granted pursuant to Section 5.09 or 5.10.

"Mortgages" shall mean the mortgages, deeds of trust, leasehold mortgages, assignments of leases and rents, modifications and other security documents granting a Lien on any Mortgaged Property to secure the Secured Obligations, each in the form of Exhibit H with such changes as are reasonably satisfactory to the Company (which shall be evidenced by the signature thereof by the applicable Loan Party), the Collateral Agent and the Collateral Trustee.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Asset Sale Proceeds" shall have the meaning assigned to such term in the definition of "Net Cash Proceeds".

"Net Cash Proceeds" shall mean (a) with respect to any Asset Sale or Recovery Event, the proceeds thereof in the form of cash and Permitted Investments (including any such proceeds subsequently received (as and when received) in respect of noncash consideration initially received), net of (i) expenses related to such Asset Sale or Recovery Event (including reasonable and customary broker's fees or commissions, legal fees and taxes incurred by the Company and the Subsidiaries in connection therewith and the Company's good faith estimate of any other taxes to be paid or payable in connection with such

Asset Sale or Recovery Event, after taking into account any available tax credits or deductions and any tax sharing arrangements, and any out-of-pocket costs of remediation, repair or closure required to be incurred by the Company and the Subsidiaries by the applicable Governmental Authority in connection with such Recovery Event), (ii) amounts remitted in an escrow or provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations or purchase price adjustment associated with such Asset Sale (provided that, to the extent and at the time any such amounts

are released from such reserve or escrow to the benefit of the Company or any Subsidiary, such amounts shall constitute Net Cash Proceeds) and (iii) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness for borrowed money, purchase money Indebtedness or Capital Lease Obligations which is secured by the asset transferred, taken or sold in such Asset Sale or Recovery Event and which is required to be repaid with such proceeds (other than any such Indebtedness hereunder or assumed by the purchaser of such asset) (such proceeds described in this clause (a) with respect to any Asset Sale (other than Asset Sales relating to Specified Assets Held for Sale), "Net Asset Sale Proceeds"); provided, however, that, during each fiscal year of the Company the initial $25,000,000 of Net Asset Sale Proceeds that is received during such fiscal year shall not be subject to the mandatory prepayment provisions of Section 2.13(b) even if the terms of the following proviso are not complied with respect to such $25,000,000 of Net Asset Sale Proceeds, but shall be subject to and included in the amounts and limitations set forth in the last sentence of this definition; provided further, however, that, subject to the last sentence of this definition, if (v) the Company shall deliver a certificate of a Financial Officer to the Administrative Agent at the time of receipt thereof setting forth the Company's intent to reinvest such proceeds in Permitted Acquisitions or productive assets of a kind then used or usable in the business of the Company and the Subsidiaries within 365 days of receipt of such proceeds, (w) pending such use of such proceeds such proceeds are held in an Asset Sale Proceeds Account or are temporarily used to prepay Revolving Credit Borrowings hereunder pending such permitted reinvestment, (x) no Default or Event of Default shall have occurred and shall be continuing at the time of such certificate or at the proposed time of the application of such proceeds (both before and after giving effect to such application), (y) if such proceeds (1) result from the sale of the Equity Interests in any person that is incorporated, formed or organized under the laws of the United Sates of America, any State thereof or the District of Columbia (a "U.S. Person") or any other assets located in the United States, such proceeds shall only be used to make a Permitted Acquisition of a person that will, following the consummation of such acquisition, be a Domestic Subsidiary or an acquisition of other assets that are located in the United States or (2) result from the sale of the Equity Interests in any person other than a U.S. Person, such proceeds shall only be used to make a Permitted Acquisition of a person that is incorporated, formed or organized under the laws of a Designated Country or an acquisition of other assets that are located in a Designated Country and (z) if such proceeds result from the sale of any Equity Interests in any Subsidiary Guarantor or any other assets that constitute Collateral, such proceeds shall only be used to make a Permitted Acquisition of a person that will, following the consummation of such acquisition, be a Subsidiary Guarantor or an acquisition of other assets that will constitute Collateral, then such proceeds shall not be subject to the mandatory prepayment provisions of Section 2.13(b) (but shall be subject to and included in the amounts and limitations set forth in the last sentence of this definition) except to the extent not so used at the end of such 365-day period, at which time such proceeds shall be subject to the mandatory prepayment provisions of Section 2.13(b); provided further, however, that, subject to the last sentence of this definition, if (A) such proceeds shall result from an Asset Sale or Recovery Event to the extent involving assets, rights or other property of a Subsidiary that is not a Loan Party, (B) the terms of any Indebtedness of such Subsidiary require that such proceeds be applied to repay such Indebtedness, (C) the Company shall deliver a certificate of a Financial Officer to the Administrative Agent at the time of receipt thereof setting forth the Company's intent to use such proceeds to repay such Indebtedness of such Subsidiary solely to the extent required thereby and, if such Indebtedness to be

repaid is revolving credit Indebtedness, to

correspondingly reduce commitments with respect thereto, within 365 days of receipt of such proceeds and (D) no Default or Event of Default shall have occurred and shall be continuing at the time of such certificate or at the proposed time of the application of such proceeds, then such proceeds shall not be subject to the mandatory prepayment provisions of Section 2.13(b) (but shall be subject to and included in the amounts and limitations set forth in the last sentence of this definition) except to the extent not so used at the end of such 365-day period, at which time such proceeds shall be subject to the mandatory prepayment provisions of Section 2.13(b); and (b) with respect to any issuance or disposition of Indebtedness or any Equity Issuance, the cash proceeds thereof, net of all taxes and reasonable and customary fees, commissions, costs and other expenses incurred by the Company and the Subsidiaries in connection therewith. Notwithstanding the foregoing, (a) all Net Asset Sale Proceeds received in any fiscal year in excess of $100,000,000 (excluding any proceeds from Asset Sales relating to Specified Assets Held for Sale) and (b) all Net Asset Sale Proceeds received at any time after the aggregate amount of Net Asset Sale Proceeds that are deemed to not constitute Net Cash Proceeds as a result of the reinvestment rights and repayment rights set forth in the immediately preceding sentence shall exceed $500,000,000 (excluding any amounts that are used to repay Term Loans pursuant to Section 2.13(b) as a result of the failure to reinvest such amounts within 365 days of receipt thereof as provided above) shall in each case immediately constitute Net Cash Proceeds for purposes of Section 2.13(b) and all other purposes hereunder and the provisions set forth in the immediately preceding sentence shall not apply thereto.

"Non-Recourse Indebtedness" shall mean (a) Existing Non-Recourse Indebtedness of any Subsidiary existing as of the Closing Date and (b) Additional Non-Recourse Indebtedness of any Subsidiary that is not a Loan Party as of the Closing Date (so long as such Subsidiary does not become (and remain for a period of 365 days or more) a Subsidiary Guarantor after the Closing Date) or any Subsidiary that becomes a Subsidiary after the Closing Date.

"Northeast/South Central Confirmation Order" shall mean the confirmation order dated November 25, 2003 of the Bankruptcy Court with respect to the Northeast/South Central Plan.

"Northeast/South Central Plan" shall mean the joint plan of reorganization with respect to NRG Northeast and NRG South Central filed under Chapter 11 of the Bankruptcy Code and confirmed by the Bankruptcy Court on November 25, 2003, a copy of which is attached hereto as Exhibit I.

"NRG Confirmation Order" shall mean the confirmation order dated November 24, 2003 of the Bankruptcy Court with respect to the NRG Plan.

"NRG Entities" shall mean the Company, NRG Mid-Atlantic, NRG Northeast and NRG South Central.

"NRG Mid-Atlantic" shall mean NRG Mid-Atlantic Generating LLC, a Delaware limited liability company that is a wholly owned Subsidiary.

"NRG Northeast" shall mean NRG Northeast Generating LLC, a Delaware limited liability company that is a wholly owned Subsidiary.

"NRG Plan" shall mean the plan of reorganization filed by the Company and certain of its Affiliates, including NRG Power Marketing, under Chapter 11 of the Bankruptcy Code, as the same was modified and confirmed by the Bankruptcy Court in an order dated November 24, 2003, a copy of which is attached hereto as Exhibit J, which, among other things, provides for the NRG Plan Transactions.

"NRG Plan Transactions" shall mean the following transactions that are provided for in the NRG Plan as of the date hereof: (a) a settlement with Xcel

Energy Inc. pursuant to the Xcel Settlement Agreement under which the Company is expected to receive $640,000,000 from Xcel Energy Inc. in exchange for a global release of claims from the Company and its creditors and (b) the pro rata distribution to certain pre-petition creditors of the Company of (i) Xcel Cash of which (A) $515,000,000 will be paid to certain of the pre-petition creditors in 2004, (B) an additional $25,000,000 (to the extent that the Company satisfies certain liquidity requirements) is expected to be paid to certain of the pre-petition creditors in 2004 and (C) the remaining $100,000,000 may be used by the Company for any other purpose permitted hereunder, (ii) $500,000,000 will be paid to certain of the pre-petition creditors of the Company on the Closing Date in lieu of the issuance of an equivalent amount of unsecured notes of the Company to such creditors as provided for in the NRG Plan and (iii) 100 million shares of the Company's common stock.

"NRG Power Marketing" shall have the meaning assigned to such term in the preamble.

"NRG South Central" shall mean NRG South Central Generating LLC, a Delaware limited liability company that is a wholly owned Subsidiary.

"Other Taxes" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"Parent Debt" shall mean, at any time, the aggregate amount of Indebtedness of the Company outstanding at such time, in the amount that would be reflected on a balance sheet of the Company prepared at such time on an unconsolidated basis in accordance with GAAP.

"Parent Interest Coverage Ratio" shall mean, on any date, the ratio of (a) Adjusted Distributed Income for the period of four consecutive fiscal quarters most recently ended on or prior to such date, taken as one accounting period to (b) Parent Interest Expense for the period of four consecutive fiscal quarters most recently ended on or prior to such date, taken as one accounting period.

"Parent Interest Expense" shall mean, for any period, the sum of, without duplication, (a) the interest expense (including imputed interest expense in respect of Capital Lease Obligations and Synthetic Lease Obligations) of the Company for such period (including all commissions, discounts and other fees and charges owed by the Company with respect to letters of credit and bankers' acceptance financing), net of interest income, in each case determined in accordance with GAAP, plus (b) any interest accrued during such period in respect of Indebtedness of the Company that is required to be capitalized rather than included in interest

expense for such period in accordance with GAAP. For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by the Company with respect to interest rate Hedging Agreements.

"Parent Leverage Ratio" shall mean, on any date, the ratio of (a) Parent Debt on such date to (b) Adjusted Distributed Income for the period of four consecutive fiscal quarters most recently ended on or prior to such date, taken as one accounting period.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Peakers Entities" shall mean LSP Energy Limited Partnership, NRG Batesville LLC, LSP Batesville Funding Corporation, LSP Batesville Holding LLC, LSP Energy, Inc., NRG Peaker Finance Company LLC, Bayou Cove Peaking Power, LLC, Big Cajun I Peaking Power LLC, NRG Rockford LLC, NRG Rockford II LLC, NRG

Rockford Equipment II LLC, NRG Capital II LLC and NRG Sterlington Power LLC.

"Perfection Certificate" shall mean the Pre-Closing UCC Diligence Certificate substantially in the form of Exhibit K or any other form approved by the Collateral Agent.

"Permitted Acquisition" shall mean the acquisition by the Company or any Subsidiary of all or substantially all the assets of a person or line of business of such person, or all of the Equity Interests of a person (referred to herein as the "Acquired Entity"); provided that (i) the Acquired Entity shall be a going concern and shall be in a similar line of business as that of the Company and the Subsidiaries as conducted during the current and most recently concluded calendar year; (ii) at the time of such transaction (A) both before and after giving effect thereto, no Event of Default or Default shall have occurred and be continuing; (B) the Company would be in compliance with the covenants set forth in Sections 6.10, 6.11, 6.12, 6.13 and 6.14 as of the most recently completed period ending prior to such transaction for which the financial statements and certificates required by Section 5.04(a) or 5.04(b) were required to be delivered or for which comparable financial statements have been filed with the Securities and Exchange Commission, after giving pro forma effect to such transaction and to any other event occurring after such period as to which pro forma recalculation is appropriate (including any other transaction described in this definition occurring after such period) as if such transaction (and the occurrence or assumption of any Indebtedness in connection therewith) had occurred as of the first day of such period; (C) after giving effect to such acquisition, the sum of the unused and available Revolving Credit Commitments, unused and available commitments in respect of Revolver Refinancing Indebtedness and cash on hand of the Company shall exceed $25,000,000; and (D) the aggregate amount of consideration paid in connection with such acquisition or acquisitions pursuant to this definition shall not exceed the sum of the following amounts (but may consist of any combination of the following amounts, subject to the limitations that follow): (w) an amount of consideration not to exceed the amount of any Designated Asset Sale Proceeds utilized as consideration for such acquisition (net of the Company's good faith estimate of any taxes to be paid or payable in each case in connection with the repatriation of such Designated Asset Sale Proceeds from a Foreign Subsidiary to the Company or a Domestic Subsidiary), (x) an amount of consideration not to exceed the amount of any funds permanently withdrawn from the Xcel Cash Account pursuant to Section 5.12 that are utilized as consideration for such

acquisition, (y) an amount of consideration (excluding any Indebtedness of the Acquired Entity that is assumed by the Company or any Subsidiary in connection with such acquisition) not to exceed $100,000,000 in any fiscal year, subject to permanent reduction in any one fiscal year as provided in Section 6.04(a); provided that the amount of consideration payable in connection with Permitted Acquisitions pursuant to this clause (D)(y) in respect of any fiscal year commencing with the fiscal year ending December 31, 2005 shall be increased by 50% of the unused amount of consideration available to be used in the immediately preceding fiscal year for Permitted Acquisitions pursuant to this clause (D)(y) less the unused amount of such consideration carried forward to such preceding fiscal year and/or (z) the proceeds of any Indebtedness incurred or assumed in connection with such acquisition to the extent permitted by Section 6.01; (iii) the Company and the Subsidiaries shall not incur or assume any Indebtedness in connection with such acquisition, except as permitted by Section 6.01; (iv) no later than 10 days prior to such acquisition the Company shall have delivered to the Administrative Agent drafts of the acquisition agreement and all other operative documents containing the terms and conditions of such acquisition and an environmental report of an independent engineer or environmental consultant with respect to the compliance of such Acquired Entity with applicable Environmental Law, which report shall be reasonably satisfactory to the Administrative Agent; and (v) the Company shall comply, and shall cause the Acquired Entity to comply, with the applicable provisions of Sections 5.09 and 5.10 and the Security Documents, in each case to the extent required thereby.

"Permitted Acquisition Indebtedness" shall mean, at any time, the aggregate principal amount of Indebtedness ("Acquired Indebtedness") of any person (or assumed or incurred by any person) that becomes a Subsidiary after the date hereof in connection with a Permitted Acquisition that has been made with Designated Asset Sale Proceeds and that has been properly specified in a Designated Asset Sale Notice; provided that (a) in connection with each such asset sale which has resulted in the receipt of such Designated Asset Sale Proceeds all the Equity Interests in a Subsidiary shall have been sold and Indebtedness of such Subsidiary in an aggregate principal amount that shall be no less than the amount of the related Acquired Indebtedness shall have been assumed by the purchaser thereof without any recourse to the Company or the Subsidiaries, (b) the only obligors on any such Acquired Indebtedness are the Subsidiary or Subsidiaries that are acquired in connection with the applicable Permitted Acquisition and (c) the covenants and events of default relating to any such Acquired Indebtedness are, taken as a whole, in the good faith determination of a Financial Officer of the Company no less favorable in any material respect to the Company and the applicable Subsidiary and the Lenders than the covenants and events of default in respect of the Indebtedness assumed by the purchaser of the Subsidiary that has been sold.

"Permitted Encumbrances" shall mean (a) those Liens or other exceptions to title set forth on Schedule 1.01(e) and (b) those Liens or other exceptions to title arising as a result of any shared facility agreement entered into after the Closing Date with respect to any facility of the Company or any Subsidiary; provided that in the case of any such shared facility agreement relating to any facility located on Mortgaged Property (i) such shared facility agreement shall be in form and substance reasonably satisfactory to the Administrative Agent and (ii) the Company shall provide to the Administrative Agent a certificate of an independent engineering firm of recognized standing certifying that such shared facility agreement shall not materially and adversely affect the applicable Loan Party's ability to use, operate or maintain such facility.

"Permitted Holders" shall mean MatlinPatterson Global Advisers LLC or one or more investment funds controlled by or under common control with MatlinPatterson Global Advisers LLC.

"Permitted Itiquira Indebtedness" shall mean Indebtedness of Itiquira Energetica S.A. which is issued or incurred to refinance Indebtedness of Itiquira Energetica S.A. existing on the date hereof; provided that the principal amount of such refinancing Indebtedness is not greater than the sum of (a) the principal amount of such refinanced Indebtedness plus the amount of any premiums and penalties and accrued and unpaid interest paid thereon and reasonable fees and expenses, in each case associated with such financing and (b) $30,000,000 Brazilian Reais; provided, further, that such refinancing Indebtedness otherwise meets the requirements of clauses (b), (c), (d), (e) and (f) of the definition of "Permitted Refinancing Indebtedness" (except that such Indebtedness may be secured by an assignment of receivables, contracts and other assets of, and a pledge of the Equity Interests in, Itiquira Energetica S.A.).

"Permitted Investments" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of

acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, the Administrative Agent or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria of clause (c) above;

(e) investments in "money market funds" within the meaning of Rule 2a-7 of the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in investments of the type described in clauses (a) through (d) above; and

(f) other short-term investments utilized by Foreign Subsidiaries in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

"Permitted Liens" shall mean those Liens expressly permitted by clauses (b), (d), (e), (f), (g), (h) and (k) of Section 6.02.

"Permitted Refinancing Indebtedness" shall mean Indebtedness issued or incurred (including by means of the extension or renewal of existing Indebtedness) to refinance, refund, extend, renew or replace existing Indebtedness ("Refinanced Indebtedness"); provided that (a) the principal amount of such refinancing, refunding, extending, renewing or replacing Indebtedness is not greater than the principal amount of such Refinanced Indebtedness plus the amount of any premiums or penalties and accrued and unpaid interest paid thereon and reasonable fees and expenses, in each case associated with such refinancing, refunding, extension, renewal or replacement, (b) such refinancing, refunding, extending, renewing or replacing Indebtedness has a final maturity that is no sooner than, and a weighted average life to maturity that is no shorter than, such Refinanced Indebtedness, (c) if such Refinanced Indebtedness or any Guarantees thereof are subordinated to the Secured Obligations hereunder, such refinancing, refunding, extending, renewing or replacing Indebtedness and any Guarantees thereof remain so subordinated on terms no less favorable to the Lenders, (d) the obligors in respect of such Refinanced Indebtedness immediately prior to such refinancing, refunding, extending, renewing or replacing and any additional person (other than a Loan Party) are the only obligors on such refinancing, refunding extending, renewing or replacing Indebtedness, (e) unless such refinancing, refunding, extending, renewing or replacing shall occur within six months of the final maturity of such Refinanced Indebtedness, such refinancing, refunding, extending, renewing or replacing Indebtedness contains covenants and events of default and is benefited by Guarantees, if any, which, taken as a whole, are determined in good faith by a Financial Officer of the Company to be no less favorable to the Company or the applicable Subsidiary and the Lenders in any material respect than the covenants and events of default or Guarantees, if any, in respect of such Refinanced Indebtedness and (f) if such Refinanced Indebtedness is Non-Recourse Indebtedness, such refinancing, refunding, extending, renewing or replacing Indebtedness shall be Non-Recourse Indebtedness.

"Permitted Schkopau Indebtedness" shall mean Indebtedness of Saale Energie GmbH in an aggregate principal amount not exceeding Euro 27,000,000 at any time outstanding; provided that (a) such Indebtedness shall only be secured by an assignment of the loan from Saale Energie GmbH to NRGenerating International BV and/or a pledge of, or equitable charge over, the Equity Interests in Saale Energie GmbH and (b) such Indebtedness bears a market interest rate and contains market covenants, events of default and other terms for a financing transaction of this type (in each case as determined in good faith by a Financial Officer of the Company) as of the time of issuance or incurrence.

"Permitted Second Priority Secured Indebtedness" shall mean Indebtedness of the Company that is secured by Liens on the Collateral granted in favor of the Collateral Trustee; provided that such Liens are subordinate to the Liens securing the Secured Obligations hereunder in the manner set forth in, and are otherwise subject to, the Collateral Trust Agreement.

"person" shall mean any natural person, corporation, trust, business trust, joint venture, joint stock company, association, company, limited liability company, partnership, Governmental Authority or other entity.

"Plan Effective Date" shall have the meaning assigned to such term in Section 4.02(m).

"Plans" shall mean the NRG Plan, the Northeast/South Central Plan and any other plan with respect to any other Significant Subsidiary, or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary, that is filed under Chapter 11 of the Bankruptcy Code.

"Pledged Securities" shall have the meaning assigned to such term in the Guarantee and Collateral Agreement.

"Prepayment Fee" shall have the meaning assigned to such term in Section 2.05(d).

"Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by Credit Suisse First Boston as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective as of the opening of business on the date such change is publicly announced as being effective. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually available.

"Pro Rata Percentage" of (a) any Revolving Credit Lender at any time shall mean the percentage of the Total Revolving Credit Commitment represented by such Lender's Revolving Credit Commitment and (b) any Term Lender at any time shall mean the percentage of the Total Credit-Linked Deposit represented by such Lender's Credit-Linked Deposit. In the event the Revolving Credit Commitments shall have expired or been terminated, the Pro Rata Percentages of any Revolving Credit Lender shall be determined on the basis of the Revolving Credit Commitments most recently in effect prior thereto. In the event the Credit-Linked Deposits shall have been applied in full to reimburse Funded L/C Disbursements, the Pro Rata Percentage of any Term Lender shall be determined on the basis of the Credit-Linked Deposits most recently in effect prior thereto.

"PUHCA" shall mean the Public Utility Holding Company Act of 1935 and the rules and regulations promulgated thereunder, as amended from time to time.

"PURPA" shall mean the Public Utility Regulatory Policies Act of 1978 and the rules and regulations promulgated thereunder, as amended from time to time.

"QF" shall mean a "qualifying facility" under PURPA.

"Qualified Counterparty" shall mean, with respect to any Specified Hedging Agreement, any counterparty thereto that, at the time such Specified Hedging Agreement was entered into, was a Lender, an Agent or the Syndication Agent or an Affiliate of a Lender, an Agent or the Syndication Agent.

"Recapitalization" shall mean the recapitalization of the Company, NRG Mid-Atlantic, NRG Northeast and NRG South Central pursuant to the Plans and the other transactions contemplated by the Plans, including the repayment and refinancing of all Indebtedness of the Company, NRG Mid-Atlantic, NRG Northeast and NRG South Central existing prior to the date hereof (other than in each case as set forth on Schedule 1.01(f)).

"Recapitalization Documentation" shall mean each instrument, agreement or other legally binding arrangement entered into in connection with the financing of the Recapitalization, including each Loan Document and each Senior Note Document.

"Recovery Event" shall mean the receipt of cash proceeds with respect to any settlement of or payment in respect of (a) any property or casualty insurance claim or (b) any taking under power of eminent domain or by condemnation or similar proceeding of or relating to any property or asset of the Company or any Subsidiary; provided that any such recovery event or series of related recovery events having a value not in excess of $25,000,000 shall not be deemed to be a "Recovery Event" for purposes of Section 2.13(b).

"Register" shall have the meaning assigned to such term in Section 9.04(d).

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Related Fund" shall mean, with respect to any Lender that is a fund that invests in bank loans, any other fund that invests in bank loans and is advised or managed by such Lender, an Affiliate of such Lender, the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Related Parties" shall mean, with respect to any specified person, such person's Affiliates and the respective directors, officers, trustees, employees, agents and advisors of such person and such person's Affiliates.

"Release" shall mean any release, spill, emission, leaking, pumping, injection, pouring, emptying, deposit, disposal, discharge, dispersal, dumping, escaping, leaching or migration into or through the environment or within or upon any building, structure, facility or fixture.

"Repayment Date" shall have the meaning given such term in Section 2.11.

"Requested Prepayment Amount" shall have the meaning given to such term in Section 2.13(f).

"Required Lenders" shall mean, at any time, the Majority Revolving Credit Lenders and the Majority Term Lenders, each voting as a separate class.

"Required Prepayment Percentage" shall mean (a) in the case of any Asset Sale or Recovery Event, 100%; (b) in the case of any Equity Issuance, 50%; (c) in the case of any issuance or other incurrence of Indebtedness 100%; and (d) in the case of any Adjusted Excess Cash Flow, if on the date of the applicable prepayment, the Company's issuer credit rating (in the case of S&P) or long term senior implied rating (in the case of Moody's) is (i) BB or lower from S&P or Ba2 or lower from Moody's, 50%, (ii) BB+ or higher from S&P and Baa1 or higher from Moody's (but not meeting the ratings described in clause (iii)), 25% or (iii) BBB- or higher from S&P and Baa3 or higher from Moody's, 0%.

"Restricted Indebtedness" shall mean Indebtedness of the Company or any

Subsidiary, the payment, prepayment, repurchase or defeasance of which is restricted under Section 6.09(b).

"Restricted Payment" shall mean any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in the Company or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, defeasance, retirement, acquisition, cancellation or termination of any Equity Interests in the Company or any Subsidiary or any option, warrant or other right to acquire any such Equity Interests in the Company or any Subsidiary.

"Revolver Agent" shall have the meaning assigned to such term in the preamble.

"Revolver Refinancing Indebtedness" shall mean Indebtedness issued or incurred under a new revolving credit facility (a "New Revolver") that refinances, refunds, extends, renews or replaces the Revolving Credit Commitments hereunder; provided that (a) the available commitments under such New Revolver shall not exceed $250,000,000, (b) the Revolving Loan Borrowers shall be the only borrowers under such New Revolver and the Subsidiary Guarantors shall be the only guarantors, if any, with respect thereto, (c) unless such New Revolver shall be incurred within six months of the Revolving Credit Maturity Date, such New Revolver contains covenants and events of default which, taken as a whole, are determined in good faith by a Financial Officer of the Company to be substantially the same as the covenants contained herein, (d) the Indebtedness under such New Revolver, if secured, is secured only by Liens on the Collateral granted in favor of the Collateral Trustee that are subject to the terms of the Collateral Trust Agreement, (e) if such New Revolver is secured, the administrative agent in respect of such New Revolver executes and delivers a Collateral Trust Joinder as required by the Collateral Trust Agreement and (f) if such New Revolver is secured, the secured parties with respect to such New Revolver agree in writing for the enforceable benefit of all Secured Parties hereunder that such secured parties are bound by the provisions set forth in the Collateral Trust Agreement relating to the order of application of proceeds from the enforcement of Liens upon the Collateral to the same extent that the Secured Parties are bound by such provisions as of the Closing Date.

"Revolving Credit Borrowing" shall mean a Borrowing comprised of Revolving Loans.

"Revolving Credit Commitment" shall mean, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans (and to acquire participations in Revolving Letters of Credit and Swingline Loans) hereunder as set forth on the Lender Addendum delivered by such Lender, or in the Assignment and Acceptance pursuant to which such Lender assumed its Revolving Credit Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender in accordance with Section 9.04.

"Revolving Credit Exposure" shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Revolving Loans of such Lender, plus the aggregate amount at such time of such Lender's Revolving L/C Exposure, plus the aggregate amount at such time of such Lender's Swingline Exposure.

"Revolving Credit Lender" shall mean a Lender with a Revolving Credit Commitment or an outstanding Revolving Loan.

"Revolving Credit Maturity Date" shall mean December 21, 2007.

"Revolving Issuing Bank Fees" shall have the meaning assigned to such term in Section 2.05(c).

"Revolving L/C Commitment" shall mean the commitment of the Issuing

Bank to issue Revolving Letters of Credit pursuant to Section 2.23.

"Revolving L/C Disbursement" shall mean a payment or disbursement made by the Issuing Bank pursuant to a Revolving Letter of Credit.

"Revolving L/C Exposure" shall mean, at any time, the sum of (a) the aggregate undrawn amount of all Revolving Letters of Credit at such time and (b) the aggregate amount of all Revolving L/C Disbursements that have not been reimbursed at such time. The Revolving L/C Exposure of any Revolving Credit Lender at any time shall equal its Pro Rata Percentage of the aggregate Revolving L/C Exposure at such time.

"Revolving L/C Fee Payment Date" shall have the meaning assigned to such term in Section 2.05(c).

"Revolving L/C Participation Fee" shall have the meaning assigned to such term in Section 2.05(c).

"Revolving Letter of Credit" shall mean, at any time, any Letter of Credit that has been designated by a Revolving Loan Borrower (or deemed designated) as a Revolving Letter of Credit in accordance with the provisions of Section 2.23.

"Revolving Loan Borrowers" means the Company and NRG Power Marketing.

"Revolving Loans" shall mean the revolving loans made by the Lenders to the Revolving Loan Borrowers pursuant to clause (b) of Section 2.01.

"S&P" shall mean Standard & Poor's Ratings Group, Inc. or any successor entity.

"Secured Obligations" shall have the meaning assigned to such term in the Guarantee and Collateral Agreement.

"Secured Parties" shall mean the Administrative Agent, the Collateral Agent, the Syndication Agent, the Lenders and, with respect to any Specified Hedging Agreement, any Qualified Counterparty that has agreed to be bound by the provisions of Article VIII hereof and Section 7.2 of the Guarantee and Collateral Agreement as if it were a party hereto or thereto; provided that no Qualified Counterparty shall have any rights in connection with the management or release of any Collateral or the obligations of any Subsidiary Guarantor under the Guarantee and Collateral Agreement or the Collateral Trust Agreement.

"Securities Account" shall have the meaning assigned to such term in the UCC.

"Security Documents" shall mean the Guarantee and Collateral Agreement, the Mortgages, the Control Agreements, the Intellectual Property Security Agreements, the Collateral Trust Agreement and each of the other security agreements, pledges, mortgages, assignments (collateral or otherwise), consents and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.09 or 5.10.

"Senior Note Documents" shall mean the indenture under which the Senior Notes are issued and all other instruments, agreements and other documents evidencing or governing the Senior Notes or providing for any Guarantee or other right in respect thereof.

"Senior Notes" shall mean the Company's 8% Second Priority Senior Secured Notes due 2013, in an aggregate principal amount of $1,250,000,000, including any notes issued by the Company in full exchange for, and as contemplated by, the Senior Notes with substantially identical terms as the Senior Notes.

"Separate Bank Settlement Cash" shall mean up to $112,000,000 to be

paid by Xcel Energy Inc. through the Company, as disbursing agent, to certain pre-petition lenders to the Company and NRG Finance Company I LLC, pursuant to the terms of the Separate Bank Settlement Agreement delivered as of the effective date of the NRG Plan by and among Xcel Energy Inc. and such lenders party thereto.

"Separate Bank Settlement Cash Account" shall have the meaning assigned to such term in Section 5.12.

"Significant Subsidiary" shall mean any Domestic Subsidiary (other than a Domestic Subsidiary with no assets other than Equity Interests in a Foreign Subsidiary) that is projected to account for 10% or more of Distributed Income in any of the fiscal years ending December 31, 2004, 2005 or 2006 according to financial projections provided to the Arrangers by a power market and fuel consultant reasonably satisfactory to the Arrangers.

"SPC" shall have the meaning assigned to such term in Section 9.04(i).

"Specified Assets Held for Sale" shall mean the assets set forth on Schedule 1.01(g) (which shall describe such assets and indicate their anticipated date of sale).

"Specified Hedging Agreement" shall mean any interest rate or foreign exchange Hedging Agreement entered into by a Borrower or any Subsidiary Guarantor and any Qualified Counterparty.

"Specified Joint Venture Sale" shall mean the sale after the date hereof by the Company or a Subsidiary of its Equity Interest in Enfield Energy Centre Limited or TermoRio S.A. to one or more holders of the remaining Equity Interests therein pursuant to the terms of the joint venture agreements relating thereto.

"Statutory Reserves" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of

the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate or other fronting office making or holding a Loan) is subject for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, limited liability company, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is, at the time any determination is made, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean any subsidiary of the Company.

"Subsidiary Debt Default" shall mean, with respect to any Subsidiary, the failure of such Subsidiary to pay any principal or interest or other amounts due in respect of any Indebtedness, when and as the same shall become due and payable, or the occurrence of any other event or condition that results in any Indebtedness of such Subsidiary becoming due prior to its scheduled maturity or

that enables or permits (with or without the giving of notice, lapse of time or both) the holder or holders of such Indebtedness or any trustee or agent on its or their behalf to cause such Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity.

"Subsidiary Guarantor" shall mean, initially, each Subsidiary specified on Schedule 1.01(h) and, at any time thereafter, shall include each other Subsidiary that is not (a) an Excluded Foreign Subsidiary or (b) an Excluded Project Subsidiary at such time.

"Swingline Commitment" shall mean the commitment of the Swingline Lender to make loans pursuant to Section 2.22, as the same may be reduced from time to time pursuant to Section 2.09 .

"Swingline Exposure" shall mean, at any time, the aggregate principal amount at such time of all outstanding Swingline Loans. The Swingline Exposure of any Revolving Credit Lender at any time shall equal its Pro Rata Percentage of the aggregate Swingline Exposure at such time.

"Swingline Lender" shall mean General Electric Capital Corporation, in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" shall mean any loan made by the Swingline Lender pursuant to Section 2.22.

"Syndication Agent" shall have the meaning assigned to such term in the preamble.

"Synthetic Lease Obligations" shall mean all monetary obligations of a person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of any property (whether real, personal or mixed) creating obligations which do not appear on the balance sheet of such person, but which, upon the insolvency or bankruptcy of such person, would be characterized as Indebtedness of such person (without regard to accounting treatment).

"Synthetic Purchase Agreement" shall mean any swap, derivative or other agreement or combination of agreements pursuant to which the Company or any Subsidiary is or may become obligated to make (a) any payment in connection with a purchase by any third party from a person other than the Company or any Subsidiary of any Equity Interest or Restricted Indebtedness or (b) any payment (other than on account of a permitted purchase by it of any Equity Interest or Restricted Indebtedness) the amount of which is determined by reference to the price or value at any time of any Equity Interest or Restricted Indebtedness; provided that no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of the Company or the Subsidiaries (or to their heirs or estates) shall be deemed to be a Synthetic Purchase Agreement.

"Tax Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"Taxes" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges, liabilities or withholdings imposed by any Governmental Authority.

"Term Borrowing" shall mean a Borrowing comprised of Term Loans.

"Term Lender" shall mean a Lender with a Term Loan Commitment , an outstanding Term Loan (including any Term Loan extended pursuant to Section 2.02(f) or resulting from a conversion pursuant to Section 2.09(d)) or a Credit-Linked Deposit.

"Term Loan Borrower" shall mean the Company.

"Term Loan Commitment" shall mean, with respect to each Lender, the commitment, if any, of such Lender to make Term Loans hereunder as set forth on the Lender Addendum delivered by such Lender, or in the Assignment and Acceptance pursuant to which such Lender assumed its Term Loan Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial aggregate amount of all Term Loan Commitments is $950,000,000.

"Term Loan Maturity Date" shall mean June 23, 2010.

"Term Loans" shall mean the term loans made by the Lenders to the Term Loan Borrower pursuant to Section 2.01(a), the term loans extended pursuant to Section 2.02(f) and the term loans resulting from a conversion pursuant to Section 2.09(d).

"Total Credit-Linked Deposit" shall mean, at any time, the sum of all Credit-Linked Deposits at such time, as the same may be reduced from time to time pursuant to Section 2.02(f), 2.09(b) or 2.09(d). The initial amount of the Total Credit-Linked Deposit is $250,000,000.

"Total Debt" shall mean, at any time, the aggregate amount of Indebtedness of the Company and the Subsidiaries outstanding at such time, in the amount that would be reflected on a balance sheet prepared at such time on a consolidated basis in accordance with GAAP.

"Total Revolving Credit Commitment" shall mean, at any time, the aggregate amount of the Revolving Credit Commitments, as in effect at such time. The initial Total Revolving Credit Commitment is $250,000,000.

"Transactions" shall mean, collectively, (a) the execution, delivery and performance by the Loan Parties of the Loan Documents and the Senior Note Documents to which they are a party, (b) the borrowings hereunder, the issuance of the Senior Notes, the issuance of Letters of Credit and the use of proceeds of each of the foregoing, (c) the granting of Liens pursuant to the Security Documents, (d) the Recapitalization and (e) any other transactions entered into in connection with any of the foregoing.

"Type", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "Rate" shall include the Adjusted LIBO Rate and the Alternate Base Rate.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York or any other applicable jurisdiction.

"Uniform Customs" shall have the meaning assigned to such term in Section 9.07.

"U.S. Person" shall have the meaning assigned to such term in the definition of "Net Cash Proceeds."

"wholly owned subsidiary" of any person shall mean a subsidiary of such person of which securities (except for directors' qualifying shares or securities held by foreign nationals as required by applicable law) or other ownership interests representing 100% of the Equity Interests are, at the time any determination is being made, owned, controlled or held by such person or one or more wholly owned subsidiaries of such person or by such person and one or more wholly owned subsidiaries of such person; a "wholly owned Subsidiary" shall mean any wholly owned subsidiary of the Company.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Xcel Cash" shall mean all amounts paid in cash by Xcel Energy Inc. to the Company or any of the Subsidiaries after the date hereof in connection with the Xcel Settlement Agreement, as specifically described in the definition of "NRG Plan Transactions".

"Xcel Cash Account" shall have the meaning assigned to such term in Section 5.12.

"Xcel Note" shall mean the unsecured promissory note made by the Company in favor of Xcel Energy Inc. in a principal amount of $10,000,000 pursuant to the NRG Plan.

"Xcel Settlement Agreement" shall mean the Settlement Agreement delivered as of the effective date of the NRG Plan by and among Xcel Energy Inc., the Company and each of the Subsidiaries party thereto, which was approved by the Bankruptcy Court on November 24, 2003.

Section 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including", and words of similar import, shall not be limiting and shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The words "asset" and "property" shall be construed as having the same meaning and effect and to refer to any and all rights and interests in tangible and intangible assets and properties of any kind whatsoever, whether real, personal or mixed, including cash, securities, Equity Interests, accounts and contract rights. The words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision of this Agreement unless the context shall otherwise require. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, (a) any definition of, or reference to, any Loan Document or any other agreement, instrument or document in this Agreement shall mean such Loan Document or other agreement, instrument or document as amended, restated, supplemented or otherwise modified from time to time (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein) and (b) all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that if the Company notifies the Administrative Agent that the Company wishes to amend any covenant in Article VI or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend Article VI or any related definition for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Lenders. For purposes of determining compliance with the covenants set forth in Article VI, any amount specified in such Article to be in dollars shall also include the equivalent of such amount in any currency other than dollars, such equivalent amount to be determined at the rate of exchange set forth on the Bloomberg Key Cross-Currency Rates Page at the close of business on the Business Day immediately preceding any date of determination thereof.

Section 1.03. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Revolving Loan") or by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Eurocurrency Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Revolving

Borrowing") or by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., a "Eurocurrency Revolving Borrowing").

Section 1.04. Pro Forma Calculations. All pro forma calculations permitted or required to be made by the Company or any Subsidiary pursuant to this Agreement shall (a) include only those adjustments that would be permitted or required by Regulation S-X under the Securities Act of 1933, as amended, and (b) be certified to by a Financial Officer of the Company as having been prepared in good faith based upon reasonable assumptions.

ARTICLE II.

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions hereof and relying upon the representations and warranties set forth herein, (a) each Term Lender agrees, severally and not jointly, to make a Term Loan to the Term Loan Borrower on the Closing Date in a principal amount not to exceed its Term Loan Commitment, (b) each Revolving Credit Lender agrees, severally and not jointly, to make Revolving Loans to the Revolving Loan Borrowers, at any time and from time to time after the Closing Date and until the earlier of the Revolving Credit Maturity Date and the termination of the Revolving Credit Commitment of such Revolving Credit Lender in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in such Revolving Credit Lender's Revolving Credit Exposure exceeding such Revolving Credit Lender's Revolving Credit Commitment and (c) each Term Lender agrees, severally and not jointly, to fund its Credit-Linked Deposit with the Administrative Agent on the Closing Date in accordance with Section 2.24. Within the limits set forth in clause (b) of the preceding sentence and subject to the terms, conditions and limitations set forth herein, the Revolving Loan Borrowers may borrow, pay or prepay and reborrow Revolving Loans. Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

SECTION 2.02. Loans(a) . (a) Each Loan (other than Swingline Loans) shall be made as part of a Borrowing consisting of Loans of the same Class and Type made by the Lenders ratably in accordance with their respective Commitments of the applicable Class; provided, however, that the failure of any Lender to make any Loan required to be made by it shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Except for Loans deemed made pursuant to Section 2.02(f) and subject to Section 2.22 relating to Swingline Loans, the Loans comprising any Borrowing shall be in an aggregate principal amount that is (i) an integral multiple of $1,000,000 and not less than $5,000,000 or (ii) equal to the remaining available balance of the applicable Commitments.

(b) Subject to Sections 2.08 and 2.15, each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the applicable Borrower may request pursuant to Section 2.03; provided that all Borrowings made on the Closing Date and during the period ending 14 days thereafter must be made as ABR Borrowings (and may not be converted into Eurodollar Borrowings until the end of such 14-day period), and no Borrowings may be converted into or continued as a Eurodollar Borrowing having an Interest Period in excess of one month prior to the date which is 60 days after the Closing Date. Each Lender may at its option

make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; provided, however, that the Borrowers shall not be entitled to request any Borrowing that, if made, would result in more

than ten Eurodollar Borrowings outstanding hereunder at any time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Except with respect to Loans made pursuant to Section 2.02(f) or Section 2.09(d) and subject to Section 2.22 relating to Swingline Loans, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate not later than 11:00 a.m., New York City time, and the Administrative Agent shall promptly credit the amounts so received to an account designated by the applicable Borrower in the applicable Borrowing Request or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders.

(d) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (c) of this Section and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the applicable Borrower to but excluding the date such amount is repaid to the Administrative Agent at (i) in the case of the applicable Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing (in lieu of interest which would otherwise become due to such Lender pursuant to Section 2.06) or (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(e) Notwithstanding any other provision of this Agreement, the Borrowers shall not be entitled to request any Revolving Credit Borrowing which is a Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Revolving Credit Maturity Date.

(f) If the Issuing Bank shall not have received from the applicable Borrower the payment required to be made by Section 2.23(e) with respect to a Revolving Letter of Credit within the time specified in such Section, the Issuing Bank will promptly notify the

Administrative Agent of the Revolving L/C Disbursement and the Administrative Agent will promptly notify each Revolving Credit Lender of such Revolving L/C Disbursement and its Pro Rata Percentage thereof. Each Revolving Credit Lender shall pay by wire transfer of immediately available funds to the Administrative Agent not later than 2:00 p.m., New York City time, on such date (or, if such Revolving Credit Lender shall have received such notice later than 12:00 (noon), New York City time, on any day, not later than 10:00 a.m., New York City time, on the immediately following Business Day), an amount equal to such Lender's Pro Rata Percentage of such Revolving L/C Disbursement (it being understood that such amount shall be deemed to constitute an ABR Revolving Loan of such Lender and such payment shall be deemed to have reduced the Revolving L/C Exposure), and the Administrative Agent will promptly pay to the Issuing Bank amounts so received by it from the Revolving Credit Lenders. The Administrative Agent will promptly pay to the Issuing Bank any amounts received by it from the applicable Borrower pursuant to Section 2.23(e) prior to the time that any Revolving Credit Lender makes any payment pursuant to this paragraph; any such amounts received by the Administrative Agent thereafter will be promptly remitted by the

Administrative Agent to the Revolving Credit Lenders that shall have made such payments and to the Issuing Bank, as their interests may appear. If any Revolving Credit Lender shall not have made its Pro Rata Percentage of such Revolving L/C Disbursement available to the Administrative Agent as provided above, such Lender and the applicable Borrower severally agree to pay interest on such amount, for each day from and including the date such amount is required to be paid in accordance with this paragraph to but excluding the date such amount is paid, to the Administrative Agent for the account of the Issuing Bank at (i) in the case of the applicable Borrower, a rate per annum equal to the interest rate applicable to Revolving Loans pursuant to Section 2.06(a) (in lieu of interest which would otherwise become due to such Lender pursuant to Section 2.06), and (ii) in the case of such Lender, for the first such day, the Federal Funds Effective Rate, and for each day thereafter, the Alternate Base Rate.

If the Issuing Bank shall not have received from the Term Loan Borrower the payment that it may make pursuant to Section 2.23(e) with respect to a Funded Letter of Credit within the time specified in such Section, the Issuing Bank will promptly notify the Administrative Agent of the Funded L/C Disbursement and the Administrative Agent will promptly notify each Term Lender of such Funded L/C Disbursement and its Pro Rata Percentage thereof, and the Administrative Agent shall promptly pay to the Issuing Bank each Term Lender's Pro Rata Percentage of such Funded L/C Disbursement from such Term Lender's Credit-Linked Deposit. Upon the payment made from the Credit-Linked Deposit Account, or from funds of the Administrative Agent, pursuant to this paragraph to reimburse the Issuing Bank for any Funded L/C Disbursement, the Term Loan Borrower shall be deemed to have reimbursed the Issuing Bank as of such date and the Term Lenders shall be deemed to have extended, and the Term Loan Borrower shall be deemed to have accepted, a Term Loan in the aggregate principal amount of such payment without further action on the part of any party, and the Total Credit-Linked Deposit shall be permanently reduced by such amount; any amount so paid pursuant to this paragraph shall, on and after the payment date thereof, be deemed to be Term Loans for all purposes hereunder.

Section 2.03. Borrowing Procedure. In order to request a Borrowing (other than a Swingline Loan or a deemed Borrowing pursuant to Section 2.02(f), as to which this Section 2.03 shall not apply), the applicable Borrower shall notify the Administrative Agent by

telephone (promptly confirmed by fax) or shall hand deliver or fax to the Administrative Agent a duly completed Borrowing Request (a) in the case of a Eurodollar Borrowing, not later than 12:00 (noon), New York City time, three Business Days before a proposed Borrowing and (b) in the case of an ABR Borrowing, not later than 12:00 (noon), New York City time, one Business Day before a proposed Borrowing. Each Borrowing Request shall be irrevocable, shall be signed by or on behalf of the applicable Borrower and shall specify the following information: (i) whether the Borrowing then being requested is to be a Term Borrowing or a Revolving Credit Borrowing, and whether such Borrowing is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); (iii) the number and location of the account to which funds are to be disbursed (which shall be an account that complies with the requirements of Section 2.02(c)); (iv) the amount of such Borrowing; and (v) if such Borrowing is to be a Eurodollar Borrowing, the initial Interest Period with respect thereto; provided, however, that, notwithstanding any contrary specification in any Borrowing Request, each requested Borrowing shall comply with the requirements set forth in Section 2.02. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall promptly advise the applicable Lenders of any notice given in accordance with this Section 2.03 (and the contents thereof), and of each Lender's portion of the requested Borrowing.

Section 2.04. Repayment of Loans; Evidence of Debt(a) . (a) Each Borrower hereby unconditionally promises to pay to the Administrative Agent for

the account of each Lender (i) the principal amount of each Term Loan of such Lender made to such Borrower as provided in Section 2.11 and (ii) the then unpaid principal amount of each Revolving Loan of such Lender made to such Borrower on the Revolving Credit Maturity Date. Each Revolving Loan Borrower hereby unconditionally promises to pay to the Swingline Lender the then unpaid principal amount of each Swingline Loan made to such Revolving Loan Borrower on the earlier of the Revolving Credit Maturity Date and the first date after such Swingline Loan is made that is the 15th day or the last day of a calendar month and is at least three Business Days after such Swingline Loan is made.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the applicable Borrower to such Lender resulting from each Loan made by such Lender to such Borrower from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement, and shall provide copies of such accounts to the Company upon its reasonable request (at the Company's sole cost and expense).

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the applicable Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from any Borrower or any Guarantor and each Lender's share thereof, and shall provide copies of such accounts to the Company upon its reasonable request (at the Company's sole cost and expense).

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) of this Section shall be conclusive evidence of the existence and amounts of the obligations therein recorded absent manifest error; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of each Borrower to repay the Loans made to such Borrower in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it hereunder be evidenced by a promissory note. In such event, the applicable Borrower shall execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns in the form of Exhibit L, if such promissory note relates to Revolving Credit Borrowings, or in the form of Exhibit M, if such promissory note relates to Term Borrowings and Credit Linked Deposits, or any other form reasonably acceptable to the Administrative Agent. Notwithstanding any other provision of this Agreement, in the event any Lender shall request and receive such a promissory note, the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 9.04) be represented by one or more promissory notes payable to the payee named therein or its registered assigns.

SECTION 2.05. Fees(a) . (a) The Company agrees to pay to each Lender, through the Administrative Agent, on the last Business Day of March, June, September and December in each year and on each date on which any Commitment of such Lender shall expire or be terminated as provided herein, a commitment fee (a "Commitment Fee") equal to the applicable Commitment Fee Rate in effect from time to time on the average daily unused amount of the Commitments of such Lender (other than the Swingline Commitment) during the preceding quarter (or other period commencing with the date hereof or ending with the Revolving Credit Maturity Date or the date on which the Commitments of such Lender shall expire or be terminated). All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Commitment Fee due to each Lender shall commence to accrue on the date hereof and shall cease to accrue on the date on which the Commitment of such Lender shall expire or be terminated as provided herein. For purposes of calculating Commitment Fees with respect to Revolving Credit Commitments only, no portion of the Revolving Credit Commitments shall be deemed utilized under Section 2.17 as a result of outstanding Swingline Loans.

(b) The Company agrees to pay to the Administrative Agent, for its own account, the fees in the amounts and at the times from time to time agreed to in writing by the Company and the Administrative Agent, including pursuant to the Fee Letter (the "Administrative Agent Fees").

(c) Each Revolving Loan Borrower agrees to pay (i) to each Revolving Credit Lender, through the Administrative Agent, on the last Business Day of March, June, September and December of each year and on the date on which the Revolving Credit Commitment of such Lender shall be terminated as provided herein (each, a "Revolving L/C Fee Payment Date") a fee (a "Revolving L/C Participation Fee") calculated on such Lender's Pro Rata Percentage of the daily aggregate Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed Revolving L/C Disbursements which are earning interim interest pursuant to Section 2.23(h)) during the preceding quarter (or shorter period commencing with the date hereof

or ending with the Revolving Credit Maturity Date or the date on which all Revolving Letters of Credit have been canceled or have expired and the Revolving Credit Commitments of all Lenders shall have been terminated) at a rate per annum equal to the Applicable Margin used to determine the interest rate on Revolving Credit Borrowings comprised of Eurodollar Loans pursuant to Section 2.06, and (ii) to the Issuing Bank with respect to each outstanding Revolving Letter of Credit issued for the account of (or at the request of) such Borrower a fronting fee, which shall accrue at the rate of -1/4 of 1% per annum or such other lower rate as shall be separately agreed upon between such Borrower and the Issuing Bank, on the drawable amount of such Revolving Letter of Credit, payable quarterly in arrears on each Revolving L/C Fee Payment Date after the issuance date of such Revolving Letter of Credit, as well as the Issuing Bank's standard and reasonable fees with respect to the issuance, amendment, renewal or extension of any Revolving Letter of Credit issued for the account of (or at the request of) such Borrower or processing of drawings thereunder (the fees in this clause (ii), collectively, the "Revolving Issuing Bank Fees"). All Revolving L/C Participation Fees and Revolving Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(d) Subject to the provisions of Section 2.07, the Term Loan Borrower agrees to pay (i) to each Term Lender, through the Administrative Agent, on the last Business Day of March, June, September and December of each year and on the date on which the Credit-Linked Deposits are returned to the Term Lenders (each, a "Funded L/C Fee Payment Date") a fee (a "Funded L/C Participation Fee") calculated on such Lender's Pro Rata Percentage of the daily amount of the Total Credit-Linked Deposit (excluding the portion thereof attributable to unreimbursed Funded L/C Disbursements which are earning interim interest pursuant to Section 2.23(h)) during the preceding quarter (or shorter period commencing with the date hereof or ending with the Funded Letter of Credit Maturity Date or the date on which the entire amount of such Lender's Credit-Linked Deposit is returned to it) at a rate per annum equal to the Applicable Margin used to determine the interest rate on Term Borrowings comprised of Eurodollar Loans pursuant to Section 2.06, (ii) to each Term Lender, through the Administrative Agent, the fees referred to in the last sentence of Section 2.24(b) and (iii) to the Issuing Bank with respect to each outstanding Funded Letter of Credit issued for the account of (or at the request of) such Borrower a fronting fee, which shall accrue at the rate of 1/4 of 1% per annum or such other lower rate as shall be separately agreed upon between such Borrower and the Issuing Bank, on the drawable amount of such Funded Letter of Credit, payable quarterly in arrears on each Funded L/C Fee Payment Date after the issuance date of such Funded Letter of Credit, as well as the Issuing Bank's standard and reasonable fees with respect to the issuance, amendment, renewal or extension of any Funded Letter of Credit issued for the account of (or at the request of) such Borrower or processing of drawings thereunder (the fees in this clause (ii), collectively, the "Funded Issuing Bank Fees"). All Funded L/C Participation Fees and Funded Issuing Bank Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(e) All optional prepayments of Term Loans and all optional reductions of the Total Credit-Linked Deposit shall be accompanied by the payment of a prepayment fee (each, a "Prepayment Fee") equal to (i) 3.0% of the aggregate amount of such prepayment or reduction, as the case may be, if such prepayment or reduction, as the case may be, is made during the period beginning on the Closing Date and ending on the first anniversary thereof, (ii) 2.0% of the aggregate amount of such prepayment or reduction, as the case may be, if such prepayment or

reduction, as the case may be, is made during the period beginning on the day following such first anniversary of the Closing Date and ending on the second anniversary of the Closing Date and (iii) 1.0% of the aggregate amount of such prepayment or reduction, as the case be, if such prepayment or reduction, as the case may be, is made during the period beginning on the day following such second anniversary of the Closing Date and ending on the third anniversary of the Closing Date.

(f) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that the Issuing Bank Fees shall be paid directly to the Issuing Bank. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.06. Interest on Loans. (a) Subject to the provisions of Section 2.07, the Loans comprising each ABR Borrowing, including each Swingline Loan, shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(b) Subject to the provisions of Section 2.07, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. Subject to Section 2.08, the applicable Alternate Base Rate or Adjusted LIBO Rate for each Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.07. Default Interest. If a Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due and payable hereunder or under any other Loan Document, by acceleration or otherwise, such Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount to but excluding the date of actual payment (after as well as before judgment) (a) in the case of overdue principal, at the rate otherwise applicable to such Loan pursuant to Section 2.06 plus 2.00% per annum and (b) in all other cases, at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) equal to the rate that would be applicable to an ABR Revolving Loan plus 2.00%.

SECTION 2.08. Alternate Rate of Interest. In the event, and on each occasion, that prior to the commencement of any Interest Period for a Eurodollar Borrowing or the determination of the Benchmark LIBO Rate on any day (a) the Administrative Agent shall have determined that adequate and reasonable means do not exist for determining the Adjusted LIBO Rate for such Interest Period or the Benchmark LIBO Rate for such day or (b) the Administrative Agent is advised by the Majority Revolving Credit Lenders or the Majority Term Lenders in good faith

that the Adjusted LIBO Rate for such Interest Period or the Benchmark LIBO Rate for such day will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing or such Credit-Linked Deposit, as applicable, for such Interest Period the Administrative Agent shall, as soon as practicable thereafter, give written or fax notice of such determination to the applicable Borrower and the Lenders. In the event of any such notice, until the Administrative Agent shall have advised the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by a Borrower for a Eurodollar Borrowing pursuant to Section 2.03 or 2.10 shall be deemed to be a request for an ABR Borrowing, (ii) any Interest Period election that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (iii) the Credit-Linked Deposits shall be invested so as to earn a return equal to the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each determination by the Administrative Agent under this Section 2.08 shall be conclusive absent manifest error.

SECTION 2.09. Termination and Reduction of Commitments; Return, Reduction and Conversion of Credit-Linked Deposits. (a) Unless previously terminated in accordance with the terms hereof, (i) the Term Loan Commitments shall automatically terminate at 5:00 p.m., New York City time, on the Closing Date and (ii) the Revolving Credit Commitments, the Swingline Commitment and the Revolving L/C Commitment shall automatically terminate on the Revolving Credit Maturity Date. If any Funded Letter of Credit remains outstanding on the Funded Letter of Credit Maturity Date, the Term Loan Borrower shall deposit with the Administrative Agent an amount in cash equal to 100% of the aggregate undrawn amount of such Letter of Credit to secure the full obligations with respect to any drawings that may occur thereunder. Subject only to the Borrowers' compliance with their obligations under the immediately preceding sentence, any amount of the Credit-Linked Deposits held in the Credit-Linked Deposit Account will be returned to the Term Lenders on the Funded Letter of Credit Maturity Date pursuant to Section 2.11(c). Notwithstanding the foregoing, all the Commitments shall automatically terminate at 5:00 p.m., New York City time, on December 23, 2003, if the initial Credit Event shall not have occurred by such time.

(b) Upon at least three Business Days' prior irrevocable written or fax notice to the Administrative Agent, the Company may at any time in whole permanently terminate, or from time to time in part permanently reduce, in each case without premium or penalty, the Revolving Credit Commitments or the Swingline Commitment; provided, however, that (i) each partial reduction of the Revolving Credit Commitments or the Swingline Commitment shall be in an integral multiple of $1,000,000 and in a minimum amount of $5,000,000 and (ii) the Total Revolving Credit Commitment shall not be reduced to an amount that is less than the Aggregate Revolving Credit Exposure then in effect. Upon at least three Business Days' prior irrevocable written or fax notice to the Administrative Agent, the Company may at any time in whole permanently terminate, or from time to time permanently reduce, the Total Credit-Linked Deposit; provided, however, that (i) each partial reduction of the Total Credit-Linked Deposit shall be in an integral multiple of $1,000,000 and in a minimum amount of $5,000,000 and (ii) the Total Credit-Linked Deposit shall not be reduced to an amount that would result in the aggregate Funded L/C Exposure exceeding the Total Credit-Linked Deposit (as so reduced). In the event the Credit-Linked Deposits shall be reduced as provided in the immediately preceding

sentence, the Administrative Agent shall return all amounts in the Credit-Linked Deposit Account in excess of the reduced Total Credit-Linked Deposit to the Term Lenders ratably in accordance with their Pro Rata Percentages of the Total Credit-Linked Deposit (as determined immediately prior to such reduction).

(c) Each reduction in the Revolving Credit Commitments or Swingline Commitment, or reduction of the Total Credit-Linked Deposit, hereunder shall be made ratably among the applicable Lenders in accordance with their Pro Rata Percentages. The Company shall pay to the Administrative Agent for the account of the applicable Lenders, on the date of each termination or reduction, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued to but excluding the date of such termination or reduction.

(d) In addition to the foregoing and subject to the terms hereof, so long as no Default or Event of Default shall have occurred and be continuing, upon at least three Business Days' prior irrevocable written or fax notice to the Administrative Agent, the Term Loan Borrower may, at any time and from time to time, request that any unused portion of the Total Credit Linked Deposit in an amount not greater than the excess of the Total Credit-Linked Deposit over the aggregate Funded L/C Exposure be permanently converted into Term Loans, in whole or in part, without premium or penalty; provided, however, that (i) each partial conversion shall be an integral multiple of $1,000,000 and in a minimum amount of $5,000,000 and (ii) the Total Credit-Linked Deposit shall not be reduced to an amount that would result in the aggregate Funded L/C Exposure exceeding the Total Credit-Linked Deposit (as so reduced). Any such notice of conversion shall include the date and amount of such conversion. If any such notice of conversion is properly given, the Administrative Agent shall irrevocably and permanently fund the requested amount in the Credit-Linked Deposit Account to the Term Loan Borrower as proceeds of Term Loans made on such date by the Term Lenders ratably in accordance with their Pro Rata Percentages of the Total Credit-Linked Deposit, and the amount so funded shall permanently reduce the Total Credit-Linked Deposit; any amount so funded pursuant to this paragraph shall, on and after the funding date thereof, be deemed to be Term Loans for all purposes hereunder.

SECTION 2.10. Conversion and Continuation of Borrowings. Each Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (a) not later than 12:00 (noon), New York City time, one Business Day prior to conversion, to convert any Eurodollar Borrowing of such Borrower into an ABR Borrowing, (b) not later than 12:00 (noon), New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing of such Borrower into a Eurodollar Borrowing or to continue any Eurodollar Borrowing of such Borrower as a Eurodollar Borrowing for an additional Interest Period and (c) not later than 12:00 (noon), New York City time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Borrowing of such Borrower to another permissible Interest Period, subject in each case to the following:

(i) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the converted or continued Borrowing;

(ii) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall satisfy the limitations specified in Sections 2.02(a) and 2.02(b) regarding the principal amount and maximum number of Borrowings of the relevant Type;

(iii) each conversion shall be effected by each Lender and the Administrative Agent by recording for the account of such Lender the new Loan of such Lender resulting from such conversion and reducing the Loan (or portion thereof) of such Lender being converted by an equivalent principal amount; accrued and unpaid interest on any Eurodollar Loan (or portion thereof) being converted shall be paid by the applicable Borrower at the time of conversion;

(iv) if any Eurodollar Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the applicable Borrower shall pay, upon demand, any amounts due to the

Lenders pursuant to Section 2.16;

(v) any portion of a Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Borrowing;

(vi) any portion of a Eurodollar Borrowing that cannot be converted into or continued as a Eurodollar Borrowing by reason of the immediately preceding clause shall be automatically converted at the end of the Interest Period in effect for such Borrowing into an ABR Borrowing;

(vii) no Interest Period may be selected for any Eurodollar Term Borrowing that would end later than a Repayment Date occurring on or after the first day of such Interest Period if, after giving effect to such selection, the aggregate outstanding amount of the sum of (A) the Eurodollar Term Borrowings with Interest Periods ending on or prior to such Repayment Date and (B) the ABR Term Borrowings would not be at least equal to the principal amount of Term Borrowings to be paid on such Repayment Date; and

(viii) after the occurrence and during the continuance of an Event of Default, no outstanding Loan may be converted into, or continued as, a Eurodollar Loan.

Each notice pursuant to this Section 2.10 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Borrowing that the applicable Borrower requests be converted or continued, (ii) whether such Borrowing is to be converted to or continued as a Eurodollar Borrowing or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Borrowing is to be converted to or continued as a Eurodollar Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Borrowing, the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall advise the Lenders of any notice given pursuant to this Section 2.10 and of each Lender's portion of any converted or continued Borrowing. If the applicable Borrower shall not have given notice in accordance with this Section 2.10 to continue any Borrowing into a subsequent

Interest Period (and shall not otherwise have given notice in accordance with this Section 2.10 to convert such Borrowing), such Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be converted or continued into an ABR Borrowing.

SECTION 2.11. Repayment of Term Borrowings. (a) Subject to the provisions of paragraph (b) of this Section, on the dates set forth below, or if any such date is not a Business Day, on the next preceding Business Day (each such date being called a "Repayment Date"), the Term Loan Borrower shall pay to the Administrative Agent, for the account of the Term Lenders, a principal amount of the Term Loans (as adjusted from time to time pursuant to Sections 2.11(c), 2.12 and 2.13(g)), and an amount of Credit-Linked Deposits (as adjusted from time to time pursuant to Sections 2.09(b), 2.11(c) and 2.13(g)) will be returned to the Term Lenders, in an aggregate amount equal to the sum of (i) the principal amount of Term Loans made on the Closing Date and (ii) the amount of the Credit-Linked Deposits on the Closing Date, multiplied, in each case, by the percentage set forth below for such date, together in each case with accrued and unpaid interest and Fees on the amount to be paid or returned to but excluding the date of such payment or return:

Repayment Date	Percentage

March 31, 2004	0.25%
June 30, 2004	0.25%
September 30, 2004	0.25%
December 31, 2004	0.25%
March 31, 2005	0.25%
June 30, 2005	0.25%
September 30, 2005	0.25%
December 31, 2005	0.25%
March 31, 2006	0.25%
June 30, 2006	0.25%
September 30, 2006	0.25%
December 31, 2006	0.25%
March 31, 2007	0.25%
June 30, 2007	0.25%
September 30, 2007	0.25%
December 31, 2007	0.25%
March 31, 2008	0.25%
June 30, 2008	0.25%
September 30, 2008	0.25%
December 31, 2008	0.25%
March 31, 2009	0.25%
June 30, 2009	0.25%
September 30, 2009	0.25%
December 31, 2009	0.25%
March 31, 2010	0.25%
Term Loan Maturity Date	93.75% or Remainder

(b) Notwithstanding any provision in this Agreement to the contrary, the aggregate amount to be repaid or returned on any date pursuant to this Section 2.11 (other than the Term Loan Maturity Date) shall be applied first to the repayment (to the extent of funds required to be so applied) of all Term Loans outstanding on such date and thereafter (to the extent of any residual) to the return of Credit-Linked Deposits outstanding on such date.

(c) In the event and on each occasion that any Term Loan Commitments shall be reduced or shall expire or terminate other than as a result of the making of a Term Loan, the installments payable on each Repayment Date shall be reduced pro rata by an aggregate amount equal to the amount of such reduction, expiration or termination.

(d) To the extent not previously paid, all Term Loans shall be due and payable on the Term Loan Maturity Date, together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment. To the extent not previously returned in accordance with the provisions hereof, all Credit-Linked Deposits shall be returned to the Term Lenders on the Funded Letter of Credit Maturity Date.

(e) All repayments pursuant to this Section 2.11 shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

SECTION 2.12. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing of such Borrower, in whole or in part, upon at least three Business Days' prior written or fax notice (or telephone notice promptly confirmed by written or fax notice) in the case of Eurodollar Loans, or written or fax notice (or telephone notice promptly confirmed by written or fax notice) at least one Business Day prior to the date of prepayment in the case of ABR Loans, to the Administrative Agent before 11:00 a.m., New York City time; provided, however, that each partial prepayment shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000.

(b) Optional prepayments of Term Loans shall be applied pro rata against the remaining scheduled installments of principal due in respect of the Term Loans.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Sections 2.05(e) and 2.16. All prepayments under this Section 2.12 shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

SECTION 2.13. Mandatory Prepayments. (a) In the event of any termination of all the Revolving Credit Commitments, each Revolving Loan Borrower shall, on the date of such termination, repay or prepay all its outstanding Revolving Credit Borrowings and all its outstanding Swingline Loans and replace all its outstanding Revolving Letters of Credit and/or deposit an amount equal to the Revolving L/C Exposure in cash in a cash collateral account established with the Collateral Agent for the benefit of the Secured Revolving Loan Parties. If as a result of any partial reduction of the Revolving Credit Commitments the Aggregate Revolving Credit Exposure would exceed the Total Revolving Credit Commitment after giving effect

thereto, then the Revolving Loan Borrowers shall, on the date of such reduction, repay or prepay Revolving Credit Borrowings or Swingline Loans (or a combination thereof) and/or cash collateralize Revolving Letters of Credit in an amount sufficient to eliminate such excess.

(b) Not later than the tenth Business Day following receipt of Net Cash Proceeds from the completion of any Asset Sale (other than an Asset Sale that relates to the Specified Assets Held for Sale) or the occurrence of any Recovery Event, the Term Loan Borrower shall apply the Required Prepayment Percentage of the Net Cash Proceeds received with respect thereto to prepay outstanding Term Loans and permanently reduce the Total Credit-Linked Deposit, such prepayment and reduction to be made in accordance with Section 2.13(f).

(c) In the event and on each occasion that an Equity Issuance occurs, the Term Loan Borrower shall, substantially simultaneously with (and in any event not later than the tenth Business Day next following) the occurrence of such Equity Issuance, apply the Required Prepayment Percentage of the Net Cash Proceeds therefrom to prepay outstanding Term Loans and permanently reduce the Total Credit-Linked Deposit, such prepayment and reduction to be made in accordance with Section 2.13(f).

(d) In the event that any Loan Party or any subsidiary of a Loan Party shall receive Net Cash Proceeds from the issuance or other incurrence of Indebtedness of any Loan Party or any subsidiary of a Loan Party (other than Indebtedness permitted pursuant to Section 6.01 (other than pursuant to Section 6.01(i))), the Term Loan Borrower shall, substantially simultaneously with (and in any event not later than the tenth Business Day next following) the receipt of such Net Cash Proceeds by such Loan Party or such subsidiary, apply an amount equal to the Required Prepayment Percentage of such Net Cash Proceeds to prepay outstanding Term Loans and permanently reduce the Total Credit-Linked Deposit, such prepayment and reduction to be made in accordance with Section 2.13(f).

(e) No later than the earlier of (i) 90 days after the end of each fiscal year of the Term Loan Borrower, commencing with the fiscal year ending on December 31, 2004, and (ii) the date on which the financial statements with respect to such period are delivered pursuant to Section 5.04(a), the Term Loan Borrower shall prepay outstanding Term Loans and permanently reduce the Total Credit-Linked Deposit, such prepayment and reduction to be made in accordance with Section 2.13(f), in an aggregate principal amount equal to the Required Prepayment Percentage of Adjusted Excess Cash Flow for the fiscal year then ended.

(f) Notwithstanding any provision in this Agreement to the contrary, but subject to the right of each Term Lender to elect to decline all or any portion of any prepayment or return pursuant to this Section 2.13 as described below, the amount to be prepaid or returned on any date pursuant to this Section 2.13 shall be applied first to the prepayment (to the extent required to be so applied) of all Term Loans outstanding on such date and thereafter (to the extent of any residual) to the permanent return of Credit-Linked Deposits outstanding on such date (or to be deposited in an account with the Administrative Agent if required under the circumstances described in paragraph (g) below). No later than 5:00 p.m., New York City time, one Business Day prior to the applicable prepayment or return date, each Term Lender may provide written notice to the Administrative Agent either (i) setting forth the maximum amount of the aggregate amount of its Term Loans and Credit-Linked Deposits collectively that it wishes to have prepaid

or returned on such date pursuant to this Section (the "Requested Prepayment Amount") or (ii) declining in its entirety any prepayment or return on such date pursuant to this Section. In the event that any Term Lender shall fail to provide such written notice to the Administrative Agent within the time period specified above, such Term Lender shall be deemed to have elected a Requested Prepayment Amount equal to its ratable share of such mandatory prepayment or return (determined based on the percentage of the aggregate amount of all Term Loans and the Total Credit-Linked Deposit represented by such Term Lender's Term Loans and Credit-Linked Deposits, in each case as determined immediately prior to such prepayment or return and without taking into account any Requested Prepayment Amount of any other Lender). In the event that the amount of any mandatory prepayment or return to be made pursuant to this Section shall be equal to or exceed the aggregate amount of all Requested Prepayment Amounts of all Term Lenders electing (or deemed to be electing) such a prepayment or return, each Term Lender electing (or deemed to be electing) such a prepayment or return shall have an amount of its Term Loans prepaid and, if applicable, its Credit-Linked Deposits returned that is equal to such Term Lender's Requested Prepayment Amount. In the event that the amount of any mandatory prepayment or return to be made pursuant to this Section shall be less than the aggregate amount of all Requested Prepayment Amounts of all Term Lenders electing (or deemed to be electing) such a prepayment or return, each Term Lender electing (or deemed to be electing) such a prepayment or return shall have its Term Loans prepaid and, if applicable, its Credit-Linked Deposits returned in an amount equal to the product of (A) the amount of such mandatory prepayment or return and (B) the percentage of the aggregate Requested Prepayment Amounts of all Term Lenders electing (or deemed to be electing) such a prepayment or return represented by such Term Lender's Requested Prepayment Amount. Mandatory prepayments of outstanding Term Loans and reductions of Credit-Linked Deposits under this Agreement shall be applied pro rata against the remaining scheduled installments due in respect of the Term Loans and the Credit-Linked Deposits under Section 2.11.

(g) Notwithstanding any provision in this Agreement to the contrary, in the event that any permanent reduction of the Total Credit-Linked Deposit pursuant to this Section would result in the Funded L/C Exposure exceeding the Total Credit-Linked Deposit, the Term Loan Borrower shall deposit cash in a cash collateral account established with the Administrative Agent pursuant to Section 2.23(j) in the amount of such excess.

(h) The Term Loan Borrower shall deliver to the Administrative Agent, at the time of each prepayment or reduction required under this Section 2.13, (i) a certificate signed by a Financial Officer of the Term Loan Borrower setting forth in reasonable detail the calculation of the amount of such prepayment or reduction and (ii) to the extent practicable, at least ten days prior written notice of such prepayment or reduction (and the Administrative Agent shall promptly provide the same to each Term Lender). Each notice of prepayment or reduction shall specify the prepayment or reduction date, the Type of each Loan being prepaid and the principal amount of each Loan (or portion thereof) to be prepaid and the amount of any reduction of the Total

Credit-Linked Deposit. All prepayments of Borrowings or reductions of the Total Credit-Linked Deposit pursuant to this Section 2.13 shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

SECTION 2.14. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision of this Agreement, if any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender, the Administrative Agent or the Issuing Bank (except any such reserve requirement which is reflected in the Adjusted LIBO Rate) or

(ii) impose on any Lender, the Administrative Agent or the Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein or any Credit-Linked Deposit,

and the result of any of the foregoing shall be to increase the cost to such Lender or the Issuing Bank of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to any Lender, the Administrative Agent or the Issuing Bank of issuing or maintaining any Letter of Credit or any Credit-Linked Deposit or purchasing or maintaining a participation therein or to reduce the amount of any sum received or receivable by such Lender or the Issuing Bank hereunder (whether of principal, interest or otherwise) by an amount reasonably deemed by such Lender, the Administrative Agent or the Issuing Bank to be material, then the Borrowers will pay to such Lender, the Administrative Agent or the Issuing Bank, as the case may be, upon demand such additional amount or amounts as will compensate such Lender or the Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender, the Administrative Agent or the Issuing Bank shall have determined that any Change in Law regarding capital adequacy has or would have the effect of reducing the rate of return on such Lender's, the Administrative Agent's or the Issuing Bank's capital or on the capital of such Lender's, the Administrative Agent's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit purchased by, such Lender or the Letters of Credit issued by the Issuing Bank to a level below that which such Lender, the Administrative Agent or the Issuing Bank or such Lender's, the Administrative Agent's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's, the Administrative Agent's or the Issuing Bank's policies and the policies of such Lender's, the Administrative Agent's or the Issuing Bank's holding company with respect to capital adequacy) by an amount reasonably deemed by such Lender, the Administrative Agent or the Issuing Bank to be material, then from time to time the Borrowers shall pay to such Lender, the Administrative Agent or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender, the Administrative Agent or the Issuing Bank or such Lender's, the Administrative Agent's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender, the Administrative Agent or the Issuing Bank setting forth the amount or amounts reasonably determined by such person to be necessary to compensate such Lender, the Administrative Agent or the Issuing Bank or its holding company, as applicable, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrowers and shall be conclusive absent manifest error. The Borrowers shall pay such Lender, the Administrative Agent or the Issuing Bank, as the case may be, the amount or amounts shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure or delay on the part of any Lender, the Administrative Agent or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's, the Administrative Agent's or the Issuing Bank's right to demand such compensation; provided that the Borrowers shall not be under any obligation to compensate any Lender, the Administrative Agent or the Issuing Bank under paragraph (a) or (b) above for increased costs or reductions with respect to any period prior to the date that is 270 days prior to such request if such Lender, the Administrative Agent or the Issuing Bank knew or could reasonably have been expected to know of the circumstances giving rise to such increased costs or reductions and of the fact that such circumstances would result in a claim for increased compensation by reason of such increased costs or reductions; provided further that the foregoing limitation shall not apply to any increased costs or reductions arising out of the retroactive application of any Change in Law within such 270-day period. The protection of this Section shall be available to each Lender, the Administrative Agent and the Issuing Bank regardless of any possible contention of the invalidity or inapplicability of the Change in Law that shall have occurred or been imposed.

SECTION 2.15. Change in Legality. (a) Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Borrowers and to the Administrative Agent:

(i) such Lender may declare that Eurodollar Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued for additional Interest Periods and ABR Loans will not thereafter (for such duration) be converted into Eurodollar Loans), whereupon any request for a Eurodollar Borrowing (or to convert an ABR Borrowing to a Eurodollar Borrowing or to continue a Eurodollar Borrowing for an additional Interest Period) shall, as to such Lender only, be deemed a request for an ABR Loan (or a request to continue an ABR Loan as such for an additional Interest Period or to convert a Eurodollar Loan into an ABR Loan, as the case may be), unless such declaration shall be subsequently withdrawn; and

(ii) such Lender may require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans. Any such conversion of a Eurodollar Loan under (i) above shall be subject to Section 2.16.

(b) For purposes of this Section 2.15, a notice to the Borrowers by any Lender shall be effective as to each Eurodollar Loan made by such Lender, if lawful, on the last day of the Interest Period then applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Borrowers.

SECTION 2.16. Indemnity. The Borrowers shall indemnify each Lender against any loss or expense that such Lender may sustain or incur as a consequence of (a) any event, other than a default by such Lender in the performance of its obligations hereunder, which results in (i) such Lender receiving or being deemed to receive any amount on account of the principal of any Eurodollar Loan prior to the end of the Interest Period in effect therefor, (ii) the conversion of any Eurodollar Loan to an ABR Loan, or the conversion of

the Interest Period with respect to any Eurodollar Loan, in each case other than on the last day of the Interest Period in effect therefor, (iii) any Eurodollar Loan to be made by such Lender (including any Eurodollar Loan to be made pursuant to a conversion or continuation under Section 2.10) not being made after notice of such Loan shall have been given by the applicable Borrower hereunder, (iv) the default by the Term Loan Borrower in making any reduction or conversion of any Credit-Linked Deposits after notice thereof shall have been given by the Term Loan Borrower hereunder or (v) the reduction or conversion of any Credit-Linked Deposits on a day which is not the last day of the Interest Period with respect thereto (any of the events referred to in this clause (a) being called a "Breakage Event") or (b) any default in the making of any payment or prepayment required to be made hereunder. In the case of any Breakage Event, such loss shall include an amount equal to the excess, as reasonably determined by such Lender, of (i) its cost of obtaining funds for the Eurodollar Loan or Credit-Linked Deposit that is the subject of such Breakage Event for the period from the date of such Breakage Event to the last day of the Interest Period in effect (or that would have been in effect) for such Loan or Credit-Linked Deposit, as the case may be, over (ii) the amount of interest likely to be realized by such Lender in redeploying the funds released or not utilized by reason of such Breakage Event for such period. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrowers and shall be conclusive absent manifest error.

SECTION 2.17. Pro Rata Treatment. Except as provided below in this Section 2.17 with respect to Swingline Loans and as required under Section 2.13, 2.14, 2.15 or 2.20, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Commitment Fees, each reduction of the Term Loan Commitments or the Revolving Credit Commitments and each conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). For purposes of determining the available Revolving Credit Commitments of the Lenders at any time, each outstanding Swingline Loan shall be deemed to have utilized the Revolving Credit Commitments of the Lenders (including those Lenders which shall not have made Swingline Loans) pro rata in accordance with such respective Revolving Credit Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole dollar amount.

SECTION 2.18. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower or any other Loan Party, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any

other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans or L/C Disbursement as a result of which the unpaid principal portion of its Loans and participations in L/C Disbursements shall be proportionately less than the unpaid principal portion of the Loans and participations in L/C Disbursements of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans and L/C Exposure of such other Lender, so that the aggregate unpaid principal amount of the Loans and L/C Exposure and participations in Loans and L/C Exposure held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans and L/C Exposure then outstanding as the principal amount of its Loans and L/C Exposure prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans and L/C Exposure outstanding prior to such exercise of banker's lien, setoff or

counterclaim or other event; provided, however, that if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.18 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Each Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Loan or L/C Disbursement deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to such Borrower in the amount of such participation.

SECTION 2.19. Payments. (a) Each Borrower shall make each payment (including principal of or interest on any Borrowing or any L/C Disbursement or any Fees or other amounts) hereunder and under any other Loan Document not later than 12:00 (noon), New York City time, on the date when due in immediately available dollars, without setoff, defense or counterclaim. Each such payment (other than (i) Issuing Bank Fees, which shall be paid directly to the Issuing Bank, and (ii) principal of and interest on Swingline Loans, which shall be paid directly to the Swingline Lender except as otherwise provided in Section 2.21(e)) shall be made to the Administrative Agent at its offices at Eleven Madison Avenue, New York, NY 10010 by wire transfer of immediately available funds (or as otherwise agreed by the Company and the Administrative Agent). All payments hereunder and under each other Loan Document shall be made in dollars.

(b) Except as otherwise expressly provided herein, whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.20. Taxes. (a) Any and all payments by or on account of any obligation of any Borrower or any other Loan Party hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if any Borrower or any other Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions

applicable to additional sums payable under this Section) the Administrative Agent or such Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower or such other Loan Party shall make (or cause to be made) such deductions and (iii) such Borrower or such other Loan Party shall pay (or cause to be paid) the full amount deducted to the relevant Governmental Authority in accordance with applicable law. In addition, any Borrower or any other Loan Party hereunder shall pay (or cause to be paid) any Other Taxes imposed other than by deduction or withholding to the relevant Governmental Authority in accordance with applicable law.

(b) Any and all payments by or on account of any obligation of the Administrative Agent pursuant to Section 2.24(b) hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Administrative Agent shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the Administrative Agent shall so notify the Company and advise it of the additional amount required to be paid so that the sum payable by the Administrative Agent pursuant to Section 2.24(b) after making all required deductions (including deductions applicable to additional sums payable under this Section) to the Term Lenders is an amount from the Administrative Agent equal to the sum they would have received from the Administrative Agent had no deductions been made, (ii) the Borrowers shall pay such additional amount to the Administrative Agent, (iii) the Administrative Agent shall make all required deductions, (iv) the Administrative Agent shall pay the full amount deducted to the relevant

Governmental Authority in accordance with applicable law and (v) the Borrowers shall jointly and severally indemnify, within 10 days after written demand therefor, the Administrative Agent with respect to any payments made on account of any obligation of the Administrative Agent pursuant to Section 2.24(b).

(c) Each Borrower shall jointly and severally indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, or any of their respective Affiliates, on or with respect to any payment by or on account of any obligation of any Borrower or any Loan Party hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability shall be delivered to any Borrower by a Lender, or by the Administrative Agent on its behalf or on behalf of a Lender, promptly upon such party's determination of an indemnifiable event and such certificate shall be conclusive absent clearly demonstrable error; provided that the failure to deliver such certificate shall not affect the obligations of the Borrowers under this Section 2.20(c) except to the extent the Borrower is actually prejudiced thereby. Payment under this Section 2.20(c) shall be made within 15 days from the date of delivery of such certificate; provided that the Borrower shall not be obligated to make any such payment to the Administrative Agent or the Lender (as the case may be) in respect of penalties, interest and other liabilities attributable to any Indemnified Taxes or Other Taxes if and to the extent that such penalties, interest and other liabilities are attributable to the gross negligence or willful misconduct of the Administrative Agent or such Lender or to the failure of the Administrative Agent or a Lender to deliver a certificate as to the amount of an indemnifiable liability within 180 days of such party's determination of an indemnifiable event.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any Borrower or any other Loan Party to a Governmental Authority, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which any Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to such Borrower (with a copy to the Administrative Agent), at the reasonable written request of such Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or delivery would not materially prejudice the legal position of such Lender.

SECTION 2.21. Assignment of Commitments Under Certain Circumstances; Duty to Mitigate. (a) In the event (i) any Lender or the Issuing Bank delivers a certificate requesting compensation pursuant to Section 2.14, (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.15 or (iii) any Borrower is required to pay any additional amount to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the Issuing Bank pursuant to Section 2.20, the Borrowers may, at their sole expense and effort (including with respect to the processing and recordation fee referred to in Section 9.04(b)), upon notice to such Lender or the Issuing Bank and the Administrative Agent, require such Lender or the Issuing Bank to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all of its interests, rights and obligations under this Agreement to an assignee that shall assume such assigned obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (x) such assignment shall not conflict with any law,

rule or regulation or order of any court or other Governmental Authority having jurisdiction, (y) the Borrowers shall have received the prior written consent of the Administrative Agent (and, if a Revolving Credit Commitment is being assigned, of the Issuing Bank and the Swingline Lender), which consent shall not unreasonably be withheld, and (z) the Borrowers or such assignee shall have paid to the affected Lender or the Issuing Bank in immediately available funds an amount equal to the sum of the principal of and interest accrued to the date of such payment on the outstanding Loans or L/C Disbursements of such Lender or the Issuing Bank, respectively, plus all Fees and other amounts accrued for the account of such Lender or the Issuing Bank hereunder (including any amounts under Section 2.14 and Section 2.16); provided further that, if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's or the Issuing Bank's claim for compensation under Section 2.14 or notice under Section 2.15 or the amounts paid pursuant to Section 2.20, as the case may be, cease to cause such Lender or the Issuing Bank to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 2.15, or cease to result in amounts being payable under Section 2.20, as the case may be (including as a result of any action taken by such Lender or the Issuing Bank pursuant to paragraph (b) below), or if such Lender or the Issuing Bank shall waive its right to claim further compensation under Section 2.14 in respect of such circumstances or event or shall withdraw its notice under Section 2.15 or shall waive its right to

further payments under Section 2.20 in respect of such circumstances or event, as the case may be, then such Lender or the Issuing Bank shall not thereafter be required to make any such transfer and assignment hereunder.

(b) If (i) any Lender or the Issuing Bank shall request compensation under Section 2.14, (ii) any Lender or the Issuing Bank delivers a notice described in Section 2.15 or (iii) any Borrower is required to pay any additional amount to any Lender or the Issuing Bank or any Governmental Authority on account of any Lender or the Issuing Bank, pursuant to Section 2.20, then such Lender or the Issuing Bank shall use reasonable efforts (which shall not require such Lender or the Issuing Bank to incur an unreimbursed loss or unreimbursed cost or expense or otherwise take any action inconsistent with its internal policies or legal or regulatory restrictions or suffer any disadvantage or burden deemed by it to be significant) (x) to file any certificate or document reasonably requested in writing by the Borrowers or (y) to assign its rights and delegate and transfer its obligations hereunder to another of its offices, branches or affiliates, if such filing or assignment would reduce its claims for compensation under Section 2.14 or enable it to withdraw its notice pursuant to Section 2.15 or would reduce amounts payable pursuant to Section 2.20, as the case may be, in the future. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender or the Issuing Bank in connection with any such filing or assignment, delegation and transfer.

SECTION 2.22. Swingline Loans. (a) Swingline Commitment. Subject to the terms and conditions hereof and relying upon the representations and warranties, set forth herein, the Swingline Lender agrees to make loans to the Revolving Loan Borrowers, at any time and from time to time after the Closing Date, and until the earlier of the Revolving Credit Maturity Date and the termination of the Revolving Credit Commitments in accordance with the terms hereof, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of all Swingline Loans exceeding $25,000,000 in the aggregate or (ii) the Aggregate Revolving Credit Exposure, after giving effect to any Swingline Loan, exceeding the Total Revolving Credit Commitment. Each Swingline Loan shall be in a principal amount that is an integral multiple of $500,000. The Swingline Commitment may be terminated or reduced from time to time as provided herein. Within the foregoing limits, the Revolving Loan Borrowers may borrow, pay or prepay, without premium or penalty, and reborrow Swingline Loans hereunder, subject to the terms, conditions and limitations set forth herein.

(b) Swingline Loans. Each Revolving Loan Borrower shall notify the Administrative Agent by fax, or by telephone (confirmed by fax), not later than 10:00 a.m., New York City time, on the day of a proposed Swingline Loan to be made to it. Such notice shall be delivered on a Business Day, shall be irrevocable and shall refer to this Agreement and shall specify the requested date (which shall be a Business Day) and amount of such Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any notice received from a Revolving Loan Borrower pursuant to this paragraph (b). The Swingline Lender shall make each Swingline Loan available to the applicable Revolving Loan Borrower by means of a credit to the general deposit account of such Revolving Loan Borrower with the Swingline Lender by 3:00 p.m. on the date such Swingline Loan is so requested.

(c) Prepayment. The Revolving Loan Borrowers shall have the right at any time and from time to time to prepay any Swingline Loan, in whole or in part, upon giving written or fax

notice (or telephone notice promptly confirmed by written or fax notice) to the Swingline Lender and to the Administrative Agent before 12:00 (noon), New York City time, on the date of prepayment at the Swingline Lender's address for notices specified in the Lender Addendum delivered by the Swingline Lender. All principal payments of Swingline Loans shall be accompanied by accrued interest on the principal amount being repaid to the date of payment.

(d) Interest. Each Swingline Loan shall be an ABR Loan and, subject to the provisions of Section 2.07, shall bear interest as provided in Section 2.06(a).

(e) Participations. The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Revolving Credit Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Revolving Credit Lenders will participate. The Administrative Agent will, promptly upon receipt of such notice, give notice to each Revolving Credit Lender, specifying in such notice such Lender's Pro Rata Percentage of such Swingline Loan or Loans. In furtherance of the foregoing, each Revolving Credit Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Revolving Credit Lender's Pro Rata Percentage of such Swingline Loan or Loans. Each Revolving Credit Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Revolving Credit Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.02(c) with respect to Loans made by such Lender (and Section 2.02(c) shall apply, mutatis mutandis, to the payment obligations of the Lenders under this Section) and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Revolving Loan Borrowers of any participations in any Swingline Loan acquired pursuant to this paragraph and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Revolving Loan Borrowers (or other party on behalf of the Revolving Loan Borrowers) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve any Revolving Loan Borrower (or other party liable for obligations of any Revolving Loan Borrower)

of any default in the payment thereof.

SECTION 2.23. Letters of Credit. (a) General. Subject to the terms and conditions hereof, (i) each Revolving Loan Borrower may request the issuance of a Revolving Letter of Credit at any time and from time to time while the Revolving Credit Commitments remain in effect, and (ii) the Term Loan Borrower may request the issuance of a Funded Letter of Credit at any time and from time to time during the Funded Letter of Credit Availability Period, in each

case for its own account or for the account of any of the Subsidiary Guarantors or for the account of any other Subsidiary provided that the L/C Exposure with respect to all such Letters of Credit for the account of Subsidiaries that are not Subsidiary Guarantors shall not exceed the L/C Exposure Cap (and, if for the account of a Subsidiary Guarantor or other Subsidiary, such Borrower and such Subsidiary Guarantor or such other Subsidiary, as the case may be, shall be co-applicants with respect to such Letter of Credit), in a form reasonably acceptable to the Administrative Agent and the Issuing Bank. This Section shall not be construed to impose an obligation upon the Issuing Bank to issue any Letter of Credit that is inconsistent with the terms and conditions of this Agreement.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. In order to request the issuance of a Letter of Credit (or to amend, renew or extend an existing Letter of Credit), the applicable Borrower shall hand deliver or fax to the Issuing Bank and the Administrative Agent (no less than three Business Days (or such shorter period of time acceptable to the Issuing Bank) in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, whether such Letter of Credit shall be a Funded Letter of Credit or a Revolving Letter of Credit, the date of issuance, amendment, renewal or extension, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) below), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare such Letter of Credit. The Issuing Bank shall promptly (i) notify the Administrative Agent in writing of the amount and expiry date of each Letter of Credit issued by it and (ii) provide a copy of such Letter of Credit (and any amendments, renewals or extensions thereof) to the Administrative Agent. A Funded Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each such Funded Letter of Credit the Term Loan Borrower shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension the Funded L/C Exposure shall not exceed the Total Credit-Linked Deposit at such time. A Revolving Letter of Credit shall be issued, amended, renewed or extended only if, and upon issuance, amendment, renewal or extension of each such Revolving Letter of Credit the applicable Revolving Loan Borrower shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension, the Aggregate Revolving Credit Exposure shall not exceed the Total Revolving Credit Commitment. If the applicable Borrower shall fail to specify whether any requested Letter of Credit is to be a Funded Letter of Credit or a Revolving Letter of Credit, then the requested Letter of Credit shall be deemed to be a Funded Letter of Credit unless the issuance thereof would result in the Funded L/C Exposure exceeding the Total Credit-Linked Deposit at such time, in which case it shall be deemed to be a Revolving Letter of Credit, but only if the issuance of a Revolving Letter of Credit is permissible at such time as described above. Notwithstanding the foregoing, the issuance of Funded Letters of Credit shall also be subject to the limitations set forth in Section 2.23(e) below.

(c) Expiration Date. Each Letter of Credit shall expire at the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit and (ii)(A) in the case of any Revolving Letter of Credit, the date that is five Business Days prior to the Revolving Credit Maturity Date and (B) in the case of any Funded Letter of Credit, the date that is five Business Days prior to the Funded Letter of

Credit Maturity Date, unless such Letter of Credit expires by its terms on an earlier date; provided, however, that a Letter of Credit may, upon the request of the applicable Borrower, include a provision whereby such Letter of Credit shall be renewed automatically for additional consecutive periods of 12 months or less (but not beyond the date that is five Business Days prior to, in the case of any Revolving Letter of Credit, the Revolving Credit Maturity Date or, in the case of any Funded Letter of Credit, the Funded Letter of Credit Maturity Date) unless the Issuing Bank notifies the beneficiary thereof at least 30 days prior to the then-applicable expiration date that such Letter of Credit will not be renewed.

(d) Participations. By the issuance of a Revolving Letter of Credit and without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Revolving Credit Lender, and each such Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Lender's Pro Rata Percentage of the aggregate amount available to be drawn under such Letter of Credit, effective upon the issuance of such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Credit Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Lender's Pro Rata Percentage of each Revolving L/C Disbursement made by the Issuing Bank and not reimbursed by any Borrower (or, if applicable, another party pursuant to its obligations under any other Loan Document) forthwith on the date due as provided in Section 2.02(f). Each Revolving Credit Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Revolving Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

On the Closing Date, without any further action on the part of the Issuing Bank or the Lenders, the Issuing Bank hereby grants to each Term Lender, and each such Lender hereby acquires from the Issuing Bank, a participation in each Funded Letter of Credit equal to such Lender's Pro Rata Percentage of the aggregate amount available to be drawn under such Letter of Credit. The aggregate purchase price for the participations of each Term Lender in Funded Letters of Credit shall equal the amount of the Credit-Linked Deposit of such Lender. Each Term Lender shall pay to the Administrative Agent its Credit-Linked Deposit in full on the Closing Date. Each Term Lender hereby absolutely and unconditionally agrees that if the Issuing Bank makes a Funded L/C Disbursement which is not reimbursed by the Term Loan Borrower pursuant to Section 2.23(e), the Administrative Agent shall reimburse the Issuing Bank for the amount of such Funded L/C Disbursement, ratably as among the Term Lenders in accordance with their Pro Rata Percentages of the Total Credit-Linked Deposit, from such Term Lender's Credit-Linked Deposit on deposit in the Credit-Linked Deposit Account. Each Term Lender acknowledges and agrees that its obligation to acquire and fund participations in respect of Funded Letters of Credit pursuant to this paragraph is unconditional and irrevocable and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default or the return of the Credit Linked Deposits, and that such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Without limiting the foregoing, each Term Lender irrevocably authorizes the Administrative Agent to apply amounts of its Credit-Linked Deposit as provided in this paragraph.

(e) Reimbursement. If the Issuing Bank shall make any Revolving L/C Disbursement in respect of a Revolving Letter of Credit, the applicable Revolving Loan Borrower shall pay or cause to be paid to the Administrative Agent an amount equal to such Revolving L/C Disbursement not later than two hours after such Revolving Loan Borrower shall have received notice from the

Issuing Bank that payment of such draft will be made, or, if such Revolving Loan Borrower shall have received such notice later than 10:00 a.m., New York City time, on any Business Day, not later than 12:00 (noon), New York City time, on the immediately following Business Day.

If the Issuing Bank shall make any Funded L/C Disbursement in respect of a Funded Letter of Credit, the Term Loan Borrower shall have the right (but not the obligation) to pay or cause to be paid to the Administrative Agent an amount equal to the entire amount of such Funded L/C Disbursement not later than two hours after the Term Loan Borrower shall have received notice from the Issuing Bank that payment of such draft will be made or, if the Term Loan Borrower shall have received such notice later than 10:00 a.m., New York City time, on any Business Day, not later than 12:00 (noon), New York City time, on the immediately following Business Day. If the Term Loan Borrower does not so elect to reimburse the Issuing Bank for such Funded L/C Disbursement, reimbursement of the Issuing Bank shall be made in accordance with the provisions of Section 2.02(f). In the event that the Term Loan Borrower elects to reimburse the Issuing Bank for any Funded L/C Disbursement, for a period of 91 days following such reimbursement payment by the Term Loan Borrower, the Funded L/C Exposure shall be deemed to include for all purposes hereunder (including for purposes of the issuance of any new Funded Letter of Credit during such period) the amount of such reimbursement payment until the end of such 91-day period.

(f) Obligations Absolute. Each Borrower's obligations to reimburse L/C Disbursements as provided in paragraph (e) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under any and all circumstances whatsoever, and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit or any Loan Document, or any term or provision therein;

(ii) any amendment or waiver of, or any consent to departure from, all or any of the provisions of any Letter of Credit or any Loan Document;

(iii) the existence of any claim, setoff, defense or other right that the applicable Borrower, any other party guaranteeing, or otherwise obligated with, such Borrower, any subsidiary or other Affiliate thereof or any other person may at any time have against the beneficiary under any Letter of Credit, the Issuing Bank, the Administrative Agent or any Lender or any other person, whether in connection with this Agreement, any other Loan Document or any other related or unrelated agreement or transaction;

(iv) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; and

(vi) any other act or omission to act or delay of any kind of the Issuing Bank, any Lender, the Administrative Agent or any other person or any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of the applicable Borrower's obligations hereunder.

Without limiting the generality of the foregoing, it is expressly understood and agreed that the absolute and unconditional obligation of each Borrower hereunder to reimburse L/C Disbursements will not be excused by the

gross negligence or willful misconduct of the Issuing Bank. However, the foregoing shall not be construed to excuse the Issuing Bank from liability to any Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by such Borrower that are caused by the Issuing Bank's gross negligence or willful misconduct in determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof; it is understood that the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary and, in making any payment under any Letter of Credit (i) the Issuing Bank's exclusive reliance on the documents presented to it under such Letter of Credit as to any and all matters set forth therein, including reliance on the amount of any draft presented under such Letter of Credit, whether or not the amount due to the beneficiary thereunder equals the amount of such draft and whether or not any document presented pursuant to such Letter of Credit proves to be insufficient in any respect, if such document on its face appears to be in order, and whether or not any other statement or any other document presented pursuant to such Letter of Credit proves to be forged or invalid or any statement therein proves to be inaccurate or untrue in any respect whatsoever and (ii) any noncompliance in any immaterial respect of the documents presented under such Letter of Credit with the terms thereof shall, in each case, be deemed not to constitute willful misconduct or gross negligence of the Issuing Bank.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall as promptly as possible give telephonic notification, confirmed by fax, to the Administrative Agent and the applicable Borrower of such demand for payment and whether the Issuing Bank has made or will make an L/C Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the applicable Borrower of its obligation to reimburse the Issuing Bank and the applicable Lenders with respect to any such L/C Disbursement. The Administrative Agent shall promptly give each Revolving Credit Lender or each Term Lender, as the case may be, notice thereof.

(h) Interim Interest. If the Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, then, (i) in the case of any Revolving L/C Disbursement, unless the applicable Borrower shall reimburse such Revolving L/C Disbursement in full on such date or (ii) in the case of any Funded L/C Disbursement, unless either the Term Loan Borrower shall

reimburse such Funded L/C Disbursement in full within the time period specified in Section 2.23(e) or the Administrative Agent shall reimburse such Funded L/C Disbursement with funds held in the Credit-Linked Deposit Account in full on such date, in each case the unpaid amount thereof shall bear interest for the account of the Issuing Bank, for each day from and including the date of such L/C Disbursement to but excluding the earlier of the date of payment by the applicable Borrower or the date on which interest shall commence to accrue thereon as provided in Section 2.02(f), at (A) in the case of a Revolving L/C Disbursement, the rate per annum that would apply to such amount if such amount were an ABR Revolving Loan and (B) in the case of a Funded L/C Disbursement, the rate per annum that would apply to such amount if such amount were an ABR Term Loan.

(i) Resignation or Removal of the Issuing Bank. The Issuing Bank may resign at any time by giving 30 days' prior written notice to the Administrative Agent, the Lenders and the Borrowers, and may be removed at any time by the Company by notice to the Issuing Bank, the Administrative Agent and the Lenders. Subject to the next succeeding paragraph, upon the acceptance of any appointment as the Issuing Bank hereunder by a Lender that shall agree to serve as successor Issuing Bank, such successor shall succeed to and become vested with all the interests, rights and obligations of the retiring Issuing Bank and the retiring Issuing Bank shall be discharged from its obligations to issue additional Letters of Credit hereunder without affecting its rights and

obligations with respect to Letters of Credit previously issued by it. At the time such removal or resignation shall become effective, the Borrowers shall pay all accrued and unpaid fees pursuant to Section 2.05(c)(ii). The acceptance of any appointment as the Issuing Bank hereunder by a successor Lender shall be evidenced by an agreement entered into by such successor, in a form satisfactory to the Borrowers and the Administrative Agent, and, from and after the effective date of such agreement, (i) such successor Lender shall have all the rights and obligations of the previous Issuing Bank under this Agreement and the other Loan Documents and (ii) references herein and in the other Loan Documents to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the resignation or removal of the Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation or removal, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, the Borrowers shall, on the Business Day they receive notice from the Administrative Agent or the Majority Lenders (or, if the maturity of the Loans has been accelerated, Revolving Credit Lenders and Term Lenders with L/C Exposure representing greater than 50% of the total L/C Exposure) thereof and of the amount to be deposited, deposit in an account with the Collateral Agent, for the ratable benefit of the Lenders with L/C Exposure, an amount in cash equal to the L/C Exposure as of such date. Such deposit shall be held by the Collateral Agent as collateral for the payment and performance of the obligations of the Borrowers under this Agreement. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits in Permitted Investments, which investments shall be made at the option and sole discretion of the Collateral Agent, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall

(i) automatically be applied by the Administrative Agent to reimburse the Issuing Bank for L/C Disbursements for which it has not been reimbursed, (ii) be held for the satisfaction of the reimbursement obligations of the Borrowers for the L/C Exposure at such time and (iii) if the maturity of the Loans has been accelerated (but subject to the consent of Revolving Credit Lenders and Term Lenders with L/C Exposure representing greater than 50% of the total L/C Exposure), be applied to satisfy the Secured Obligations hereunder. If the Borrowers are required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrowers within three Business Days after all Events of Default have been cured or waived.

(k) Additional Issuing Banks. The Borrowers may, at any time and from time to time with the consent of the Administrative Agent (which consent shall not be unreasonably withheld) and such Lender, designate one or more additional Lenders to act as an issuing bank under the terms of the Agreement. Any Lender designated as an issuing bank pursuant to this paragraph shall be deemed to be an "Issuing Bank" (in addition to being a Lender) in respect of Letters of Credit issued or to be issued by such Lender, and, with respect to such Letters of Credit, such term shall thereafter apply to the other Issuing Bank and such Lender.

SECTION 2.24. Credit-Linked Deposit Account. (a) The Credit-Linked Deposits shall be held by the Administrative Agent in the Credit-Linked Deposit Account, and no party other than the Administrative Agent shall have a right of withdrawal from the Credit-Linked Deposit Account or any other right or power with respect to the Credit-Linked Deposits, except as expressly set forth in Section 2.02(f), 2.09(b) or 2.09(d). Notwithstanding any provision in this Agreement to the contrary, the sole funding obligation of each Term Lender in respect of its participation in Funded Letters of Credit shall be satisfied in

full upon the funding of its Credit-Linked Deposit on the Closing Date.

(b) Each of the Borrowers, the Administrative Agent, the Issuing Bank and each Term Lender hereby acknowledges and agrees that each Term Lender is funding its Credit-Linked Deposit to the Administrative Agent for application in the manner contemplated by Section 2.02(f) and that the Administrative Agent has agreed to invest the Credit-Linked Deposits so as to earn a return (subject to Section 2.08) for the Term Lenders equal to (i) the LIBO Rate (without giving effect to the last proviso in the definition thereof) for the Interest Period in effect for the Credit-Linked Deposits at such time (the "Benchmark LIBO Rate") minus (ii) 0.10%. Such interest will be paid to the Term Lenders by the Administrative Agent quarterly in arrears when Letter of Credit fees are payable pursuant to Section 2.05(d). In addition to the foregoing payments by the Administrative Agent, the Borrowers agree to make payments to the Term Lenders quarterly in arrears when Letter of Credit fees are payable pursuant to Section 2.05(d) (and together with the payment of such fees) in an amount equal to the sum of (i) 0.10% on the average daily amount of the Credit-Linked Deposit during the applicable Interest Period and (ii) if the Benchmark LIBO Rate for such preceding period was less than 1.50% per annum, the difference between 1.50% per annum and the Benchmark LIBO Rate for such period on the average daily amount of the Credit-Linked Deposit during the applicable Interest Period.

(c) Subject to Section 2.09(d), the Borrowers shall have no right, title or interest in or to the Credit-Linked Deposits and no obligations with respect thereto, it being acknowledged and

agreed by the parties hereto that the making of the Credit-Linked Deposits by the Term Lenders, the provisions of this Section 2.24 and the application of the Credit-Linked Deposits in the manner contemplated by Section 2.02(f) constitute agreements among the Administrative Agent, the Issuing Bank and each Term Lender with respect to the funding obligations of each Term Lender in respect of its participation in Funded Letters of Credit and do not constitute any loan or extension of credit to the Borrowers, subject to the provisions of Section 2.02(f).

(d) Subject to the Borrowers' compliance with the cash-collateralization requirements set forth in Section 2.09, the Administrative Agent shall return any remaining Credit-Linked Deposits to the Term Lenders following the occurrence of the Funded Letter of Credit Maturity Date.

ARTICLE III.

Representations and Warranties

Each Borrower jointly and severally represents and warrants to the Arrangers, the Administrative Agent, the Collateral Agent, the Issuing Bank and each of the Lenders that:

SECTION 3.01. Organization; Powers. The Company and each of the Subsidiaries (a) is duly organized or formed, validly existing and in good standing under the laws of the jurisdiction of its organization or formation, (b) has all requisite power and authority, and the legal right, to own and operate its property and assets, to lease the property it operates as lessee and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect and (d) has the power and authority, and the legal right, to execute, deliver and perform its obligations under this Agreement, each of the other Loan Documents and each other agreement or instrument contemplated hereby or thereby to which it is or will be a party, including, in the case of the Borrowers, to borrow hereunder, in the case of each Loan Party, to grant the Liens contemplated to be granted by it under the Security Documents and, in the case of each Subsidiary Guarantor, to Guarantee the Secured

Obligations hereunder as contemplated by the Guarantee and Collateral Agreement.

SECTION 3.02. Authorization; No Conflicts. The Transactions (a) have been duly authorized by all requisite corporate, partnership or limited liability company and, if required, stockholder, partner or member action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of the Company or any Subsidiary, (B) any order of any Governmental Authority or arbitrator or (C) any provision of any indenture or any material agreement or other material instrument to which the Company or any Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture or material agreement or other material instrument or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter

acquired by the Company or any other Loan Party (other than Liens created under the Security Documents).

SECTION 3.03. Enforceability. This Agreement has been duly executed and delivered by each Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.04. Governmental Approvals. No action, consent or approval of, registration or filing with, notice to, or any other action by, any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of UCC financing statements and filings with the United States Patent and Trademark Office and the United States Copyright Office, (b) recordation of the Mortgages and (c) such as have been made or obtained and are in full force and effect.

SECTION 3.05. Financial Statements. (a) The Company has heretofore furnished to the Lenders its consolidated balance sheets and statements of income and stockholder's equity (i) as of and for the fiscal year ended December 31, 2002, December 31, 2001 and December 31, 2000, audited by and accompanied by the opinion of PricewaterhouseCoopers LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended September 30, 2003, certified by a Financial Officer of the Company and reviewed by PricewaterhouseCoopers LLP, independent public accountants, as provided in Statement on Auditing Standards No. 100. Such financial statements present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries as of such dates and for such periods, subject to normal year-end audit adjustments and the absence of footnotes in the case of the financial statements referred to in clause (ii) above. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of the Company and its consolidated Subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis (except, with respect to such financial statements referred to in clause (ii) above, for the absence of footnotes and normal year-end adjustments).

(b) The Company has heretofore delivered to the Lenders its unaudited pro forma consolidated balance sheet and statements of income, stockholder's equity and cash flows as of September 30, 2003, prepared giving effect to the Transactions as if they had occurred, with respect to such balance sheet, on such date and, with respect to such other financial statements, on the first day of each of the 9-month period and 12-month period ending on such date. Such pro forma financial statements (i) have been prepared in good faith by the

Company, based on the assumptions used to prepare the pro forma financial information contained in the Confidential Information Memorandum (which assumptions are believed by the Company on the date hereof and on the Closing Date to be reasonable) and (ii) present fairly in all material respects on a pro forma basis the estimated consolidated financial position of the Company and its consolidated Subsidiaries as of such date and for such period, assuming that the Transactions had actually occurred at such date or at the beginning of such period, as the case may be (it being

understood that estimates, by their nature, are inherently uncertain and that no assurances are being made that such results will be achieved).

SECTION 3.06. No Material Adverse Change. No event, change or condition has occurred that has had, or could reasonably be expected to have, a Material Adverse Effect, since March 31, 2003, other than the filing of the Bankruptcy Cases, the events leading up to the Bankruptcy Cases as disclosed in the Disclosure Statement and any other event, change or condition that has been specifically disclosed in the Disclosure Statement.

SECTION 3.07. Title to Properties; Possession Under Leases. (a) Each of the Company and the other Loan Parties has good and marketable title to, or valid leasehold interests in, all its material properties and material assets that are included in the Collateral (including all Mortgaged Property) and including valid rights, title and interests in or rights to control or occupy easements or rights of way used in connection with such properties and assets ("Easements"), free and clear of all Liens or other exceptions to title other than Permitted Liens.

(b) Each of the Company and the Subsidiaries has complied with all material obligations under all material leases to which it is a party and all such material leases are in full force and effect. Each of the Company and the Subsidiaries enjoys peaceful and undisturbed possession under all such material leases.

(c) None of the Company or any of the other Loan Parties has received any notice of, nor has any knowledge of, any pending or contemplated condemnation proceeding affecting the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation (i) as of the Closing Date or (ii) at any time thereafter, which in the case of clause (ii) has had, or could reasonably be expected to have, a Material Adverse Effect.

(d) Except as set forth on Schedule 3.07, none of the Company or any of the Subsidiaries is obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein.

SECTION 3.08. Subsidiaries. Schedule 3.08 sets forth as of the Closing Date a list of all Subsidiaries, including each Subsidiary's exact legal name (as reflected in such Subsidiary's certificate or articles of incorporation or other constitutive documents) and jurisdiction of incorporation or formation and the percentage ownership interest of the Company (direct or indirect) therein, and identifies each Subsidiary that is a Loan Party. The shares of capital stock or other Equity Interests so indicated on Schedule 3.08 are owned by the Company, directly or indirectly, free and clear of all Liens (other than Liens created under the Security Documents and, in the case of Equity Interests (other than Pledged Securities), Liens expressly permitted hereunder) and all such shares of capital stock are fully paid and non-assessable.

SECTION 3.09. Litigation; Compliance with Laws. (a) Except as set forth on Schedule 3.09, there are no actions, suits or proceedings at law or in equity or by or before any arbitrator or Governmental Authority now pending or, to the knowledge of any Borrower, threatened against the Company or any Subsidiary or any business, property or rights of the Company or any Subsidiary (i) that involve any Loan Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely

determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(b) Except as set forth on Schedule 3.09, none of the Company or any of the Subsidiaries or any of their respective material properties or assets is in violation of any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permits, but not including any Environmental Law which is the subject of Section 3.17) or any restrictions of record or agreements affecting the Mortgaged Property, or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation or default, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(c) Certificates of occupancy and permits are in effect for each Mortgaged Property as currently constructed.

SECTION 3.10. Agreements. (a) None of the Company or any of the Subsidiaries is a party to any agreement or instrument, or subject to any corporate restriction, that, individually or in the aggregate, has resulted or could reasonably be expected to result in a Material Adverse Effect.

(b) None of the Company or any of the Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Federal Reserve Regulations. (a) None of the Company or any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) No part of the proceeds of any Loan or any Letter of Credit will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for purchasing or carrying Margin Stock or for the purpose of purchasing, carrying or trading in any securities under such circumstances as to involve any Borrower in a violation of Regulation X or to involve any broker or dealer in a violation of Regulation T. No Indebtedness being reduced or retired out of the proceeds of any Loans or Letters of Credit was or will be incurred for the purpose of purchasing or carrying any Margin Stock. Following the application of the proceeds of the Loans and the Letters of Credit, Margin Stock will not constitute more than 25% of the value of the assets of the Company and the Subsidiaries. None of the transactions contemplated by this Agreement will violate or result in the violation of any of the provisions of the Regulations of the Board, including Regulation T, U or X. If requested by any Lender or the Administrative Agent, each Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1 referred to in Regulation U.

SECTION 3.12. Investment Company Act. None of the Company or any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended from time to time.

SECTION 3.13. Use of Proceeds. The Term Loan Borrower will use the proceeds of the Term Loans (other than those Term Loans that may be made, or deemed to be made, from any Credit-Linked Deposits) solely to finance the Recapitalization, including to refinance all outstanding Indebtedness for borrowed money of NRG Mid-Atlantic, NRG Northeast and NRG South Central, to pay related fees and expenses and to pay $250,000,000 to certain pre-petition

creditors of the Company in lieu of an equivalent amount of unsecured notes of the Company that were to be issued to such creditors pursuant to the NRG Plan. The Revolving Loan Borrowers will use the proceeds of the Revolving Loans and the Swingline Loans solely for the post-Closing Date working capital requirements and general corporate purposes of the Company and the Subsidiary Guarantors. The Revolving Loan Borrowers and the Term Loan Borrower, as the case may be, will request the issuance of Letters of Credit solely for the post-Closing Date working capital requirements and general corporate purposes of (i) the Company and the Subsidiary Guarantors or (ii) any other Subsidiary, provided that the L/C Exposure with respect thereto shall not exceed the L/C Exposure Cap. The Term Loan Borrower will use the proceeds of the Term Loans that may be made, or deemed to be made, from the requested conversion of Credit-Linked Deposits into Term Loans solely for the post-Closing Date working capital requirements and general corporate purposes of the Company and the Subsidiary Guarantors.

SECTION 3.14. Tax Returns. Each of the Company and each of the Subsidiaries has filed or caused to be filed all Federal, state, local and foreign tax returns or materials required to have been filed by it and all such tax returns are correct and complete in all material respects. Each of the Company and each of the Subsidiaries has paid or caused to be paid all Taxes due and payable by it and all assessments received by it, except Taxes that are being contested in good faith by appropriate proceedings and for which the Company or such Subsidiary, as applicable, shall have set aside on its books adequate reserves. No Tax Lien has been filed, and to the knowledge of the Company and each of the Subsidiaries, no claim is being asserted, with respect to any Tax. Neither the Company nor any of the Subsidiaries (a) intends to treat the Loans or any of the transactions contemplated by any Loan Document as being a "reportable transaction" (within the meaning of Treasury Regulation Section 1.6011-4) or (b) is aware of any facts or events that would result in such treatment.

SECTION 3.15. No Material Misstatements; Recapitalization Documentation. (a) The Borrowers have disclosed to the Arrangers, the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which the Company or any of the Subsidiaries is subject, and all other matters known to any of them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. None of (i) the Confidential Information Memorandum or (ii) any other information, report, financial statement, exhibit or schedule furnished by or on behalf of the Company or any Subsidiary to the Arrangers, the Administrative Agent or any Lender for use in connection with the transactions contemplated by the Loan Documents or in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain (as of the date of its delivery to the Arrangers, the Administrative Agent or any Lender or, as modified or supplemented, as of the Closing Date) any material misstatement of fact or omitted, omits or will

omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading; provided that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, each Borrower represents only that it acted in good faith and utilized reasonable assumptions and due care in the preparation of such information, report, financial statement, exhibit or schedule.

(b) As of the Closing Date, the representations and warranties of the applicable Loan Parties set forth in the Recapitalization Documentation are true and correct in all material respects.

SECTION 3.16. Employee Benefit Plans. Each of the Company and each of its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the Tax Code and the regulations and published interpretations thereunder. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA

Events, could reasonably be expected to result in material liability of the Company or any of its ERISA Affiliates.

SECTION 3.17. Environmental Matters. (a) Except as set forth in Schedule 3.17 or except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of the Company or any of the Subsidiaries:

(i) has failed to comply with any Environmental Law or to take all actions necessary to obtain, maintain, renew and comply with any permit, license or other approval required under Environmental Law;

(ii) has become a party to any administrative or judicial proceeding or possesses knowledge of any such proceeding that has been threatened that may result in the termination, revocation or modification of any permit, license or other approval required under Environmental Law;

(iii) has become subject to any Environmental Liability or possesses knowledge that any Mortgaged Property (A) is subject to any Lien imposed pursuant to Environmental Law or (B) contains Hazardous Materials of a form or type or in a quantity or location that could reasonably be expected to result in any Environmental Liability;

(iv) has received written notice of any claim or threatened claim with respect to any Environmental Liability other than those which have been fully and finally resolved and for which no obligations remain outstanding; or

(v) possesses knowledge of any facts or circumstances that could form the basis for any Environmental Liability or could materially interfere with or prevent continued material compliance with Environmental Laws by the Company or the Subsidiaries.

(b) Since the date of this Agreement, there has been no change in the status of the matters disclosed on Schedule 3.17 that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

The representations and warranties in this Section 3.17 are the sole representations and warranties herein with respect to Environmental Law.

SECTION 3.18. Insurance. Schedule 3.18 sets forth a true, complete and correct description of all insurance maintained by or on behalf of the Company and the Subsidiaries as of the Closing Date. As of the Closing Date, such insurance is in full force and effect and all premiums that are due and owed have been duly paid. The Company and the Subsidiaries are insured by financially sound and responsible insurers and such insurance is in such amounts and covering such risks and liabilities (and with such deductibles, retentions and exclusions) as are maintained by companies of a similar size operating in the same or similar businesses. None of the Company or any of the Subsidiaries (a) has received notice from any insurer under any such insurance (or any agent thereof) that substantial capital improvements or other substantial expenditures will have to be made in order to continue such insurance (i) as of the Closing Date or (ii) at any time thereafter, which in the case of clause (ii) has had, or could reasonably be expected to have, a Material Adverse Effect or (b) has any reason to believe that it will not be able to renew its existing coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a substantially similar cost as available to companies of a similar size operating in the same or similar businesses.

SECTION 3.19. Security Documents. (a) The Guarantee and Collateral Agreement is effective to create in favor of the Collateral Trustee, for the ratable benefit of the Secured Parties, a legal, valid, binding and enforceable security interest in the Collateral described therein and proceeds thereof and

(i) in the case of the Pledged Securities, upon the earlier of (A) when such Pledged Securities are delivered to the Collateral Trustee and (B) when financing statements in appropriate form are filed in the offices specified on Schedule 3.19(a) and (ii) in the case of all other Collateral described therein (other than Intellectual Property Collateral), when financing statements in appropriate form are filed in the offices specified on Schedule 3.19(a), the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Secured Parties in such Collateral and proceeds thereof, as security for the Secured Obligations hereunder, in each case prior and superior to the rights of any other person (except, in the case of all Collateral other than Pledged Securities, with respect to Liens expressly permitted by Section 6.02).

(b) Each Intellectual Property Security Agreement is effective to create in favor of the Collateral Trustee, for the ratable benefit of the Secured Parties, a legal, valid, binding and enforceable security interest in the Intellectual Property Collateral described therein and proceeds thereof. When each Intellectual Property Security Agreement is filed in the United States Patent and Trademark Office and the United States Copyright Office, respectively, together with financing statements in appropriate form filed in the offices specified in Schedule 3.19(a), such Intellectual Property Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the grantors thereunder in the Intellectual Property Collateral and proceeds thereof, as security for the Secured Obligations hereunder, in each case prior and superior in right to any other person (except with respect to Liens expressly

permitted by Section 6.02) (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a lien on registered trademarks, trademark applications and copyrights acquired by the grantors after the date hereof).

(c) Each of the Mortgages is effective to create in favor of the Collateral Trustee, for the ratable benefit of the Secured Parties, a legal, valid, binding, subsisting and enforceable Lien on, and security interest in, all of the Loan Parties' right, title and interest in and to the Mortgaged Property thereunder and proceeds thereof, and when the Mortgages are filed in the offices specified on Schedule 3.19(c), each such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the grantors thereof in such Mortgaged Property and proceeds thereof, as security for the Secured Obligations hereunder, in each case prior and superior in right to any other person (except Liens expressly permitted by clauses (d), (e) and (h) of Section 6.02).

SECTION 3.20. Location of Real Property. Schedule 3.20 lists completely and correctly as of the Closing Date all real property owned or leased by the Company and the other Loan Parties and all real property to which the Company and the other Loan Parties have an interest via easement, license or permit and, in each case, the addresses thereof, indicating for each parcel whether it is owned or leased. As of the Closing Date, the Company and the other Loan Parties own in fee or have valid leasehold or easement interests in, as the case may be, all the real property set forth on Schedule 3.20.

SECTION 3.21. Labor Matters. As of the Closing Date, there are no strikes, lockouts or slowdowns against the Company or any Subsidiary pending or, to the knowledge of any Borrower, threatened. The hours worked by and payments made to employees of the Company and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All payments due from the Company or any Subsidiary, or for which any claim may be made against the Company or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Company or such Subsidiary. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which the Company or any

Subsidiary is bound.

SECTION 3.22. Liens. There are no Liens of any nature whatsoever on any of the properties or assets of the Company or any of the Subsidiaries (other than, in the case of any Mortgaged Property, Liens expressly permitted by clauses (d), (e) and (h) of Section 6.02 and, in the case of any other property or assets, Liens expressly permitted by Section 6.02).

SECTION 3.23. Intellectual Property. Each of the Company and each of the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Company and the Subsidiaries does not infringe upon the rights of any other person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.24. Energy Regulation. (a) Neither the Company nor any Affiliate of the Company (other than First Energy Corp.) is, or by virtue of the Transactions, will become, subject to regulation as (i) a "holding company," (ii) a "subsidiary company" of a "holding company" (other than Xcel Energy Inc.) or (iii) a "public-utility company," in each case as such terms are defined in PUHCA. As of the Plan Effective Date for the NRG Plan, none of the Company or any of the Affiliates of the Company shall be a "subsidiary company" of a "holding company," in each case as such terms are defined in PUHCA.

(b) None of the Company or any of the Subsidiaries is subject to regulation as a "public utility" as such term is defined in the FPA, other than (i) as a power marketer or an owner of generator leads, which has market-based rate authority under Section 205 of the FPA or (ii) as a QF under PURPA, as contemplated by 18 C.F.R. Section 292.601(c). Except as set forth in Schedule 3.24, each of the Company and any of the Subsidiaries that is subject to regulation as a "public utility" as such term is defined in the FPA has validly issued orders from FERC, not subject to any pending challenge, investigation or proceeding (other than the FERC's generic proceeding initiated in Docket No. EL01-118-000) (x) authorizing such Subsidiary to engage in wholesale sales of electricity and, to the extent permitted under its market-based rate tariff, other transactions at market-based rates and (y) granting such waivers and blanket authorizations as are customarily granted to entities with market-based rate authority, including blanket authorizations to issue securities and to assume liabilities pursuant to Section 204 of the FPA; provided, however, that FERC has indicated in at least one order that it will treat the Company as a "public utility" for purposes of Section 204 of the FPA. The Company does not have blanket authorizations to issue securities and assume liabilities pursuant to Section 204 of the FPA. Except as set forth in Schedule 3.24, with respect to each person described in the preceding sentence, FERC has not imposed any rate caps or mitigation measures other than rate caps and mitigation measures generally applicable to similarly situated marketers or generators selling electricity, ancillary services or other services at wholesale at market-based rates in the geographic market where such person conducts its business.

(c) None of the Company or any of the Subsidiaries is subject to any state laws or regulations respecting rates or the financial or organizational regulation of utilities, other than, with respect to those Subsidiaries that are QF's, such state regulations contemplated by 18 C.F.R. Section 292.602(c) and "lightened regulation" as defined by the New York State Public Service Commission.

SECTION 3.25. Solvency. Immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of each Loan (or other extension of credit hereunder) and after giving effect to the application of the proceeds of each Loan (or other extension of credit hereunder), (a) the fair value of the assets of each Loan Party, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of each Loan Party will be greater than the amount that will be required to pay the probable

liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) each Loan Party will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) no Loan Party will have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and is proposed to be conducted following the Closing Date.

ARTICLE IV.

Conditions of Lending

The obligations of the Lenders to make Loans, the obligations of the Issuing Bank to issue Letters of Credit and the obligations of the Term Lenders to fund their Credit-Linked Deposits hereunder are subject to the satisfaction or waiver of the following conditions:

SECTION 4.01. All Credit Events. On the date of each Borrowing, including each Borrowing of a Swingline Loan, and on the date of each issuance, amendment, extension or renewal of a Letter of Credit (each such event being called a "Credit Event"):

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03 (or such notice shall have been deemed given in accordance with Section 2.03) or, in the case of the issuance, amendment, extension or renewal of a Letter of Credit, the Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance, amendment, extension or renewal of such Letter of Credit as required by Section 2.23(b) or, in the case of the Borrowing of a Swingline Loan, the Swingline Lender and the Administrative Agent shall have received a notice requesting such Swingline Loan as required by Section 2.22(b).

(b) The representations and warranties set forth in each Loan Document shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct in all material respects on and as of such earlier date.

(c) Each Borrower and each other Loan Party shall be in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed, and, at the time of and immediately after such Credit Event, no Event of Default or Default shall have occurred and be continuing.

(d) After giving effect to such Credit Event, the Aggregate Revolving Credit Exposure shall not exceed the Total Revolving Credit Commitment.

Each Credit Event shall be deemed to constitute a joint and several representation and warranty by the Borrowers on the date of such Credit Event as to the matters specified in paragraphs (b), (c) and (d) of this Section 4.01.

SECTION 4.02. First Credit Event. On the Closing Date:

(a) The Administrative Agent shall have received, on behalf of itself, the Lenders and the Issuing Bank, a favorable written opinion of (i) Kirkland & Ellis LLP, counsel for the Borrowers and the Subsidiaries, substantially to the effect set forth in Exhibit N, and (ii) each special and local counsel to the Borrowers and the Subsidiaries (including special regulatory counsel) as the Arrangers may reasonably request, in each case (A) dated the Closing Date, (B) addressed to the Administrative Agent, the Issuing

Bank and the Lenders and (C) covering such matters relating to the Loan Documents and the Transactions as the Arrangers shall reasonably request and which are customary for transactions of the type contemplated herein, and the Borrowers and the Subsidiaries hereby request such counsel to deliver such opinions.

(b) The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation or other formation documents, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State of the state of its organization, and a certificate as to the good standing of each Loan Party as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of each Loan Party dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such Loan Party as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such person is a party, in the case of the Borrowers, the borrowings hereunder, in the case of each Loan Party, the granting of the Liens contemplated to be granted by it under the Security Documents and, in the case of each Subsidiary Guarantor, the Guaranteeing of the Secured Obligations hereunder as contemplated by the Guarantee and Collateral Agreement, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation or other formation documents of such Loan Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; (iv) documentation and other information required by bank regulatory authorities under applicable "know your customer" and Anti-Money Laundering rules and regulations and (v) such other documents as the Administrative Agent, the Arrangers, the Issuing Bank or the Lenders may reasonably request.

(c) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraphs (b), (c) and (d) of Section 4.01.

(d) The Administrative Agent shall have received (i) this Agreement, executed and delivered by a duly authorized officer of each Borrower, (ii) the Guarantee and Collateral Agreement, executed and delivered by a duly authorized officer of the Company and each Subsidiary Guarantor, (iii) a Mortgage covering each of the Mortgaged Properties, executed and delivered by a duly authorized officer of each Loan Party thereto, (iv) the Control Agreements, executed and delivered by a duly authorized officer of each Loan Party thereto, (v) the Intellectual Property Security Agreements, executed and delivered by a duly authorized officer of each Loan Party thereto, (vi) the Collateral Trust Agreement, executed and delivered by a duly authorized officer of the Company and each Subsidiary Guarantor, (vii) if requested by any Lender pursuant to

Section 2.04, a promissory note or notes conforming to the requirements

of such Section and executed and delivered by a duly authorized officer of each Borrower and (viii) a Lender Addendum executed and delivered by each Lender and accepted by the Borrowers.

(e) The Company shall have received gross cash proceeds of not less than $1,000,000,000 from the issuance of the Senior Notes. The terms and conditions of the Senior Notes and the provisions of the Senior Note Documents shall be satisfactory in form and substance to the Arrangers. The Arrangers shall have received copies of the Senior Note Documents, certified by a Financial Officer of the Company as complete and correct.

(f) There shall not exist (on a pro forma basis after giving effect to the Transactions) any Default or Event of Default hereunder or any default or event of default under the Senior Note Documents or related documents or under any other material indebtedness or agreement of the Company or any Significant Subsidiary, or group of Subsidiaries that, taken together, would constitute a Significant Subsidiary (excluding in each case the Peakers Entities).

(g) The capital structure of the Company and the Subsidiaries after the Recapitalization and the sources and uses of funds in the Recapitalization shall be as described in Schedule 4.02(g) or as otherwise reasonably satisfactory to the Arrangers.

(h) Each of the NRG Entities shall have complied with all of its obligations under and agreements in the Commitment Letter, the Engagement Letter and the Fee Letter relating to the payment in full of all fees and reimbursable expenses payable thereunder on or prior to the Closing Date pursuant to the terms and conditions of the Commitment Letter, the Engagement Letter and the Fee Letter, and complied with all other obligations in the Commitment Letter, the Engagement Letter and the Fee Letter in all material respects, including, without limitation, its obligations with respect to the marketing of the Senior Notes.

(i) The Collateral Trustee, for the ratable benefit of the Secured Parties, shall have been granted on the Closing Date first priority perfected Liens on the Collateral (other than any Excluded Perfection Assets) (subject, in the case of all Collateral other than Pledged Securities, only to Liens expressly permitted by Section 6.02) and customary Guarantees from the Subsidiary Guarantors and shall have received such other reports, documents and agreements as the Collateral Trustee or the Collateral Agent shall reasonably request and which are customarily delivered in connection with security interests in real property assets. The Pledged Securities shall have been duly and validly pledged under the Guarantee and Collateral Agreement to the Collateral Trustee, for the ratable benefit of the Secured Parties, and certificates representing such Pledged Securities, accompanied by instruments of transfer and stock powers endorsed in blank, shall be in the actual possession of the Collateral Trustee.

(j) All conditions precedent to the confirmation of each of the Plans and the "effective date" (or similar term) of each of the Plans (each such date, in respect of any

particular Plan, the "Plan Effective Date" in respect of such Plan and, collectively, the "Plan Effective Dates") shall have been met (or the waiver thereof, if material and adverse, directly or indirectly, to this Agreement or the Senior Notes, shall have been consented to by each of the Arrangers, acting reasonably), each of the Plan Effective Dates and substantial consummation of the Plans shall have occurred or shall be scheduled to occur but for the making of the Loans hereunder and the issuance of the Senior Notes, and the Plans as confirmed by the Confirmation Orders and the Confirmation Orders shall be in full force and effect; and the Administrative Agent shall have received a

certificate, dated the Closing Date and signed by a Financial Officer of the Company, confirming compliance with the conditions set forth in this paragraph (j).

(k) Each of the facilities contemplated by this Agreement and the Senior Notes shall have received a rating by S&P and by Moody's.

(l) All material governmental and third party approvals (including landlords' and other consents) and consents, including approvals of FERC under the FPA and consents and approvals of the Securities and Exchange Commission under PUHCA, and other regulatory approvals necessary in connection with the Transactions and the continuing operations of the Company and the Subsidiaries, taken as a whole, shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose material adverse conditions on the Transactions.

(m) The Arrangers shall have received a business plan (including financial projections supported by the Company's independent market consultants, with appropriate sensitivities) through fiscal year 2011 and a satisfactory written analysis of the business and prospects of the Company and the Subsidiaries for the period from the Closing Date through the Term Loan Maturity Date, all in form and substance reasonably satisfactory to the Arrangers (the "Business Plan").

(n) The Collateral Trustee and the Collateral Agent shall have received a duly executed Perfection Certificate dated on or prior to the Closing Date. The Arrangers shall have received the results of a recent Lien and judgment search in each relevant jurisdiction with respect to the Company and those of the Subsidiaries that shall be Subsidiary Guarantors or shall otherwise have assets that are included in the Collateral, and such search shall reveal no Liens on any of the assets of the Company or any of such Subsidiaries except, in the case of Collateral other than Pledged Securities, for Liens expressly permitted by Section 6.02 and except for Liens to be discharged on or prior to the Closing Date pursuant to documentation reasonably satisfactory to the Arrangers.

(o) The Arrangers shall have received and, other than in the case of the report specified in clause (iv) below, be reasonably satisfied that the following appraisals, audits or reports are not inconsistent in any material respect with the information or other matters disclosed to the Arrangers prior to the date of the Commitment Letter and which inconsistent information or other matters disclosed by such appraisals, audits or reports has had or could reasonably be expected to have a material adverse effect on (A) the

Recapitalization, (B) any of the Plans or the consummation of any of the material transactions contemplated by the Plans, taken as a whole, (C) the condition (financial or otherwise), results of operation, assets, liabilities or prospects of the Company and the Subsidiaries, taken as a whole, (D) the syndication of the financing contemplated by the Commitment Letter or the Engagement Letter or (E) the validity or enforceability of any of the Loan Documents or the Senior Note Documents or the rights and remedies of the Arrangers, the Administrative Agent or the Lenders thereunder: (i) an appraisal of certain material assets (that are to be included in the Collateral) to be specified by the Arrangers in consultation with the Company, (ii) an environmental audit with respect to the material real property owned or leased by the Company or any of the Subsidiaries to be specified by the Arrangers in consultation with the Company, (iii) engineering reports relating to the principal facilities owned by the Company or any of the

Subsidiaries to be specified by the Arrangers in consultation with the Company, (iv) a report, prepared by PA Consulting Group, Inc. or another power market and fuel consultant reasonably satisfactory to the Arrangers, including independent financial modeling of the Company and the Subsidiaries on a consolidated basis and reflecting market forecasts by such consultant, including sensitivities, provided that such report does not provide for financial projections or sensitivities materially worse than those previously provided by the Company to the Arrangers and (v) insurance reports with respect to material assets (that are to be included in the Collateral), in each case prepared by independent consultants.

(p) The Arrangers shall have received a solvency certificate from either the chief financial officer or both the chief accountant and treasurer of the Company, which certificate shall confirm the solvency of the Company and each of the Subsidiary Guarantors after giving effect to the Recapitalization and the other Transactions, all in form and substance reasonably satisfactory to the Arrangers.

(q) Substantially all of the current senior management team will be available to manage the Company for a reasonable period of time subsequent to the Closing Date unless a new Chief Executive Officer and a new Chief Financial Officer in each case reasonably satisfactory to the Arrangers shall be available to manage the Company for such period.

(r) The Arrangers shall be reasonably satisfied with the sufficiency of the aggregate Revolving Credit Commitment to meet the ongoing working capital needs of the Company following the Recapitalization and the consummation of the other Transactions.

(s) The amount, terms and conditions of any notes or other Indebtedness issued to creditors of the Company or any of the Subsidiaries pursuant to any of the Plans shall be consistent in all material respects with the information provided in the Disclosure Statements and otherwise shall be reasonably satisfactory to the Arrangers.

ARTICLE V.

Affirmative Covenants

Each Borrower covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than indemnification and other contingent obligations in each case not then due and payable) shall have been paid in full and all Letters of Credit have been canceled or have expired and all amounts drawn thereunder have been reimbursed in full and all Credit-Linked Deposits have been returned to the Term Lenders (or used to reimburse Funded L/C Disbursements or converted to Term Loans), each Borrower will, and will cause each of its subsidiaries to:

SECTION 5.01. Existence; Businesses and Properties. (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.05.

(b) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; maintain and operate such business in substantially the manner in which it is presently conducted and operated or contemplated to be operated pursuant to the Business Plan; comply in

all material respects with all applicable laws, rules, regulations and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted; comply with the terms of, and enforce its rights under, each material lease of real property and each other material agreement so as to not permit any material uncured default on its part to exist thereunder, except where the necessity of compliance therewith is being currently contested in good faith by appropriate proceedings and the Company or the applicable Subsidiary shall have set aside on its books reasonable and appropriate reserves in accordance with GAAP; and at all times maintain and preserve all property material to the conduct of such business and keep such property in good repair, working order and condition in accordance with Good Utility Practices and from time to time make, or cause to be made, all necessary and proper repairs, renewals and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

SECTION 5.02. Insurance. Keep its properties that are of an insurable character adequately insured at all times by financially sound and responsible insurers, which, in the case of any insurance on any Mortgaged Property, are licensed to do business in the States where the applicable Mortgaged Property is located; maintain such other insurance, to such extent and against such risks (and with such deductibles, retentions and exclusions), including fire and other risks insured against by extended coverage and coverage for acts of terrorism, in each case as is customary with companies of a similar size operating in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage; maintain such other insurance as may be required by law; and maintain such other insurance as otherwise required by the Security Documents (and comply with all covenants in the Security Documents with respect thereto).

SECTION 5.03. Obligations and Taxes. Pay its Indebtedness and other obligations promptly and in accordance with their terms and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Company or the applicable Subsidiary shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP and such contest operates to suspend collection of the contested obligation, tax, assessment or charge and enforcement of a Lien and, in the case of a Mortgaged Property, there is no risk of forfeiture of such property.

SECTION 5.04. Financial Statements, Reports, etc. In the case of the Company, furnish to the Administrative Agent for distribution to each Lender:

(a) within 90 days after the end of each fiscal year, its consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the financial condition of the Company and its consolidated Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of such Subsidiaries during such year, together with comparative figures for the immediately preceding fiscal year (or, in the case of the fiscal year ending December 31, 2005, the comparable period of more than twelve months ending December 31, 2004), all audited by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants reasonably satisfactory to the Administrative Agent (which shall not be qualified in any material respect, except for qualifications relating to accounting changes (with which such independent public accountants shall concur) in response to FASB releases or other authoritative pronouncements) to the effect that such consolidated financial statements fairly present the financial

condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its unaudited consolidated balance sheet and related statements of income, stockholders' equity and cash flows showing the financial condition of the Company and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, and comparative figures for the same periods in the immediately preceding fiscal year, all certified by one of its Financial Officers to the effect that such financial statements, while not examined by independent public accountants, reflect in the opinion of the Company all adjustments necessary to present fairly in all material respects the financial condition and results of operations of the Company and its consolidated Subsidiaries on a consolidated basis as of the end of and for such periods in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) within 30 days after the end of the first two fiscal months of each fiscal quarter, its internal monthly financial management reports showing the financial condition of the Company and its consolidated Subsidiaries during such fiscal month and the then elapsed portion of the fiscal year;

(d) (i) concurrently with any delivery of financial statements under paragraph (a) above, a letter from the accounting firm rendering the opinion on such statements (which letter may be limited to accounting matters and disclaim responsibility for legal interpretations) stating whether, in connection with their audit examination, anything has come to their attention which would cause them to believe that any Default or Event of Default existed on the date of such financial statements and if such a condition or event has come to their attention and (ii) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer of the Company (A) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (B) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.10, 6.11, 6.12, 6.13 and 6.14 and, in the case of a certificate delivered with the financial statements required by paragraph (a) above, setting forth the Company's calculation of Excess Cash Flow, Adjusted Excess Cash Flow and Consolidated EBITDA;

(e) at least 30 days prior to the commencement of each fiscal year of the Company, a detailed consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such fiscal year and setting forth the assumptions used for purposes of preparing such budget) and, promptly when available, any significant revisions of such budget;

(f) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by the Company or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any domestic national securities exchange, or distributed to its shareholders generally, as the case may be;

(g) promptly after the receipt thereof by the Company or any of the Subsidiaries, a copy of any "management letter" received by any such person from its certified public accountants and the management's response thereto; and

(h) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender (acting through the Administrative Agent) may reasonably request.

SECTION 5.05. Litigation and Other Notices. Furnish to the Administrative Agent written notice of the following promptly after the Company obtains knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the filing or commencement of any action, suit or proceeding, whether at law or in equity or by or before any arbitrator or Governmental Authority, against the Company or any Subsidiary that could reasonably be expected to result in a Material Adverse Effect; and

(c) the occurrence of any ERISA Event; and

(d) any development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

SECTION 5.06. Information Regarding Collateral. (a) Furnish, and will cause each Loan Party to furnish, to each of the Administrative Agent, the Collateral Agent and the Collateral Trustee prompt written notice of (i) any change (A) in any Loan Party's corporate name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties, (B) in the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (C) in any Loan Party's identity or corporate structure or (D) in any Loan Party's Federal Taxpayer Identification Number; (ii) any formation or acquisition after the Closing Date of any Subsidiary; (iii) any sale, transfer, lease, issuance or other disposition (by way of merger, consolidation, operation of law or otherwise) after the Closing Date of any Equity Interests of any Subsidiary to any person other than the Company or another Subsidiary; (iv) any liquidation or dissolution after the Closing Date of any Subsidiary; and (v) any Subsidiary that is an Excluded Subsidiary as of the Closing Date or at any time thereafter ceasing to be an Excluded Subsidiary. Each Borrower agrees not to effect or permit any change referred to in the preceding sentence unless a reasonable period has been provided (such period to be at least 10 days) for making all filings under the UCC or otherwise and taking all other actions, in each case that are required in order for the Collateral Trustee to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral (other than any Excluded Perfection Assets). Each Borrower also agrees promptly to notify each of the Administrative Agent, the Collateral Agent and the Collateral Trustee if any material portion of the Collateral is damaged or destroyed.

(b) In the case of the Company, each year, at the time of delivery of the annual financial statements with respect to the preceding fiscal year pursuant to Section 5.04(a), deliver to the Administrative Agent a certificate of a Financial Officer of the Company setting forth the information required pursuant to Section I of the Perfection Certificate or confirming that there has been no change in such information since the date of the Perfection Certificate delivered on the Closing Date or the date of the most recent certificate

delivered pursuant to this Section.

SECTION 5.07. Maintaining Records; Access to Properties and Inspections; Environmental Assessments. (a) Keep, and cause each Subsidiary to keep, proper books of record and account in which full, true and correct entries in conformity with GAAP and all requirements of law are made of all financial operations. Each Borrower will, and will cause

each of its subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender to visit and inspect the financial records and the properties of such Borrower or any of its subsidiaries at reasonable times and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or any Lender to discuss the affairs, finances and condition of such Borrower or any of its subsidiaries with the officers thereof and independent accountants therefor.

(b) At its election, the Administrative Agent may retain an independent engineer or environmental consultant to conduct an environmental assessment of any Mortgaged Property or facility of the Company or any Subsidiary. Any such environmental assessments conducted pursuant to this paragraph (b) shall be at the Company's sole cost and expense only if conducted following the occurrence of (i) an Event of Default or (ii) any event, circumstance or condition that could reasonably be expected to result in an Event of Default, in the case of each of clause (i) and (ii) that concerns or relates to any Environmental Liabilities of the Company or any Subsidiary; provided that the Company shall only be responsible for such costs and expenses to the extent that such environmental assessment is limited to that which is reasonably necessary to assess the subject matter of such Event of Default or such event, circumstance or condition that could reasonably be expected to result in an Event of Default. In addition, environmental assessments conducted pursuant to this paragraph (b) shall not be conducted more than once every twelve months with respect to any parcel of Mortgaged Property or any single facility of the Company or any Subsidiary unless such environmental assessments are conducted following the occurrence of (i) an Event of Default or (ii) any event, circumstance or condition that could reasonably be expected to result in an Event of Default, in the case of each of clause (i) and (ii) that concerns or relates to any Environmental Liabilities of the Company or any Subsidiary. The Company shall, and shall cause each of the Subsidiaries to, reasonably cooperate in the performance of any such environmental assessment and permit any such engineer or consultant designated by the Administrative Agent to have reasonable access to each property or facility at reasonable times and after reasonable notice to the Company of the plans to conduct such an environmental assessment. Environmental assessments conducted under this paragraph shall be limited to visual inspections of the Mortgaged Property or facility, interviews with representatives of the Company or facility personnel, and review of applicable records and documents pertaining to the property or facility.

(c) In the event that the Administrative Agent shall have reason to believe that Hazardous Materials have been Released or are threatened to be Released on any Mortgaged Property or other facility of the Company or any Subsidiary or that any such property or facility is not being operated in compliance with applicable Environmental Law, in each case where the Release, threatened Release or failure to comply has resulted in, or could reasonably be expected to result in, a material Environmental Liability of the Company or any of the Subsidiaries, the Administrative Agent may, at its election and after reasonable notice to the Company, retain an independent engineer or other qualified environmental consultant to evaluate whether Hazardous Materials are present in the soil, groundwater, or surface water at such Mortgaged Property or facility in violation of Environmental Law or in excess of applicable remedial action standards or whether the facilities or properties are being operated and maintained in material compliance with applicable Environmental Laws. Such environmental assessments may include detailed visual inspections of the Mortgaged Property or facility, including any and all storage areas,

storage tanks, drains, dry wells and leaching areas, and the taking of soil samples, surface water samples and groundwater samples as well as such other reasonable investigations or analyses as are reasonable and necessary to assess the subject matter of the Release, threatened Release or non-compliance. The scope of any such environmental assessments under this paragraph shall be determined in the reasonable discretion of the Administrative Agent, but shall be limited to that reasonably necessary to assess the subject matter of the Release, threatened Release or non-compliance. The Company shall, and shall cause each of the Subsidiaries to, reasonably cooperate in the performance of any such environmental assessment and permit any such engineer or consultant designated by the Administrative Agent to have reasonable access to each property or facility at reasonable times and after reasonable notice to the Company of the plans to conduct such an environmental assessment. All environmental assessments conducted pursuant to this paragraph shall be at the Company's sole cost and expense.

SECTION 5.08. Use of Proceeds. Use the proceeds of the Loans and request the issuance of Letters of Credit only for the purposes set forth in Section 3.13.

SECTION 5.09. Additional Collateral, etc. (a) With respect to any Collateral acquired after the Closing Date or with respect to any property or asset which becomes Collateral pursuant to the definition thereof after the Closing Date or, in the case of inventory or equipment, any material Collateral moved after the Closing Date by the Company or any other Loan Party (other than any Collateral described in paragraphs (b), (c) or (d) of this Section) as to which the Collateral Trustee, for the benefit of the Secured Parties, does not have a perfected security interest, promptly (and, in any event, within 20 days following the date of such acquisition or designation) (i) execute and deliver to the Administrative Agent, the Collateral Agent and the Collateral Trustee such amendments to the Guarantee and Collateral Agreement or such other Security Documents as the Collateral Agent or the Collateral Trustee, as the case may be, deems necessary or advisable to grant to the Collateral Trustee, for the benefit of the Secured Parties, a security interest in such Collateral and (ii) take all actions necessary or advisable to grant, to the Collateral Trustee, for the benefit of the Secured Parties, a perfected first priority security interest in such Collateral (other than any Excluded Perfection Assets), including the filing of UCC financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent, the Collateral Agent or the Collateral Trustee.

(b) With respect to any fee interest in any Collateral consisting of real property or any lease of Collateral consisting of real property acquired or leased after the Closing Date by the Company or any other Loan Party or which becomes Collateral pursuant to the definition thereof, promptly (and, in any event, within 60 days following the date of such acquisition) (i) execute and deliver a first priority Mortgage in favor of the Collateral Trustee, for the benefit of the Secured Parties, covering such real property and complying with the provisions herein and in the Security Documents, (ii) provide the Secured Parties with (A) title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent, the Collateral Agent or the Collateral Trustee, which may be the value of the generation assets, if applicable, situated thereon), together with such endorsements as are reasonably required by the Administrative Agent, the Collateral Agent or the Collateral Trustee and are obtainable in the State in which such Mortgaged Property is located, as well as a current ALTA survey thereof

complying with the requirements set forth in Schedule 5.09(b) and all of the other provisions herein and in the Security Documents, together with a surveyor's certificate and (B) any consents or estoppels reasonably deemed

necessary or advisable by the Administrative Agent, the Collateral Agent or the Collateral Trustee in connection with such Mortgage, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent, the Collateral Agent and the Collateral Trustee, (iii) deliver to the Administrative Agent, the Collateral Agent and the Collateral Trustee legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent, the Collateral Agent and the Collateral Trustee and (iv) deliver to the Administrative Agent a notice identifying the consultant's reports, environmental site assessments or other documents relied upon by the Company or any other Loan Party to determine that any such real property included in such Collateral does not contain Hazardous Materials of a form or type or in a quantity or location that could reasonably be expected to result in a material Environmental Liability.

(c) With respect to any new Subsidiary (other than an Excluded Foreign Subsidiary or an Excluded Project Subsidiary, except for an Excluded Project Subsidiary the pledge of whose Equity Interests pursuant to the Security Documents would not cause a default under the applicable Non-Recourse Indebtedness in respect of which it is an obligor) created or acquired after the Closing Date (which, for the purposes of this paragraph, shall include any existing Subsidiary that ceases to be an Excluded Foreign Subsidiary or an Excluded Project Subsidiary and any Equity Interests in an Excluded Project Subsidiary the pledge of which would no longer cause a default under the applicable Non-Recourse Debt in respect of which it is an obligor) by the Company or any of the Subsidiaries, promptly (and, in any event, within 10 days following such creation or the date of such acquisition), (i) execute and deliver to the Administrative Agent, the Collateral Agent and the Collateral Trustee such amendments to the Guarantee and Collateral Agreement as the Administrative Agent, the Collateral Agent or the Collateral Trustee deems necessary or advisable to grant to the Collateral Trustee, for the benefit of the Secured Parties, a valid, perfected first priority security interest in the Equity Interests in such new Subsidiary that are owned by the Company or any of the Subsidiaries, (ii) deliver to the Collateral Trustee the certificates, if any, representing such Equity Interests, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the Company or such Subsidiary, as the case may be, (iii) cause such new Subsidiary that is not an Excluded Subsidiary (A) to become a party to the Guarantee and Collateral Agreement (and provide Guarantees of the Secured Obligations hereunder), the Collateral Trust Agreement and the Intellectual Property Security Agreements and (B) to take such actions necessary or advisable to grant to the Collateral Trustee, for the benefit of the Secured Parties, a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement and the Intellectual Property Security Agreement with respect to such new Subsidiary that is not an Excluded Subsidiary, including the recording of instruments in the United States Patent and Trademark Office and the United States Copyright Office, the execution and delivery by all necessary Persons of Control Agreements and the filing of UCC financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement, the Intellectual Property Security Agreement or by law or as may be requested by the Administrative Agent, the Collateral Agent or the Collateral Trustee and (iv) deliver to the Administrative Agent, the Collateral Agent and the Collateral Trustee, if requested, legal opinions relating to the matters

described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent, the Collateral Agent and the Collateral Trustee.

(d) With respect to any new Excluded Foreign Subsidiary created or acquired after the Closing Date by the Company or any of its Subsidiaries, promptly (and, in any event, within 10 days following such creation or the date of such acquisition) (i) execute and deliver to the Administrative Agent, the Collateral Agent and the Collateral Trustee such amendments to the Guarantee and Collateral Agreement as the Administrative Agent, the Collateral Agent or the Collateral Trustee deems necessary or advisable in order to grant to the

Collateral Trustee, for the benefit of the Secured Parties, a perfected first priority security interest in the Equity Interests in such new Excluded Foreign Subsidiary that is owned by the Company or any of its Domestic Subsidiaries (provided that in no event shall more than 66% of the total outstanding voting Equity Interests in any such new Excluded Foreign Subsidiary be required to be so pledged), (ii) deliver to the Collateral Trustee the certificates representing such Equity Interests, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the Company or such Domestic Subsidiary, as the case may be, and take such other action as may be necessary or, in the opinion of the Administrative Agent, the Collateral Agent or the Collateral Trustee, desirable to perfect the security interest of the Collateral Trustee thereon and (iii) deliver to the Administrative Agent, the Collateral Agent and the Collateral Trustee, if requested, legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent, the Collateral Agent and the Collateral Trustee.

SECTION 5.10. Further Assurances. From time to time duly authorize, execute and deliver, or cause to be duly authorized, executed and delivered, such additional instruments, certificates, financing statements, agreements or documents, and take all such actions (including filing UCC and other financing statements), as the Administrative Agent, the Collateral Agent or the Collateral Trustee may reasonably request, for the purposes of implementing or effectuating the provisions of this Agreement and the other Loan Documents, or of more fully perfecting or renewing the rights of the Administrative Agent, the Collateral Agent, the Collateral Trustee and the Secured Parties with respect to the Collateral (or with respect to any additions thereto or replacements or proceeds or products thereof or with respect to any other property or assets hereafter acquired by the Company or any Subsidiary which may be deemed to be part of the Collateral) pursuant hereto or thereto. Upon the exercise by the Administrative Agent, the Collateral Agent, the Collateral Trustee or any Lender of any power, right, privilege or remedy pursuant to this Agreement or the other Loan Documents which requires any consent, approval, recording, qualification or authorization of any Governmental Authority, the Borrowers will execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that the Administrative Agent, the Collateral Agent, the Collateral Trustee or such Lender may be required to obtain from the Company or any of the Subsidiaries for such governmental consent, approval, recording, qualification or authorization.

SECTION 5.11. Interest Rate Protection. No later than the 60th day after the Closing Date, the Borrowers shall enter into, and for a minimum of 42 months thereafter maintain, Hedging Agreements acceptable to the Administrative Agent that result in at least $500,000,000 in aggregate principal amount of the Term Loans being effectively subject to a fixed or maximum interest rate reasonably acceptable to the Administrative Agent.

SECTION 5.12. Xcel Cash Account; Separate Bank Settlement Cash Account. (a) Deposit (no later than one Business Day following the receipt thereof) and hold at all times pending the permitted uses described herein (and subject to the requirements of this Section) in a single segregated Deposit Account or Securities Account of the Company with an internationally recognized commercial bank (the "Xcel Cash Account"), all Xcel Cash. Amounts at any time held in the Xcel Cash Account may only be invested in Permitted Investments. At any time and from time to time, the Company may withdraw any funds in the Xcel Cash Account to be used to make a Permitted Acquisition pursuant to Sections 6.04 and 6.05 and/or for the purposes described in Sections 6.06(a) and/or 6.09(b)(i)(D) and/or for general corporate purposes in a manner consistent with the other terms and provisions of this Agreement; provided that the Company shall provide written notice to the Administrative Agent within 5 days of any such withdrawal and use, which notice shall specify the amount withdrawn from the Xcel Cash Account and the permitted use to which such funds shall have been applied. All funds withdrawn from the Xcel Cash Account shall permanently reduce the funds on deposit therein, and no funds (other than the Xcel Cash) may be deposited or held in the Xcel Cash Account at any time. The Company shall comply with all

applicable laws, rules, regulations and all decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, and the terms and provisions of the NRG Plan and all agreements relating thereto, in connection with all uses of the Xcel Cash.

(b) Deposit (no later than one Business Day following the receipt thereof) and hold at all times in a single segregated Deposit Account or Securities Account of the Company with an internationally recognized commercial bank (the "Separate Bank Settlement Cash Account"), all Separate Bank Settlement Cash. It is understood and agreed for all purposes hereof that the Separate Bank Settlement Cash Account and the Separate Bank Settlement Cash shall not be the property of the Company or any of the Subsidiaries and the Company shall comply with all applicable laws, rules, regulations and all decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted, and the terms and provisions of the NRG Plan and all agreements relating thereto, in connection with the distribution of the Separate Bank Settlement Cash.

ARTICLE VI.

Negative Covenants

Each Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document (other than indemnification and other contingent obligations in each case not then due and payable) shall have been paid in full and all Letters of Credit have been cancelled or have expired and all amounts drawn thereunder have been reimbursed in full and all Credit-Linked Deposits have been returned to the Term Lenders (or used to reimburse Funded L/C Disbursements or converted to Term Loans), no Borrower will, nor will it cause or permit any of its subsidiaries to:

SECTION 6.01. Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and any Permitted Refinancing Indebtedness in respect of any such Indebtedness;

(b) Indebtedness created hereunder and under the other Loan Documents and any Revolver Refinancing Indebtedness;

(c) unsecured intercompany Indebtedness of the Company and the Subsidiaries to the extent permitted by Section 6.04(c) so long as such Indebtedness (if the borrower thereof is a Loan Party) is subordinated to the Secured Obligations hereunder pursuant to an Affiliate Subordination Agreement which has been executed and delivered by both the applicable borrower and lender;

(d) Indebtedness of the Company or any Subsidiary incurred to finance all or any part of the acquisition, lease, construction, installation or improvement of any fixed or capital assets (real or personal), and refinancings, refundings, extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof plus the amount of any premiums paid thereon and reasonable fees and expenses, in each case associated with such refinancing, refunding, extension, renewal or replacement; provided that (i) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this Section 6.01(d), when combined with the aggregate principal amount of all Capital Lease Obligations and Synthetic Lease Obligations incurred pursuant to Section 6.01(e), shall not exceed $100,000,000 at any time outstanding;

(e) Capital Lease Obligations and Synthetic Lease Obligations in an aggregate principal amount, when combined with the aggregate principal amount of all Indebtedness incurred pursuant to Section 6.01(d), not in excess of $100,000,000 at any time outstanding;

(f) Indebtedness of the Company under (i) the Senior Notes, (ii) the Creditor Notes and (iii) the Xcel Note and Indebtedness of the Subsidiary Guarantors under any Guarantees in respect of the Senior Notes and any Permitted Refinancing Indebtedness in respect of any such Indebtedness;

(g) Additional Non-Recourse Indebtedness; provided that (i) prior to the incurrence of any Indebtedness with a principal amount of $150,000,000 or more pursuant to this Section 6.01(g) the Company shall have received written confirmation from each of S&P and Moody's that the credit ratings assigned by such entities to the facility provided for herein shall be no lower than such ratings assigned by S&P and Moody's, as the case may be, to such facility immediately prior to the time that S&P and Moody's, as the case may be, shall have become aware of such proposed incurrence of Indebtedness, the use of the proceeds thereof and all transactions related thereto, in each case after giving effect to such incurrence of Indebtedness, the use of the proceeds thereof and all transactions related thereto and (ii) at the time of such incurrence, both before and after giving effect thereto, no Event of Default or Default shall have occurred and be continuing;

(h) (i) Permitted Acquisition Indebtedness and (ii) Indebtedness secured by assets acquired by the Company or any Subsidiary and Indebtedness of any person that either becomes a Subsidiary or is merged into a Subsidiary in each case after the date hereof; provided that in the case of clause (ii) (A) such Indebtedness exists at the time such assets are acquired or such person becomes a Subsidiary or is merged into a Subsidiary and is not created in contemplation of or in connection with such acquisition or such person becoming a Subsidiary or such merger and (B) the aggregate principal amount of Indebtedness permitted by this Section 6.01(h)(ii) shall not exceed $100,000,000 at any time outstanding;

(i) unsecured Indebtedness of the Company or Permitted Second Priority Secured Indebtedness in each case (i) that does not mature, and is not subject to mandatory repurchase, redemption or amortization (other than pursuant to customary asset sale or change of control provisions requiring redemption or repurchase only if and to the extent permitted by this Agreement) prior to the date that is six months after the Term Loan Maturity Date, (ii) that is not exchangeable or convertible into Indebtedness of the Company (other than other Indebtedness permitted by this clause) or any Subsidiary or any preferred stock or other Equity Interest and (iii) solely to the extent the Net Cash Proceeds thereof are used to refinance Term Loans or refinance and permanently reduce commitments in respect of Revolving Loans or Credit-Linked Deposits;

(j) Indebtedness under performance, surety, appeal or indemnity bonds or with respect to workers' compensation claims, self-insurance obligations or banker's acceptances, in each case incurred in the ordinary course of business;

(k) unsecured Indebtedness in respect of obligations of the Company or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms (which require that all such payments be made with 30 days of the incurrence of the related Indebtedness) in the ordinary course of business and not in connection with the borrowing of money;

(l) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds in the ordinary course of business; provided that such Indebtedness is covered by the Company or any Subsidiary within five Business Days of such honoring;

(m) (i) Permitted Schkopau Indebtedness in an aggregate principal amount at any time outstanding not to exceed Euro 27,000,000 less any amount invested in, or lent or advanced to, Saale Energie GmbH pursuant to Section 6.04(a)(iii)(D) and (ii) Permitted Itiquira Indebtedness;

(n) Indebtedness of the Company or any Subsidiary that may be deemed to exist in connection with agreements providing for indemnification in connection with sales of assets effected in accordance with the requirements of this Agreement; and

(o) other unsecured Indebtedness of the Borrower or the Subsidiaries not to exceed $100,000,000 at any time outstanding.

SECTION 6.02. Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests or other securities of any person, including any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except, in the case of property or assets other than Equity Interests (except for purposes of clauses (c)(i) and (j) below):

(a) Liens on property or assets of the Company and its Subsidiaries existing on the date hereof and set forth in Schedule 6.02; provided that such Liens shall secure only those obligations which they secure on the date hereof and refinancings, refundings, extensions, renewals and replacements thereof permitted hereunder;

(b) any Lien created under the Loan Documents and the rights and interests of the Secured Parties as provided in the Loan Documents and Liens on the Collateral granted in favor of the Collateral Trustee securing Revolver Refinancing Indebtedness permitted by Section 6.01(b);

(c) (i) any Liens securing Permitted Acquisition Indebtedness permitted by Section 6.01(h); provided that (A) such Liens do not apply to any property or assets of the Company or any Subsidiary other than the property or assets of the Subsidiary or Subsidiaries that are acquired in connection with the applicable Permitted Acquisition and (B) such Liens do not (x) materially interfere with the use, occupancy or operation of any Mortgaged Property, (y) materially reduce the fair market value of such Mortgaged Property but for such Liens or (z) result in any material increase in the cost of operating, occupying or owning or leasing such Mortgaged Property and (ii) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any property or asset of any person (other than a person who was a Subsidiary prior to the merger) that becomes a Subsidiary or is merged into a Subsidiary after the date hereof prior to the time such person becomes a Subsidiary or is merged into a Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such person becoming a Subsidiary or merging into a Subsidiary, as the case may be, (B) such Lien does not apply to any other property or assets of the Company or any Subsidiary and (C) such Lien does not (x) materially interfere with the use, occupancy or operation of any Mortgaged Property, (y) materially reduce the fair market value of such Mortgaged Property but for such Lien or (z) result in any material increase in the cost of operating, occupying or owning or leasing such Mortgaged Property;

(d) Liens for taxes, assessments or other governmental charges or levies not yet due or which are being contested in compliance with Section 5.03;

(e) carriers', warehousemen's, materialmen's, mechanics', worker's, repairmen's, employee's or other like Liens arising in the ordinary course of business or in connection with the construction of any Mortgaged Property, either for amounts not

more than 30 days past due or which are being contested in compliance with Section 5.03;

(f) pledges and deposits made in the ordinary course of business in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations;

(g) (i) deposits to secure the performance of bids, leases (other than Capital Lease Obligations), statutory or public obligations (including environmental, municipal and public utility commission obligations under applicable law), surety and appeal bonds and other obligations of a like nature incurred in the ordinary course of business, and (ii) Liens on cash and Permitted Investments (A) deposited in margin accounts with or on behalf of futures contract brokers or paid over to other contract counterparties or (B) pledged or deposited as collateral to a contract counterparty, in the case of clause (A) and (B) to secure obligations with respect to (x) contracts (other than for Indebtedness) for commercial and trading activities in the ordinary course of business for the purchase, transmission, distribution, sale, lease or hedge of any energy related commodity or service, (y) Hedging Agreements representing commodity price contracts or derivatives or (z) Hedging Agreements with Qualified Counterparties representing interest rate or foreign exchange swaps or derivatives;

(h) Permitted Encumbrances on Mortgaged Property as of the Closing Date and, in the case of any Mortgaged Property acquired after, or that becomes Mortgaged Property after, the Closing Date, zoning restrictions, easements, rights-of-way, restrictions on use of real property, operating leases or subleases and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount and do not (i) materially and adversely affect the ability of the Borrowers to pay in full any of the Loans or any interest, Fees or other amounts thereon or (ii) materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Company or any of the Subsidiaries or the ability of the Company or any of the Subsidiaries to utilize such property for its intended purpose;

(i) purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the Company or any Subsidiary; provided that (i) such security interests secure Indebtedness permitted by Section 6.01, (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 90 days after such acquisition (or construction) and (iii) such security interests do not apply to any other property or assets of the Company or any Subsidiary;

(j) Liens on assets and Equity Interests of a Subsidiary that is either not a Loan Party as of the Closing Date or becomes a Subsidiary after the Closing Date securing Additional Non-Recourse Indebtedness that is permitted by Section 6.01(g);

(k) judgment Liens securing judgments not constituting an Event of Default under Article VII;

(l) Liens on the Collateral granted in favor of the Collateral Trustee securing Indebtedness permitted by Section 6.01(f)(i) or Section 6.01(i); provided that such Liens are subordinate to the Liens securing the Secured Obligations hereunder in the manner set forth in, and are otherwise subject to, the Collateral Trust Agreement;

(m) Liens on cash deposits arising in the ordinary course of business by virtue of any statutory or common law provision relating to banker's liens;

(n) rights of first refusal, options or other contractual rights to sell, assign or otherwise dispose of any asset, which right of first refusal, option or other contractual right is either described on Schedule 6.02 or is in connection with an asset sale permitted by Section 6.05;

(o) netting agreements which encumber rights under agreements that are subject to such netting agreement; provided that any such netting agreements are entered into in the ordinary course of business;

(p) Liens upon specific items of inventory or other goods of the Company or any Subsidiary securing obligations in respect of banker's acceptances issued or created for the account of the Company or such Subsidiary, as the case may be, to facilitate the purchase, shipment or storage of such inventory or other goods;

(q) Liens arising from Uniform Commercial Code financing statements filed on a precautionary basis in respect of operating leases intended by the parties to be true leases (other than any such leases entered into in violation of this Agreement); and

(r) Liens securing Permitted Schkopau Indebtedness and Permitted Itiquira Indebtedness in each case permitted by Section 6.01(m); provided that any such Liens apply only to those assets specifically described in the definition of Permitted Schkopau Indebtedness or Permitted Itiquira Indebtedness, as the case may be.

SECTION 6.03. Sale and Lease-Back Transactions. Except as set forth on Schedule 6.03, enter into any arrangement, directly or indirectly, with any person whereby it shall, in related transactions, sell or transfer any property, real or personal or mixed, used or useful in its business, whether now owned or hereafter acquired, and in connection therewith rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred unless (a) the sale of such property is permitted by Section 6.05 and (b) any Capital Lease Obligations or Liens arising in connection therewith are permitted by Sections 6.01 and 6.02, respectively.

SECTION 6.04. Investments, Loans and Advances. Purchase, hold or acquire any Equity Interests, evidences of indebtedness or other securities of, make or permit to exist any loans or advances or capital contributions to, or incur or permit to exist any obligation to make capital contributions to, or make or permit to exist any investment or any other interest in, any other person, or make or permit to exist any Guarantee of obligations (other than Indebtedness) of any person that is not a Loan Party in favor of any other person, except:

(a) (i) investments by the Company and the Subsidiaries existing on the date hereof in the Equity Interests of the Subsidiaries as set forth on Schedule 6.04, (ii) additional investments by the

Company and the Subsidiaries in the Equity Interests of the Subsidiaries and (iii) additional investments, loans and advances by the Company and the Subsidiaries, and additional Guarantees of obligations (other than Indebtedness) of any person that is not a Loan Party (so long as the amount of the obligations in respect of such Guarantee are expressly limited to a stated amount), in addition to the investments permitted by clauses (b) through (i) below; provided that (A) any such Equity Interests in a Subsidiary (other than an Excluded Project Subsidiary (except for those the pledge of whose Equity Interests pursuant to the Security Documents would not cause a default under the applicable Non-Recourse Indebtedness in respect of which they are an obligor) and, in the case of an Excluded Foreign Subsidiary, subject to the limitations referred to in Section 5.09) held by a Loan Party shall be pledged pursuant to the Guarantee and Collateral Agreement, (B) the aggregate amount of investments by Loan Parties in, and loans and advances and capital contributions by Loan Parties to, Subsidiaries that are not Loan Parties, together with the aggregate amount invested, loaned, advanced or Guaranteed pursuant to clause (iii) hereof (in each case determined without regard to any write-downs or write-offs of such investments, loans, advances or Guarantees), after the date hereof shall not exceed $50,000,000 at any time outstanding (in addition to the amount set forth on Schedule 6.04), no more than $5,000,000 of which, in the aggregate, may represent investments, loans or advances to, or Guarantees of obligations (other than Indebtedness) of, the Excluded Entities at any time, (C) the Company may elect, pursuant to a notice delivered to the Administrative Agent, at any single time in any one fiscal year only to increase the amount available in clause (B) of this proviso by an amount not to exceed the amount that is available at such time in such fiscal year to be used (but has not been so used) as consideration for Permitted Acquisitions pursuant to clause (D)(y) of the definition thereof and, in such event, the amount available in such fiscal year to be used as consideration for Permitted Acquisitions pursuant to clause (D)(y) of the definition thereof shall be permanently reduced by such amount and (D) the Company may elect, pursuant to a notice delivered to the Administrative Agent, to increase the amount available in clause (B) of this proviso by an amount not to exceed $25,000,000 to make an investment in, or loan or advance to, Saale Energy GmbH (provided that the amount of any Permitted Schkopau Indebtedness to be incurred pursuant to Section 6.01(m)(i) shall be reduced by a corresponding amount);

(b) Permitted Investments;

(c) unsecured loans or advances made by the Company to any Subsidiary and made by any Subsidiary to the Company or any other Subsidiary; provided that (i) any such loans and advances made to a Loan Party shall be subordinated to the Secured Obligations hereunder pursuant to an Affiliate Subordination Agreement which has been executed and delivered by both the applicable borrower and lender and shall be evidenced by a promissory note pledged to the Collateral Trustee for the ratable benefit of the Secured Parties pursuant to the Guarantee and Collateral Agreement and (ii) the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the limitation set forth in clause (a) above;

(d) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(e) the Company and the Subsidiaries may make loans and advances in the ordinary course of business to their respective employees so long as the aggregate principal amount thereof at any time

outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed $1,000,000 at any time outstanding;

(f) Permitted Acquisitions;

(g) investments, including Guarantees of obligations (other than Indebtedness), and equity contribution obligations existing on the date hereof and set forth on Schedule 6.04;

(h) investments made as a result of the receipt of non-cash consideration from an Asset Sale that was made in compliance with Section 6.05;

(i) extensions of trade credit in the ordinary course of business; and

(j) any issuance of Letters of Credit hereunder in accordance with the terms hereof; provided that in the case of any such Letters of Credit that are issued for the account of any Subsidiaries that are not Loan Parties the aggregate L/C Exposure with respect thereto shall not exceed the L/C Exposure Cap.

SECTION 6.05. Mergers, Consolidations, Sales of Assets and Acquisitions. (a) Merge into or consolidate with any other person, or permit any other person to merge into or consolidate with it, or liquidate or dissolve, or sell, transfer, lease, issue or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all the assets (whether now owned or hereafter acquired) of any Borrower or less than all the Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other person, except that if at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing (i) any Subsidiary may merge into the Company in a transaction in which the Company is the surviving corporation, (ii) any Subsidiary may merge into or consolidate with any other Subsidiary in a transaction in which the surviving entity is a Subsidiary and no person other than the Company or a Subsidiary receives any consideration (provided that if any party to any such transaction is (A) a Loan Party, the surviving entity of such transaction shall be a Loan Party and (B) a Domestic Subsidiary, the surviving entity of such transaction shall be a Domestic Subsidiary), (iii) any Subsidiary may liquidate or dissolve if the Company determines in good faith that such liquidation or dissolution is in the best interests of the Borrowers and is not materially disadvantageous to the Lenders and (iv) the Company and the Subsidiaries may make Permitted Acquisitions.

(b) Liquidate, dissolve, sell, transfer, lease, issue or otherwise dispose of (in one transaction or in a series of transactions and whether by merger or consolidation or otherwise) any of the Equity Interests of NRG Mid-Atlantic, NRG Northeast or NRG South Central or all or

any significant portion of the assets, including assets consisting of Equity Interests (whether now owned or hereafter acquired), of NRG Mid-Atlantic and its subsidiaries, taken as a whole, NRG Northeast and its subsidiaries, taken as a whole, or NRG South Central and its subsidiaries (other than NRG Sterlington Power LLC, Bayou Cove Peaking Power LLC and Big Cajun I Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries), taken as a whole.

(c) Engage in any Asset Sale otherwise permitted under paragraph (a) above unless (i) such Asset Sale is for consideration at least 75% of which is cash (and no portion of the remaining consideration shall be in the form of Indebtedness of the Company or any Subsidiary), (ii) such consideration is at least equal to the fair market value of the assets being sold, transferred, leased or disposed of or, in the case of the Specified Joint Venture Sales, such

consideration shall be at least equal to the value prescribed by the agreements relating to such Specified Joint Ventures as of the date hereof, (iii) prior to the execution of a legally binding agreement to consummate (A) any Asset Sale which shall relate to assets (other than the Specified Assets Held for Sale) with a fair market value in excess of $100,000,000 or (B) if the fair market value of all assets (other than the Specified Assets Held for Sale) sold, transferred, leased or disposed of pursuant to this paragraph (c) shall exceed $100,000,000 in any fiscal year, each Asset Sale thereafter during such fiscal year, the Company shall have received written confirmation from each of S&P and Moody's that the credit ratings assigned by such entities to the facility provided for herein shall be no lower than such ratings assigned by S&P and Moody's, as the case may be, to such facility immediately prior to the time that S&P and Moody's, as the case may be, shall have become aware of such proposed Asset Sale, the use of the proceeds thereof and all transactions related thereto, in each case after giving effect to such Asset Sale, the use of the proceeds thereof and all transactions related thereto and (iv) no Event of Default or Default shall have occurred and be continuing and the Company would be in compliance with the covenants set forth in Sections 6.10, 6.11, 6.12, 6.13 and 6.14 as of the most recently completed period ending prior to such transaction for which financial statements and certificates required by Section 5.04(a) or 5.04(b) were required to have been delivered or for which comparable financial statements have been filed with Securities and Exchange Commission, in each case after giving effect to such transactions and to any other event occurring during such period as to which pro forma recalculation is appropriate (including any other transaction described in this paragraph occurring after such period) as if such transaction (and the repayment of any Indebtedness in connection therewith) had occurred as of the first day of such period.

(d) Engage in any Asset Sale that relates to the Specified Assets Held for Sale unless the Net Asset Sale Proceeds with respect thereto shall be deposited and held at all times pending the uses specified below in a segregated Deposit Account or Securities Account with an internationally recognized commercial bank, which Deposit Account or Securities Account shall be an account of a Loan Party if the applicable Specified Assets Held for Sale were sold by a Loan Party and, if such account is an asset of a Loan Party, shall be Collateral in respect of which a Control Agreement shall be executed and delivered; provided that upon the giving of notice by the Company to the Administrative Agent at any time such Net Asset Sale Proceeds may be used for the following purposes so long as at the time of such use, both before and after giving effect thereto, no Event of Default or Default shall have occurred and be continuing: (i) if such proceeds result from the sale of the Equity Interests in any U.S. Person or any other assets

located in the United States, such proceeds may be used for general corporate purposes or acquisitions in a manner consistent with the other terms and provisions of this Agreement and (ii) if such proceeds result from the sale of the Equity Interests in any person other than a U.S. Person or any other assets located outside the United States, such proceeds may only be used to (A) make a Permitted Acquisition of, or other investment in, a person that is incorporated, formed or organized under the laws of (or operates substantially all of its business in) a Designated Country, in each case consistent with the other terms and provisions of this Agreement or (B) following the repatriation of such proceeds from a Foreign Subsidiary to the Company or a Domestic Subsidiary, such proceeds (net of the Company's good faith estimate of any taxes to be paid or payable in each case in connection with the repatriation of such proceeds) may be used for general corporate purposes or acquisitions in a manner consistent with the other terms and provisions of this Agreement.

(e) Sell, transfer, lease or otherwise dispose of any interest in any facility, equipment or other item of property or asset located on Mortgaged Property (other than any such facility, equipment or other item of property or asset that is not necessary for the use, operation or maintenance of the operations conducted on or related to such Mortgaged Property) to any person (other than the Company or any Subsidiary) unless the Company shall provide to the Administrative Agent (simultaneously with or prior to such sale, transfer,

lease or other disposition) a certificate of an independent engineering firm of recognized standing certifying that such sale, transfer, lease or other disposition shall not materially and adversely affect the applicable Loan Party's ability to use, operate or maintain the operations conducted on or related to such Mortgaged Property.

SECTION 6.06. Restricted Payments; Restrictive Agreements. (a) Declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment (including pursuant to any Synthetic Purchase Agreement), or incur any obligation (contingent or otherwise) to do so; provided, however, that (i) any Subsidiary may declare and pay dividends or make other distributions ratably to its equity holders, (ii) so long as no Event of Default or Default shall have occurred and be continuing or would result therefrom, the Company may repurchase its Equity Interests owned by employees of the Company or the Subsidiaries or make payments to employees of the Company or the Subsidiaries upon termination of employment in connection with the exercise of stock options, stock appreciation rights or similar equity incentives or equity based incentives pursuant to management incentive plans or in connection with the death or disability of such employees in an aggregate amount not to exceed $1,000,000 in any fiscal year and (iii) the Company may make the payments or distributions to certain of the Company's creditors specifically described in the definition of the NRG Plan Transactions with funds permanently withdrawn from the Xcel Cash Account.

(b) Enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of the Company or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (ii) the ability of any Subsidiary to pay dividends or other distributions with respect to any of its Equity Interests or to make or repay loans or advances to the Company or any other Subsidiary or to Guarantee Indebtedness of the Company or any other Subsidiary; provided that (A) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (B) clause (i) of the foregoing shall not apply to restrictions or conditions imposed by

(x) the Senior Note Documents as in effect on the date hereof and the Creditor Notes and the indenture governing the Creditor Notes (provided that such restrictions and conditions are not more restrictive than those contained in the Senior Note Documents on the date hereof) and (y) the loan documentation with respect to any Revolver Refinancing Indebtedness (provided that such restrictions and conditions are substantially the same as those contained herein), (C) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or asset pending such sale, provided such restrictions and conditions apply only to the Subsidiary or asset that is to be sold and such sale is permitted hereunder, (D) the foregoing shall not apply to restrictions and conditions imposed on any Subsidiary that is not a Loan Party by the terms of any Indebtedness of such Subsidiary permitted to be incurred hereunder, (E) the foregoing shall not apply to restrictions or conditions existing on the date hereof and set forth on Schedule 6.06(b), but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition in any material respect, (F) clause (i) of the foregoing and, in the case of any Non-Recourse Indebtedness, clause (ii) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (G) clause (i) of the foregoing and, in the case of any Non-Recourse Indebtedness, clause (ii) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to any Indebtedness incurred by a Subsidiary prior to the date on which such Subsidiary was acquired by the Company or another Subsidiary (provided that such restriction or condition is not created in contemplation of or in connection with such person becoming a Subsidiary), but shall apply to any extension or renewal of, or any amendment or modification expanding the scope of, any such restriction or condition in any material respect, (H) clause (i) of the foregoing shall not apply to customary provisions in joint venture,

stockholder or partnership agreements or organizational documents relating to joint ventures or partnerships (provided that such restrictions shall not apply to any assets that are, or but for such restrictions would be, Collateral) and (I) clause (i) of the foregoing shall not apply to customary provisions in leases and other contracts (other than any such lease or contract that is a Material Contract) restricting the assignment thereof (whether for collateral purposes or otherwise).

SECTION 6.07. Transactions with Affiliates. Except for transactions by or among Loan Parties, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) that the Company or any Subsidiary may engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties; provided that any intercompany agreements and transactions between the Company and a Subsidiary that is a Loan Party or between a Subsidiary and another Subsidiary that is a Loan Party, including any agreements pursuant to which NRG Power Marketing shall procure fuel for, purchase capacity, energy and ancillary services from, and perform additional marketing and procurement services for, any Subsidiary, shall be on terms that are no less favorable than those terms that are offered to Subsidiaries that are not Loan Parties; (b) any issuance or repurchase of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements (including with respect to severance), stock options and stock ownership plans or similar employee benefit plans approved by the board of directors of the Company in the ordinary course of business; provided that any payments of cash or transfers

of debt securities or assets pursuant to this clause (b) shall not exceed $2,000,000 in any fiscal year; (c) intercompany transactions pursuant to management agreements between the Company and a Subsidiary or between a Subsidiary and another Subsidiary, in each case approved as being fair and reasonable by the board of directors of the Company; provided that any such contracts involving Loan Parties are on terms that are no less favorable than those terms that would be offered to Subsidiaries that are not Loan Parties; (d) the existence of, or the performance by the Company or any of the Subsidiaries of its obligations under the terms of, any stockholders agreements (including any registration rights agreement related thereto) to which it is a party as of the date hereof (and as in effect on the date hereof); (e) the existence of, or the performance by the Company of its obligations under the terms of, the Creditor Notes and the related indenture and (f) the NRG Plan Transactions.

SECTION 6.08. Business of the Company and Subsidiaries; Limitation on Hedging Agreements. (a) Engage at any time in any business or business activity other than the business conducted by it as of the date hereof and business activities reasonably incidental or related thereto or contemplated by the Business Plan; or permit NRG Energy Insurance Ltd. (Cayman Islands) to engage in any business or business activity other than the self-insurance activities conducted by it as of the date hereof and business activities reasonably incidental or related thereto; provided that in any event NRG Energy Insurance Ltd. (Cayman Islands) shall not hold or be the beneficiary of third party insurance policies applicable with respect to the Company and the other Subsidiaries or its or their properties or assets.

(b) Enter into any Hedging Agreement other than (a) any such agreement or arrangement entered into in the ordinary course of business and consistent with prudent business practice to hedge or mitigate risks to which the Company or any Subsidiary is exposed in the conduct of its business or the management of its liabilities or (b) any such agreement designed to alter its risks in respect of interest rate and currency fluctuations entered into in the ordinary course of business and consistent with prudent business practice; provided that in each case such agreements or arrangements shall not have been entered into for speculative purposes.

(c) Enter into any forward purchase or sale (or other forward acquisition or disposition) of energy, fuel or transmission rights, or any energy tolling transaction, as a seller of tolling services, in each case other than purchase, sale or other transactions entered into in the ordinary course of business.

SECTION 6.09. Other Indebtedness and Agreements. (a) Permit any waiver, supplement, modification, amendment, termination or release of any indenture, instrument or agreement pursuant to which any Material Indebtedness of the Company or any of the Subsidiaries (other than in respect of any Specified Hedging Agreement) is outstanding if the effect of such waiver, supplement, modification, amendment, termination or release would materially increase the obligations of the obligor or confer additional material rights on the holder of such Indebtedness in a manner materially adverse to the Company and the Subsidiaries, taken as a whole, or the Lenders.

(b) (i) Make any distribution, whether in cash, property, securities or a combination thereof, other than regular scheduled payments of principal, fees and interest as and when due (to the extent not prohibited by applicable subordination provisions), in respect of, or pay, or offer or

commit to pay, or directly or indirectly (including pursuant to any Synthetic Purchase Agreement) redeem, repurchase, retire or otherwise acquire for consideration, or set apart any sum for the aforesaid purposes, any Indebtedness (other than intercompany Indebtedness of the Company and the Subsidiaries), except (A) the payment of the Indebtedness created hereunder, (B) refinancings of Indebtedness permitted by Section 6.01, (C) the payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of, or a Recovery Event with respect to, the property or assets securing such Indebtedness and (D) the payments or distributions to certain of the Company's creditors, in each case as specifically described in the definition of the NRG Plan Transactions and with funds permanently withdrawn from the Xcel Cash Account, or (ii) pay in cash any amount in respect of any Indebtedness or preferred Equity Interests that may at the obligor's option be paid in kind or in other securities.

SECTION 6.10. Capital Expenditures. Permit the aggregate amount of Capital Expenditures made by the Company and the Subsidiaries in any period set forth below (other than any Excluded Capital Expenditures made in such period) to exceed the amount set forth below for such period:

Period	Amount
Closing Date through December 31, 2004	$150,000,000
Any fiscal year thereafter	$150,000,000

The amount of permitted Capital Expenditures set forth above in respect of any fiscal year commencing with the fiscal year ending on December 31, 2005, shall be increased (but not decreased) by (a) 50% of the amount of unused permitted Capital Expenditures for the immediately preceding fiscal year less (b) an amount equal to unused Capital Expenditures carried forward to such preceding fiscal year. In addition, the amount of permitted Capital Expenditures set forth above in respect of any fiscal year commencing with the fiscal year ending on December 31, 2004, may be increased at the option of the Company by utilizing up to 25% of the amount of Capital Expenditures that are permitted for the immediately following fiscal year; provided that the amount of any such increase in any such fiscal year shall result in a corresponding decrease in the Capital Expenditures that are permitted in such immediately following year.

SECTION 6.11. Consolidated Interest Coverage Ratio. Permit the

Consolidated Interest Coverage Ratio at any time on or after December 31, 2004 to be less than 1.40 to 1.00.

SECTION 6.12. Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio at any time on or after December 31, 2004 to be greater than 8.50 to 1:00.

SECTION 6.13. Parent Interest Coverage Ratio. Permit the Parent Interest Coverage Ratio at any time on or after December 31, 2004 to be less than 1.20 to 1.00.

SECTION 6.14. Parent Leverage Ratio. Permit the Parent Leverage Ratio at any time on or after December 31, 2004 to be greater than 8.50 to 1.00.

SECTION 6.15. Fiscal Year. With respect to the Company, change its fiscal year-end to a date other than December 31.

ARTICLE VII.

Events of Default

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the Borrowings or issuances of Letters of Credit hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan or the reimbursement with respect to any L/C Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or L/C Disbursement or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days;

(d) default shall be made in the due observance or performance by the Company or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a), 5.05 or 5.08 or in Article VI;

(e) default shall be made in the due observance or performance by the Company or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in clauses (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent, the Collateral Agent, the Collateral Trustee or any Lender to the Company;

(f) The Company or any Subsidiary shall (i) fail to pay any principal or interest, regardless of amount, due in respect of any Material Indebtedness, when and as the same shall become due and payable (excluding any amounts paid out of the claims reserve established pursuant to the NRG Plan), or (ii) any other event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; provided that this clause (ii) shall not apply to (A) secured

Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, (B) Designated Non-Recourse Indebtedness and (C) any other Non-Recourse Indebtedness of the Company and the Subsidiaries (except to the extent that the Company or any of the Subsidiaries that are not parties to such Non-Recourse Indebtedness becomes directly or indirectly liable, including pursuant to any contingent obligation, for any Indebtedness or other

amounts thereunder and such liability, individually or in the aggregate, exceeds $50,000,000 (excluding any amounts paid out of the claims reserve established pursuant to the NRG Plan));

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Company or any Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary), or of a substantial part of the property or assets of the Company or a Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary), under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary) or for a substantial part of the property or assets of the Company or a Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary) or (iii) the winding-up or liquidation of the Company or any Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Company or any Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Company or any Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary) or for a substantial part of the property or assets of the Company or any Material Subsidiary (or any group of Subsidiaries that, when taken together, would constitute a Material Subsidiary), (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more judgments for the payment of money in an aggregate amount in excess of $50,000,000 (excluding therefrom any amount covered by insurance as to which the insurer has acknowledged in writing its obligation to cover) or other judgments that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect shall be rendered against the Company, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of the Company or any Subsidiary to enforce any such judgment;

(j) an ERISA Event shall have occurred that, when taken together with all other such ERISA Events, could reasonably be expected to result in liability of the Company and its ERISA Affiliates in an aggregate amount exceeding $50,000,000;

(k) any Guarantee under the Guarantee and Collateral Agreement for any reason shall cease to be in full force and effect (other than in accordance with its terms), or any Subsidiary Guarantor shall deny that it has any further liability under its Guarantee (other than as a result of the discharge of such Subsidiary Guarantor in accordance with the terms of the Loan Documents);

(l) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by the Company or any other Loan Party not to be, a valid, perfected and, with respect to the Secured Parties, first priority (except as otherwise expressly provided in this Agreement or such Security Document) Lien on any material Collateral (other than any Excluded Perfection Assets) covered thereby, unless such Lien is released in accordance with the terms of the Loan Documents; or

(m) there shall have occurred a Change in Control;

then, and in every such event (other than an event with respect to any of the Borrowers described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event either or both of the following actions may be taken: (i) the Administrative Agent may with the consent of the Majority Revolving Credit Lenders, and at the request of the Majority Revolving Credit Lenders shall, by notice to the Company, terminate forthwith the Revolving Credit Commitments and the Swingline Commitment and (ii) the Administrative Agent may with the consent of the Majority Lenders, and at the request of the Majority Lenders shall, by notice to the Company, declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding, and the Administrative Agent and the Collateral Agent shall have the right to take all or any actions and exercise any remedies available to a secured party under the Security Documents or applicable law or in equity; and in any event with respect to any of the Borrowers described in paragraph (g) or (h) above, the Revolving Credit Commitments and the Swingline Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding, and the Administrative Agent and the Collateral Agent shall have the right to take all or any actions and exercise any remedies available to a secured party under the Security Documents or applicable law or in equity.

ARTICLE VIII.

The Agents and the Arrangers

Each of the Lenders and the Issuing Bank hereby irrevocably appoints each of the Administrative Agent and the Collateral Agent (for purposes of this Article VIII, the Administrative Agent and the Collateral Agent are referred to collectively as the "Agents") its agent and authorizes the Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized by the Lenders to execute any and all

documents (including releases and the Collateral Trust Agreement) with respect to the Collateral and the rights of the Secured Parties with respect thereto, and to appoint the Collateral Trustee as their agent in respect of the Collateral Trust Agreement and the other Security Documents, in each case as contemplated by and in accordance with the provisions of this Agreement and the Security Documents. Each of the Lenders and the Issuing Bank hereby agrees to be bound by the priority of the security interests and allocation of the benefits of the Collateral and proceeds thereof set forth in the Security Documents. In addition, each of the Lenders acknowledges the Credit Agreement Parallel Debt (as defined in the Collateral Trust Agreement) that has been created in the Collateral Trust Agreement in favor of the Collateral Trustee.

Each bank serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Company or any Subsidiary or any Affiliate thereof as if it were not an Agent hereunder.

No Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent or the Collateral Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08), and (c) except as expressly set forth in the Loan Documents, no Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to the Company or any of the Subsidiaries that is communicated to or obtained by the bank serving as any Agent or any of its Affiliates in any capacity. The Administrative Agent and the Collateral Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08), in each case, in the absence of its own gross negligence or willful misconduct. No Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by the Company or a Lender, and no Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or

observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for any Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. Each Agent

and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Agent.

It is acknowledged and agreed that the Revolver Agent shall act as a sub-agent of the Administrative Agent with respect to the administration of the Revolving Credit Commitments, the making of Revolving Loans and the performance of those other functions of the Administrative Agent hereunder that are reasonably related thereto, including the administration of assignments of, and the maintenance of the Register for, the Revolving Credit Commitments and Revolving Loans. Accordingly, for purposes of Article II and Sections 9.04, 9.08 and 9.16 hereof, references to the "Administrative Agent" shall, to the extent relating to the administration of the Revolving Credit Commitments, the making of the Revolving Loans or the performance of such related functions, be deemed to include the Revolver Agent as the context may require. In addition, the provisions of the second, third, fourth and sixth paragraphs of this Article shall be deemed to also apply to the Revolver Agent as if it were the "Administrative Agent" or "Agent" referred to therein as the context may require. The Company agrees to pay to the Revolver Agent, for its own account, the fees in the amounts and at the times from time to time agreed to in writing by the Company and the Revolver Agent.

Subject to the appointment and acceptance of a successor Agent as provided below, each Agent may resign at any time by notifying the Lenders, the Issuing Bank and the Company. Upon any such resignation of the Administrative Agent or the Collateral Agent, the Required Lenders shall have the right to appoint a successor, subject to the Company's approval (not to be unreasonably withheld or delayed) so long as no Default or Event of Default shall have occurred and be continuing. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate

of any such bank. Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After an Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Agent.

Each of the Syndication Agent and each Arranger, in its capacity as such, shall have no duties or responsibilities, and shall incur no liability, under this Agreement or any other Loan Document.

Each Lender acknowledges that it has, independently and without reliance upon the Agents, the Arrangers, the Syndication Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agents, the Arrangers, the Syndication Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

To the extent required by any applicable law, the Administrative Agent

may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any other Governmental Authority asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender because the appropriate form was not delivered or was not properly executed or because such Lender failed to notify the Administrative Agent of a change in circumstance which rendered the exemption from, or reduction of, withholding tax ineffective or for any other reason, such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including any penalties or interest and together with all expenses (including legal expenses, allocated internal costs and out-of-pocket expenses) incurred.

ARTICLE IX.

Miscellaneous

SECTION 9.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(a) if to a Borrower, to it at NRG Energy, Inc., 901 Marquette Avenue, Suite 2300, Minneapolis, MN 55402-3265, Attention of Treasurer, Chief Financial Officer and General Counsel (Fax No. (612) 373-5312);

(b) if to the Administrative Agent or the Collateral Agent, to Credit Suisse First Boston, Eleven Madison Avenue, New York, NY 10010, Attention of Julia Kingsbury (Fax No. (212) 325-8304);

(c) if to the Revolver Agent, to General Electric Capital Corporation, 500 West Monroe Street, Chicago, IL 60661, Attention of Rebecca Milligan (Fax No. (312) 463-3840); and

(d) if to a Lender, to it at its address (or fax number) set forth in the Lender Addendum or the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by fax or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

SECTION 9.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and the Issuing Bank and shall survive the making by the Lenders of the Loans and the Credit-Linked Deposits and the issuance of Letters of Credit by the Issuing Bank, regardless of any investigation made by the Lenders or the Issuing Bank or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable (other than indemnification and other contingent obligations that are not then due and payable) under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit or Credit-Linked Deposit is outstanding and so long as the Commitments have not been terminated. The provisions of Sections 2.14, 2.16, 2.20 and 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the expiration of any Letter of Credit, the return, application or conversion of the Credit-Linked Deposits, the invalidity

or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, the Collateral Agent, the Revolver Agent, any Lender or the Issuing Bank.

SECTION 9.03. Binding Effect. This Agreement shall become effective when it shall have been executed by each of the parties hereto and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto.

SECTION 9.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of each Borrower, the Administrative Agent, the Collateral Agent, the Issuing Bank or the Lenders that

are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans or Credit-Linked Deposits at the time owing to it); provided, however, that (i) (x) except in the case of an assignment to an Affiliate or Related Fund of a Lender, the Administrative Agent (and, in the case of any assignment of a Revolving Credit Commitment, the Issuing Bank and the Swingline Lender) must give its prior written consent to such assignment (which consent shall not be unreasonably withheld or delayed) and (y) except in the case of an assignment to a Lender or an Affiliate or Related Fund of a Lender, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 (or, if less, the entire remaining amount of such Lender's Commitment), (ii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance (such Assignment and Acceptance to be (x) electronically executed and delivered to the Administrative Agent via an electronic settlement system then acceptable to the Administrative Agent, which shall initially be the settlement system of ClearPar, LLC, or (y) manually executed and delivered with a processing and recordation fee of $3,500 paid by the assignor or assignee), (iii) the assignee, if it shall not be a Lender immediately prior to the assignment, shall deliver to the Administrative Agent an Administrative Questionnaire and (iv) with respect to any Term Lender, any such assignment shall be a pro rata assignment by the assignor to such assignee with respect to all of such assignor's rights and interests as a Term Lender in the Term Loans and Credit-Linked Deposits. No Lender is permitted to assign all or any portion of its interests, rights or obligations under this Agreement (including all or a portion of its Commitment and the Loans or Credit-Linked Deposits at any time owing to it) except as specifically set forth in the immediately preceding sentence and any purported assignment not in conformity therewith shall be null and void. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.16, 2.20 and 9.05, as well as to any Fees accrued for its account and not yet paid). Without the consent of the Company (which consent shall not be unreasonably withheld) and the Administrative Agent, the Credit-Linked Deposit of any Term Lender shall not be released in connection with any assignment by such Term Lender, but shall instead be purchased by the relevant assignee and continue to be held for application (to the extent not already applied) in accordance with Section 2.23(d) to satisfy such assignee's

obligations in respect of Funded L/C Disbursements. Notwithstanding the foregoing, an assignment by a Lender to one of its Affiliates or Related Funds will be effective, valid, legal and binding without regard to whether the assignor has delivered an Assignment and Acceptance or Administrative Questionnaire to the Administrative Agent (and the acceptance and recordation thereof under paragraph (e) of this Section shall not be required); provided that the

Administrative Agent and the Borrowers shall be entitled to deal solely with the assignor unless and until the date that an Assignment and Acceptance and Administrative Questionnaire have been delivered to the Administrative Agent with respect to the applicable assignee.

(c) By executing and delivering (to the Administrative Agent or the assigning Lender in the case of an assignment by a Lender to one of its Affiliates or Related Funds pursuant to the last sentence of paragraph (b) of this Section) an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Term Loan Commitment and Revolving Credit Commitment, and the outstanding balances of its Term Loans and Revolving Loans and Credit-Linked Deposits and participations in Funded Letters of Credit, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of any Borrower or any Subsidiary or the performance or observance by any Borrower or any Subsidiary of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 3.05(a) or delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, the Collateral Agent, the Arrangers, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent and the Collateral Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent and the Collateral Agent, respectively, by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent, acting for this purpose as an agent of each Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and one or more registers for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive and each Borrower, the Administrative Agent, the Issuing Bank, the Collateral Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each Borrower, the Issuing Bank, the Collateral Agent and any Lender, at any reasonable time and

from time to time upon reasonable prior notice. In the case of any assignment made in accordance with the last sentence of paragraph (b) of this Section that is not reflected in the Register, the assigning Lender shall maintain a comparable register reflecting such assignment.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder) and, if required, the written consent of the Swingline Lender, the Issuing Bank and the Administrative Agent to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Lenders, the Issuing Bank and the Swingline Lender. No assignment shall be effective unless it has been recorded in the Register as provided in this paragraph (e). Notwithstanding the foregoing, an assignment by a Lender to an Affiliate or Related Fund pursuant to the last sentence of paragraph (b) of this Section shall not be required to be recorded in the Register to be effective; provided that (i) such assignment is recorded in a comparable register maintained by the assignor as provided in paragraph (b) of this Section and (ii) the Administrative Agent and the Borrowers shall be entitled to deal solely and directly with the assignor unless and until the date that an Assignment and Acceptance and Administrative Questionnaire have been delivered to the Administrative Agent with respect to the applicable assignee.

(f) Each Lender may without the consent of any Borrower, the Swingline Lender, the Issuing Bank or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans and Credit-Linked Deposits and participations in Funded Letters of Credit owing to it); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14, 2.16 and 2.20 to the same extent as if they were Lenders (but, with respect to any particular participant, to no greater extent than the Lender that sold the participation to such participant and (iv) each Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of each Borrower relating to the Loans or L/C Disbursements and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or the Credit-Linked Deposits, increasing or extending the Commitments or releasing any Guarantor or all or any substantial part of the Collateral).

(g) Any Lender or participant may, in connection with any assignment, pledge or participation or proposed assignment, pledge or participation pursuant to this Section 9.04, disclose to the assignee or participant or proposed assignee or participant any information relating to any Borrower furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure of information designated by any Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement

whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information on terms no less restrictive than those applicable to the Lenders pursuant to

Section 9.16.

(h) Any Lender may at any time assign all or any portion of its rights under this Agreement to secure extensions of credit to such Lender or in support of obligations owed by such Lender, and, in the case of any Lender that is a fund that invests in bank loans, such Lender may collaterally assign all or any portion of its rights under this Agreement to any holder of, trustee for, or other representative of any holders of, obligations owed or securities issued by such fund as security for such obligations or securities; provided that no such assignment described in this clause (h) shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(i) Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle (an "SPC"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Company, the option to provide to any Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to such Borrower pursuant to this Agreement; provided that (i) nothing herein shall constitute a commitment by any SPC to make any Loan and (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or similar payment obligation under this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.04, any SPC may (i) with notice to, but without the prior written consent of, the Company and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Company and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC.

(j) No Borrower shall assign or delegate any of its rights or duties hereunder without the prior written consent of the Administrative Agent, the Issuing Bank and each Lender, and any attempted assignment without such consent shall be null and void.

SECTION 9.05. Expenses; Indemnity. (a) The Borrowers agree, jointly and severally, to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank and the Swingline Lender,

including the reasonable fees, charges and disbursements of Latham & Watkins LLP, counsel for the Administrative Agent and the Collateral Agent, in connection with the syndication of the credit facilities provided for herein and the preparation and administration of this Agreement and the other Loan Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby or thereby contemplated shall be consummated), subject to any prior agreements entered into between the Company and the Arrangers; provided that the Borrowers shall not be responsible for the reasonable fees, charges and disbursements of more than one separate law firm (in addition to local or special counsel, including special

workout counsel) pursuant to its obligations under this sentence only. The Borrowers also agree, jointly and severally, to pay all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents or in connection with the Loans or Credit-Linked Deposits made or Letters of Credit issued hereunder, including the fees, charges and disbursements of Latham & Watkins LLP, counsel for the Administrative Agent and the Collateral Agent, and, in connection with any such enforcement or protection, the fees, charges and disbursements of any other counsel (including special workout counsel) for the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank or any Lender.

(b) The Borrowers agree, jointly and severally, to indemnify the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, each Lender, the Issuing Bank and each Related Party of any of the foregoing persons (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby, (ii) the use of the proceeds of the Loans or Credit-Linked Deposits or issuance of Letters of Credit, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto, or (iv) any actual or alleged presence or Release of Hazardous Materials on any property owned or operated by the Company or any of the Subsidiaries, or any Environmental Liability related in any way to the Company or any of the Subsidiaries; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) To the extent that the Borrowers fail to pay any amount required to be paid by them to the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by

or asserted against the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of the Aggregate Revolving Credit Exposure, outstanding Term Loans and Credit-Linked Deposits and unused Commitments at the time.

(d) To the extent permitted by applicable law, no Borrower shall assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan, Credit-Linked Deposit or Letter of Credit or the use of the proceeds thereof.

(e) The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the

repayment of any of the Loans, the return, application or conversion of any of the Credit-Linked Deposits, the expiration of the Commitments, the expiration of any Letter of Credit, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, any Lender or the Issuing Bank. All amounts due under this Section 9.05 shall be payable on written demand therefor.

SECTION 9.06. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, except to the extent prohibited by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (other than in respect of the Xcel Cash on deposit in the Xcel Cash Account) to or for the credit or the account of any Borrower against any of and all the obligations of any Borrower now or hereafter existing under this Agreement and other Loan Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.07. Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN LETTERS OF CREDIT AND AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK. EACH LETTER OF CREDIT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED IN ACCORDANCE WITH, THE LAWS OR RULES DESIGNATED IN SUCH LETTER OF CREDIT, OR IF NO SUCH LAWS OR RULES ARE DESIGNATED, THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS MOST RECENTLY PUBLISHED AND IN EFFECT, ON THE DATE SUCH LETTER OF CREDIT WAS ISSUED, BY THE INTERNATIONAL CHAMBER OF COMMERCE (THE "UNIFORM CUSTOMS") AND, AS TO MATTERS NOT GOVERNED BY THE UNIFORM CUSTOMS, THE LAWS OF THE STATE OF NEW YORK.

SECTION 9.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent, the Collateral Agent, any Lender or the Issuing Bank in exercising any power or right hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Collateral Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by any Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle such Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by each Borrower and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan or any date for reimbursement of an L/C Disbursement or extend the date on which the Credit-Linked Deposits are required to be returned in full, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, Credit-Linked Deposit or L/C Disbursement, without the prior written consent of each Lender affected thereby, (ii) increase or extend the Commitment or decrease or extend the date for payment of any Fees of any Lender without the prior written consent of such Lender, (iii) amend or modify the pro rata requirements of Section 2.17, the provisions of Section 9.04(j), the provisions of this Section or the definition of the term "Required

Lenders" or "Majority Lenders," or release any Guarantor, without the prior written consent of each Lender, (iv) amend or modify the definition of the term "Majority Term Lenders" without the prior written consent of each Term Lender, (v) amend or modify the definition of the term "Majority Revolving Credit Lenders" without the prior written consent of each Revolving Credit Lender, (vi) release all or any substantial part of the Collateral without the prior written consent of each Lender, (vii) change the provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders holding Loans of one Class differently from the rights of Lenders holding Loans of any other Class without the prior written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each adversely affected Class or (viii) modify the protections afforded to an SPC pursuant to the provisions of Section 9.04(i) without the written consent of such SPC; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Collateral Agent, , the Issuing Bank or the Swingline Lender hereunder or under any other Loan Document without the prior written consent of the Administrative Agent, the Collateral Agent, the Issuing Bank or the Swingline Lender, as applicable.

SECTION 9.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan or Credit-Linked Deposit or participation in any L/C Disbursement, together with all fees, charges and other amounts which

are treated as interest on such Loan or participation in such L/C Disbursement under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or participation in accordance with applicable law, the rate of interest payable in respect of such Loan or participation hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or participation but were not payable as a result of the operation of this Section 9.09 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or participations or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.10. Entire Agreement. This Agreement, the Fee Letter and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any person (other than the parties hereto and thereto, their respective successors and assigns permitted hereunder (including any Affiliate of the Issuing Bank that issues any Letter of Credit) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank and the Lenders) any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

SECTION 9.12. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 9.03. Delivery of an executed signature page to this Agreement or of a Lender Addendum by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 9.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 9.15. Jurisdiction; Consent to Service of Process. (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, the Collateral Agent, the Syndication Agent, the Arrangers, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Borrower or its properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.16. Confidentiality. Each of the Administrative Agent, the Collateral Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its and its Affiliates' officers, directors, employees and agents, including accountants, legal counsel and other advisors (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority or

quasi-regulatory authority (such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) in connection with the exercise of

any remedies hereunder or under the other Loan Documents or any suit, action or proceeding relating to the enforcement of its rights hereunder or thereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section 9.16, to (i) any actual or prospective assignee of or participant in any of its rights or obligations under this Agreement and the other Loan Documents or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Company or any Subsidiary or any of their respective obligations, (f) with the consent of the Company or (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 9.16. For the purposes of this Section, "Information" shall mean all financial statements, certificates, reports, agreements and other information received from the Company or its Subsidiaries and related to the Company or its business, other than any such financial statements, certificates, reports, agreements and other information that was available to the Administrative Agent, the Collateral Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to its disclosure by the Company; provided that, in the case of Information received from the Company after the date hereof, such information is clearly identified at the time of delivery as confidential. Any person required to maintain the confidentiality of Information as provided in this Section 9.16 shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord its own confidential information. Notwithstanding any other express or implied agreement, arrangement or understanding to the contrary, each of the parties hereto agrees that each other party hereto (and each of its employees, representatives or agents) are permitted to disclose to any persons, without limitation, the tax treatment and tax structure of the Loans and the other transactions contemplated by the Loan Documents and all materials of any kind (including opinions and tax analyses) that are provided to the Loan Parties, the Lenders, the Arrangers or any Agent related to such tax treatment and tax aspects. To the extent not inconsistent with the immediately preceding sentence, this authorization does not extend to disclosure of any other information or any other term or detail not related to the tax treatment or tax aspects of the Loans or the transactions contemplated by the Loan Documents.

SECTION 9.17. Joint and Several Liability; Postponement of Subrogation. (a) The obligations of the Revolving Loan Borrowers hereunder and under the other Loan Documents shall be joint and several and, as such, each Revolving Loan Borrower shall be liable for all of the Secured Obligations of the other Revolving Loan Borrower under this Agreement and the other Loan Documents. The liability of each Revolving Loan Borrower for the Secured Obligations of the other Revolving Loan Borrower under this Agreement and the other Loan Documents shall be absolute, unconditional and irrevocable, without regard to (a) the validity or enforceability of this Agreement or any other Loan Document, any of the Secured Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance hereunder) which may at any time be available to or be asserted by such other Revolving Loan Borrower or any other Person against any Secured Party or (c) any other circumstance whatsoever (with or without notice to or knowledge of such other Revolving Loan Borrower or such Revolving Loan Borrower) which constitutes, or might be construed to constitute, an equitable or legal discharge of such other Revolving Loan Borrower for the Secured Obligations, or of such Revolving Loan Borrower under this Section, in bankruptcy or in any other instance.

(b) Each Revolving Loan Borrower agrees that it will not exercise any rights which it may acquire by way of rights of subrogation under this

Agreement, by any payments made hereunder or otherwise, until the prior payment in full in cash of all of the Secured Obligations, the termination or expiration of all Revolving Letters of Credit and the permanent termination of all Revolving Credit Commitments. Any amount paid to any Revolving Loan Borrower on account of any such subrogation rights prior to the payment in full in cash of all of the Secured Obligations, the termination or expiration of all Revolving Letters of Credit and the permanent termination of all Revolving Credit Commitments shall be held in trust for the benefit of the Secured Parties and shall immediately be paid to the Administrative Agent for the benefit of the Secured Parties and credited and applied against the Secured Obligations of the Revolving Loan Borrowers, whether matured or unmatured, in such order as the Administrative Agent shall elect. In furtherance of the foregoing, for so long as any Secured Obligations, Revolving Letters of Credit or Revolving Credit Commitments remain outstanding, each Revolving Loan Borrower shall refrain from taking any action or commencing any proceeding against the other Revolving Loan Borrower (or any of its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made in respect of the Secured Obligations of the other Revolving Loan Borrower to any Secured Party.

SECTION 9.18. Delivery of Lender Addenda. Each initial Lender shall become a party to this Agreement by delivering to the Administrative Agent a Lender Addendum duly executed by such Lender, the Borrowers and the Administrative Agent.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NRG ENERGY, INC.

By: _____
Name:
Title:

NRG POWER MARKETING INC.

By: _____
Name:
Title:

CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch, as Administrative Agent, Collateral Agent, Issuing Bank and Arranger,

By: _____
Name:
Title:

By: _____
Name:
Title:

LEHMAN BROTHERS INC., as Arranger,

By: _____
Name:
Title:

LEHMAN COMMERCIAL PAPER INC.,

as Syndication Agent,

By: _____
Name:
Title:

GENERAL ELECTRIC CAPITAL CORPORATION,
as Revolver Agent, Issuing Bank and
Swingline Lender,

By: _____
Name:
Title:

EXHIBIT 4.7

EXECUTION COPY

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GUARANTEE AND COLLATERAL AGREEMENT

made by

NRG ENERGY, INC.,

NRG POWER MARKETING INC.

and certain of the Subsidiaries of NRG Energy, Inc.

in favor of

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Trustee

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch,
as Administrative Agent

and

LAW DEBENTURE TRUST COMPANY OF NEW YORK,
as Trustee

Dated as of December 23, 2003

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Exhibits:

Annex:

Schedules:

GUARANTEE AND COLLATERAL AGREEMENT, dated as of December 23, 2003, made by each of the signatories hereto, in favor of Deutsche Bank Trust Company Americas, as Collateral Trustee for (i) Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative agent (in such capacity and together with its successors, the "Administrative Agent") and as collateral agent (in such capacity and together with its successors, the "Collateral Agent") and for the banks and other financial institutions or entities (the "Lenders") from time to time parties to the Credit Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among NRG Energy, Inc., a Delaware corporation (the "Company"), NRG Power Marketing Inc., a Delaware corporation ("NRG Power Marketing" and, together with the Company, the "Credit Agreement Borrowers"), the Lenders, Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers Inc., as joint lead book runners and joint lead arrangers (in such capacity, the "Arrangers"), Lehman Commercial Paper Inc., as syndication agent (in such capacity, the "Syndication Agent"), General Electric Capital Corporation, as revolver agent, the Administrative Agent, the Collateral Agent and the other Priority Lien Secured Parties thereunder, (ii) Law Debenture Trust Company of New York, as trustee (in such capacity and together with its successors, the "Trustee") under the Indenture, dated as of the date hereof (as amended, supplemented, or otherwise modified from time to time, the "Indenture"), among the Company, certain of its subsidiaries, the Trustee and the other Secured Parity Lien Parties thereunder and (iii) any other Secured Parties (as hereinafter defined) from time to time entitled to the benefits of the Collateral Trust Agreement, dated as of the date hereof (as amended, supplemented or otherwise modified from time to time, the "Collateral Trust Agreement"), among the Company, the other Grantors, the Administrative Agent, the Trustee, the Collateral Trustee and the other parties from time to time party thereto; and, for purposes of Section 2, in favor of the Administrative Agent and the Trustee and any other future Guaranteed Secured Debt Representative (as hereinafter defined) with respect to any Series of Guaranteed Secured Debt (as hereinafter defined) that becomes entitled to the benefits of the Collateral Trust Agreement.

W I T N E S S E T H:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Credit Agreement Borrowers upon the terms and subject to the conditions set forth therein, and, pursuant to the Indenture, the Company will issue $1,250,000,000 in aggregate principal amount of Second Priority Senior Secured Notes due 2013 (the "Notes");

WHEREAS, the Credit Agreement Borrowers are members of an affiliated group of companies that includes each other Grantor;

WHEREAS, the proceeds of the extensions of credit under the Credit Agreement and the proceeds of the offering of the Notes will be used in part to enable the Credit Agreement Borrowers or the Company, as the case may be, to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, the Credit Agreement Borrowers and the other Grantors are engaged in related businesses, and each Grantor will derive substantial direct and indirect benefit from the making of the extensions of credit under the Credit Agreement and the offering of the Notes;

WHEREAS, it is a condition precedent to the obligation of the Lenders to make their respective extensions of credit to the Credit Agreement Borrowers under the Credit Agreement and a condition precedent to the obligation of the initial purchasers to purchase the Notes that the Grantors shall have executed and delivered this Agreement to the Collateral Trustee for the benefit of the applicable Secured Parties; and

WHEREAS, the Credit Agreement Borrowers and the other Grantors have entered into the Collateral Trust Agreement which sets forth the terms on which each Secured Party has appointed the Collateral Trustee as trustee for the present and future holders of the Secured Obligations (as hereinafter defined) to receive, hold, maintain, administer and distribute the Collateral at any time delivered to the Collateral Trustee and to enforce the Security Documents, including this Agreement, and all interests, rights, powers and remedies of the Collateral Trustee in respect thereto or thereunder and the proceeds thereof;

NOW, THEREFORE, in consideration of the premises and to induce the Secured Parties to enter into the Secured Debt Documents and to induce such Secured Parties to make their respective extensions of credit to the applicable Grantors thereunder, each Grantor hereby agrees with the Collateral Trustee, for the benefit of the applicable Secured Parties, as follows:

SECTION 1. DEFINED TERMS

1.1. Definitions. (a) Unless otherwise defined herein, terms defined in the Collateral Trust Agreement and used herein shall have the meanings given to them in the Collateral Trust Agreement, and the following terms are used herein as defined in the New York UCC (and if defined in more than one Article of the New York UCC shall have the meanings given in Article 9 thereof): Accounts, Account Debtor, Certificated Security, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Commodity Intermediary, Documents, Electronic Chattel Paper, Equipment, Farm Products, Financial Asset, Fixtures, General Intangibles, Goods, Instruments, Inventory, Letter of Credit, Letter of Credit Rights, Money, Payment Intangibles, Securities Account, Securities Intermediary, Security, Security Entitlement, Supporting Obligations, Tangible Chattel Paper and Uncertificated Security.

(b) The following terms shall have the following meanings:

"Administrative Agent" shall have the meaning assigned to such term in the preamble.

"After-Acquired Intellectual Property" shall have the meaning assigned to such term in Section 5.11(k).

"Agreement" shall mean this Guarantee and Collateral Agreement, as the same may be amended, supplemented, replaced or otherwise modified from time to time.

"Arrangers" shall have the meaning assigned to such term in the preamble.

"Borrower" shall mean (i) in the case of the Revolving Loans, Revolving Credit Commitments and Revolving Letters of Credit (each as defined in the Credit Agreement) and all related obligations under the Credit Agreement, the Credit Agreement Borrowers, (ii) in the case of the Term Loans, Credit-Linked Deposits, Term Loan Commitments and Funded Letters of Credit (as defined in the Credit Agreement) and all related obligations under the Credit Agreement, the Company, (iii) in the case of the Notes issued under the Indenture and all related obligations under the Indenture, the Company and (iv) in the case of the obligations in respect of any future Series of Guaranteed Secured Debt, the Company and any other applicable Grantor who shall act as the borrower or issuer under the applicable Secured Debt Documents with respect to such Series of Guaranteed Secured Debt.

"Borrower Obligations" shall mean, without duplication, the collective reference to the unpaid principal of and interest on the loans (or other extensions of credit), notes (or other debt securities), credit-linked deposits (or other similar deposits) and all other obligations and liabilities of any Borrower in each case with respect to any Series of Guaranteed Secured Debt (including interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the maturity of such loans (or other extensions of credit), notes (or other debt securities) or credit-linked deposits (or other similar deposits) and interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the applicable Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to any applicable Secured Party (including, in the case of any Specified Hedging Agreement, any Lender, the Administrative Agent, the Collateral Agent, any Arranger or the Syndication Agent or, in each case, any Affiliate thereof, regardless of whether or not such Lender thereafter continues to be a Lender or such person continues to have such capacity with respect to the Credit Agreement), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with this Agreement, the Credit Agreement (if applicable), the Indenture (or the Notes) (if applicable) or any other applicable Secured Debt Documents (including any letters of credit, any Specified Hedging Agreement or any other document made, delivered or given in connection with any of the foregoing), in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to the Secured Parties that are required to be paid by the applicable Borrower pursuant to the terms of any of the foregoing agreements).

"Business Day" shall mean any day other than a Saturday, Sunday or day on which commercial banks in New York City are authorized or required by law to close.

"Closing Date" shall mean the date hereof.

"Collateral" shall mean have the meaning assigned to such term in Section 3.

"Collateral Account" shall mean any collateral account established by the Collateral Trustee as provided in Section 6.1 or 6.6.

"Collateral Account Funds" shall mean, collectively, the following from time to time on deposit in a Collateral Account: all funds (including all trust monies), investments (including all cash

equivalents) credited to, or purchased with funds from, any Collateral Account and all certificates and instruments from time to time representing or evidencing such investments; all notes, certificates of deposit, checks and other instruments from time to time hereafter delivered to or otherwise possessed by the Collateral Trustee for or on behalf of any Grantor in substitution for, or in addition to, any or all of the Collateral; and all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the items constituting Collateral.

"Collateral Trust Agreement" shall have the meaning assigned to such term in the preamble.

"Company" shall have the meaning assigned to such term in the preamble.

"Contracts" shall mean all contracts and agreements (in each case, whether written or oral, or third party or intercompany) between any Grantor and other person, as the same may be amended, assigned, extended, restated, supplemented, replaced or otherwise modified from time to time, including (i) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (ii) all rights of any Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect thereto, (iii) all rights of any Grantor to damages arising thereunder and (iv) all rights of any Grantor to terminate, and to perform and compel performance of, such Contracts and to exercise all remedies thereunder.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative thereto; provided that when used in connection with the Collateral Trustee's rights with respect to, or security interest in, any Collateral, "control" shall have the meaning specified in the UCC with respect to that type of Collateral.

"Control Agreement (Deposit and Securities Accounts)" shall mean a Control Agreement in the form of Exhibit A, to be executed and delivered by the applicable Grantor and the other party or parties thereto with respect to each Deposit Account or Securities Account of such Grantor except to the extent that the same constitutes an Excluded Perfection Asset at any time.

"Control Agreement (Commodities Contracts)" shall mean a Control Agreement in the form of Exhibit B, to be executed and delivered by the applicable Grantor and the other party or parties thereto with respect to each Commodity Contract of such Grantor as required by Section 5.2(e).

"Copyright Licenses" shall mean any agreement, whether written or oral, naming any Grantor as licensor or licensee (including those listed in Schedule 4.11 (as such

schedule may be amended or supplemented from time to time)), granting any right in, to or under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

"Copyrights" shall mean (i) all copyrights arising under the laws of the United States, any other country, or union of countries, or any political subdivision of any of the foregoing, whether registered

or unregistered and whether published or unpublished (including those listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time)), all registrations and recordings thereof, and all applications in connection therewith and rights corresponding thereto throughout the world, including all registrations, recordings and applications in the United States Copyright Office, (ii) the right to, and to obtain, all extensions and renewals thereof, and the right to sue for past, present and future infringements of any of the foregoing, (iii) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages, and proceeds of suit and (v) all other rights of any kind whatsoever accruing thereunder or pertaining thereto.

"Core Collateral" shall mean all Equity Interests in, and property and assets of, NRG Mid-Atlantic, NRG Northeast and NRG South Central and their respective subsidiaries (other than NRG Sterlington Power LLC, Bayou Cove Peaking Power LLC and Big Cajun I Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries), whether now owned or hereafter acquired.

"Credit Agreement" shall have the meaning assigned to such term in the preamble.

"Credit Agreement Borrowers" shall have the meaning assigned to such term in the preamble.

"Credit Agreement Guarantors" shall mean the Revolving Loan Guarantors and the Term Loan Guarantors.

"Deposit Account" shall mean (i) all "deposit accounts" as defined in Article 9 of the New York UCC, (ii) all other accounts maintained with any financial institution (other than Securities Accounts or Commodity Accounts) and (iii) shall include all of the accounts listed on Schedule 4.8(c) under the heading "Deposit Accounts" (as such schedule may be amended or supplemented from time to time) together, in each case, with all funds held therein and all certificates or instruments representing any of the foregoing.

"Depositary Bank" shall mean a financial institution that has delivered to the Collateral Trustee an executed Control Agreement (Deposit and Securities Accounts).

"Domestic Subsidiaries" shall mean all Subsidiaries incorporated, formed or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"dollars" or "$" shall mean lawful money of the United States of America.

"Equity Interests" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a partnership or limited liability company, beneficial interests in a trust or other equity interests in any person, or any obligations convertible into or exchangeable for, or giving any person a right, option or warrant to acquire, such equity interests or such convertible or exchangeable obligations.

"Excluded Assets" shall mean (i) any lease, license, contract, property right or agreement to which any Grantor is a party or any of such Grantor's rights or interests thereunder if and only for so long as the grant of a security interest therein under the Security Documents shall constitute or result in a breach, termination or default or invalidity under any such lease, license, contract, property right or agreement (other than to the extent that any such term would

be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other applicable law or principles of equity); provided that such lease, license, contract, property right or agreement shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result; (ii) any interests in real property owned or leased by any Grantor only for so long as such interest represents an Excluded Perfection Asset; (iii) any Equity Interests in any Excluded Project Subsidiary the pledge of which pursuant to the Security Documents would constitute a default under the applicable Non-Recourse Indebtedness in respect of which it is an obligor and any voting Equity Interests in excess of 66% (or, in the case of NRG International Holdings GmbH, NRG International Holdings (No.2) GmbH and NRGenerating International BV, 65%) of the total outstanding voting Equity Interests in any Excluded Foreign Subsidiary; (iv) any Deposit Account, Securities Account or Commodities Account (and all cash, cash equivalents permitted by the terms of the Secured Debt Documents and Commodity Contracts held therein) if and only for so long as such Deposit Account, Securities Account or Commodities Account is subject to a Lien permitted under Section 6.02(g)(ii) of the Credit Agreement and the other Secured Debt Documents; (v) the Equity Interests in, and all properties and assets of, NRG Energy Insurance Ltd. (Cayman Islands); (vi) the Equity Interests in, and all properties and assets of, NRGenerating Holdings (No. 4) GmbH (only for so long as such entity shall remain a direct subsidiary of NRG International LLC and shall have no assets other than those owned on the date hereof), NRGenerating III (Gibraltar), NRGenerating Holdings (No. 23) BV, NRGenerating IV Gibraltar, ONSITE Marianas Corporation, NGR Pacific Corporate Services Pty Ltd., Coniti Holding BV (only for so long as such entity shall own no assets other than the Equity Interests in Tosli (Gibraltar) BV) and Tosli (Gibraltar) BV (only for so long as such entity shall own no assets); (vii) the Equity Interests in, and all properties and assets of, NRG Latin America Inc., Sterling Luxembourg (No. 4) S.a.r.l, NRGenerating Luxembourg (No. 6) S.a.r.l., NRGenerating Holdings (No. 21) BV (only for so long as such entity shall own no assets other than the stock of its subsidiaries owned on the date hereof) and Compania Boliviana de Energia Electrica S.A. (Cobee Nova Scotia); (viii) the Equity Interests in NRG Sterlington Power LLC and Big Cajun I Peaking Power LLC for so long as such Equity Interests are pledged within 90 days of the Closing Date to the lenders of Non-Recourse Indebtedness

of NRG Peaker Finance Co. LLC existing on the date hereof; (ix) any Equity Interest of a person (other than a Subsidiary) held by any Grantor if and for so long as the pledge thereof under the Security Documents shall constitute or result in a breach, termination or default under any joint venture, stockholder or partnership agreement between such Grantor and one or more other holders of Equity Interests of such person; provided that (A) such Grantor shall have used reasonable efforts to obtain the consent or waiver of such other holders of Equity Interests of such person to such a pledge and such consent or waiver shall not have been obtained and (B) such Equity Interest shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result; (x) all personal property and equipment (except two heat recovery steam generators) of Meriden Gas Turbines LLC; provided that such equipment is transferred to Dick Corporation within 180 days of the Closing Date; (xi) all properties and assets of the Company's resource recovery facility located at North Newport, MN and all properties and assets of the

Company's resource recovery facility located at Elk River, MN if and for so long as the grant of a security interest therein under the Security Documents shall constitute or result in a breach, termination or default under any service agreement with the applicable municipalities in which such facilities reside; provided that (A) the Company shall have used reasonable efforts to obtain the consent or waiver of such municipalities to the grant of such security interests and such consent or waiver shall not have been obtained and (B) such properties and assets shall be an Excluded Asset only to the extent and for so long as the consequences specified above shall result and shall cease to be an Excluded Asset and shall become subject to the security interest granted under the Security Documents, immediately and automatically, at such time as such consequences shall no longer result; (xii) any Account of NRG Power Marketing solely to the extent that (x) such Account relates to the sale by NRG Power Marketing of power or capacity that was purchased by NRG Power Marketing from a Subsidiary that is an Excluded Project Subsidiary and (y) the grant of a security interest in such Account under the Security Documents shall constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Existing Non-Recourse Indebtedness of such Subsidiary (as such agreement or instrument is in effect on the date hereof); (xiii) the Deposit Account (and all cash held therein not to exceed $37,000,000) which has been pledged to ANZ Bank to cash collateralize a letter of credit issued by ANZ Bank and the Deposit Account (and all cash held therein not to exceed $600,000) which has been pledged to Bremer Bank to cash collateralize a letter of credit issued by Bremer Bank; provided that each such Deposit Account (and all cash held therein) shall automatically cease to be an Excluded Asset from and after the date that is 60 days after the Closing Date, (xiv) the Equity Interests in (x) either of the NEO Companies and (y) any of Commonwealth Atlantic Power LLC, Hanover Energy Company, Chickahominy River Energy Corp. or Commonwealth Atlantic Power Limited Partnership, in the case of each of clause (x) and (y) to the extent that a grant of a security interest in such Equity Interests under the Security Documents shall constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Existing Non-Recourse Indebtedness of their subsidiaries (as such agreement or instrument is in effect on the date hereof); provided

that the Equity Interests in the entities listed in clause (y) shall automatically cease to be Excluded Assets from and after the date that is 180 days after the Closing Date; (xv) the Deposit Account established by the Company pursuant to the NRG Plan in respect of the Consolidated Edison dispute and all cash held therein not to exceed (x) $11,700,000 as of the Closing Date plus (y) any amounts required by the NRG Plan to be deposited therein in respect of invoices owing to Consolidated Edison; provided that such Deposit Account (and all cash therein) shall automatically cease to be an Excluded Asset from and after the date that such dispute is resolved and (xvi) the Xcel Cash Account and all Xcel Cash therein.

"Excluded Foreign Subsidiaries" shall mean, at any time, any Foreign Subsidiary that is (or is treated as) for United States federal income tax purposes either (a) a corporation or (b) a pass-through entity owned directly or indirectly by another Foreign Subsidiary that is (or is treated as) a corporation; provided that (i) none of NRG Mid-Atlantic, NRG Northeast or NRG South Central or any of their respective subsidiaries may at any time be an Excluded Foreign Subsidiary and (ii) notwithstanding the foregoing, the following entities will be deemed to be "Excluded Foreign Subsidiaries": Sterling Luxembourg (No. 4) S.a.r.l., Tosli Acquisition BV, NRGenerating Luxembourg (No. 6) S.a.r.l., NRGenerating Holdings (No. 4) GmbH (only for so long as such entity shall remain a direct subsidiary of NRG International LLC and shall have no assets other than those owned on

the date hereof), NRGenerating Holdings (No. 23) BV, NRG Pacific Corporate Services Pty Ltd., NRGenerating III (Gibraltar), NRGenerating IV (Gibraltar), Coniti Holding BV (only for so long as such entity shall own no assets other than the Equity Interests in Tosli (Gibraltar) BV) and Tosli (Gibraltar) BV (only for so long as such entity shall own no assets). The Excluded Foreign Subsidiaries on the Closing Date are set forth on Schedule 1.01(a).

"Excluded Foreign Subsidiary Voting Stock" shall mean the voting Equity Interests in any Excluded Foreign Subsidiary.

"Excluded Neo Companies" shall mean any of the Neo Companies to the extent that the guarantee of the Note Borrower Obligations by such company would constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Existing Non-Recourse Indebtedness of such Neo Company (as such agreement or instrument is in effect on the date hereof); provided that such company shall cease to be an Excluded Neo Company and shall automatically be subject to the guarantee in Section 2 to the extent that such guarantee shall not constitute or result in such a breach, termination or default.

"Excluded Perfection Assets" shall mean (a) any Specified Assets Held for Sale if and only to the extent that the grant of a security interest with respect thereto cannot be perfected by the filing of a financing statement under the UCC of the relevant jurisdiction or, in the case of any Specified Assets Held for Sale that consist of Equity Interests, either the filing of a financing statement under the UCC of the relevant jurisdiction or the possession of certificates representing such Equity Interests; provided that any of such Specified Assets Held for Sale that are not sold or otherwise disposed of by the Company or any of the Subsidiaries to any person other than the Company or any of the

Subsidiaries within 12 months of the Closing Date shall cease to be an Excluded Perfection Asset; and (b) any other property or assets (other than any Core Collateral except (i) the lease of Dunkirk Power LLC relating to 347 Seneca Street, Buffalo, NY, (ii) the lease of Astoria Gas Turbine Power LLC relating to the Consolidated Edison site located at 31-02 20th Avenue, Astoria, NY, (iii) the lease of Astoria Gas Turbine Power LLC relating to the A-11 dock located at 31-02 20th Avenue, Astoria, NY, (iv) the lease of NRG New Roads Holding LLC relating to the turbine storage facilities located at GTS Duratek, 1790 Dock Street, Memphis, TN, (v) the lease of NRG New Roads Holding LLC relating to the turbine storage facilities located at Liebherr American Inc., 4100 Chestnut, Newport News, VA and (vi) the lease of NRG New Roads Holding LLC relating to the warehouse facilities for turbine storage located at Tidewater Warehouses, Bay 3, 814 Childs Avenue, Hampton, VA) in which a security interest cannot be perfected by the filing of a financing statement under the UCC of the relevant jurisdiction or, in the case of Equity Interests, either the filing of a financing statement under the UCC of the relevant jurisdiction or the possession of certificates representing such Equity Interests; provided that such property or assets shall not have a fair market value at any time exceeding $2,000,000 (or, if such property or asset is a Deposit Account or Securities Account, $250,000) individually or $20,000,000 in the aggregate and, to the extent that the fair market value of any such property or asset shall exceed $2,000,000 (or, if such property or asset is a Deposit Account or Securities Account, $250,000) individually, such property or asset shall cease to be an Excluded Perfection Asset and, to the extent that the fair market value of such property or assets shall exceed $20,000,000 in the aggregate at any time, such property or assets shall cease to be Excluded Perfection Assets to the extent of such excess fair market value.

"Excluded Project Subsidiaries" shall mean, at any time, (a) any Subsidiary existing as of the Closing Date that is an obligor with respect to Existing Non-Recourse Indebtedness outstanding at such time and (b) any Subsidiary that is set forth on Schedule 1.01(b) as of the Closing Date (so long as such Subsidiary does not become (and remain for a period of 365 days or more) a Guarantor after the Closing Date) or any Subsidiary that becomes a Subsidiary after the Closing Date that is an obligor with respect to Additional Non-Recourse Indebtedness outstanding at such time, in each case if and for so long as the grant of a security interest in the property or assets of such Subsidiary or the pledge of the Equity Interests of such Subsidiary, in each case in favor of the Collateral Trustee for the benefit of the Secured Parties, shall constitute or result in a breach, termination or default under the agreement or instrument governing the applicable Non-Recourse Indebtedness; provided that such Subsidiary shall be an Excluded Project Subsidiary only to the extent that and for so long as the requirements and consequences above shall exist; provided further that none of NRG Mid-Atlantic, NRG Northeast or NRG South Central or any of their respective subsidiaries (other than NRG Sterlington Power LLC, Bayou Cove Peaking Power LLC and Big Cajun I Peaking Power LLC for so long as such entities shall constitute Excluded Project Subsidiaries) may at any time be an Excluded Project Subsidiary. The Excluded Project Subsidiaries on the Closing Date are set forth on Schedule 1.01(b).

"Excluded Project Subsidiary Stock" shall mean the Equity Interests in any Excluded Project Subsidiary.

"Existing Non-Recourse Indebtedness" shall mean secured indebtedness for borrowed money outstanding as of the Closing Date of a Subsidiary (or of Cadillac Renewable Energy LLC) existing as of the Closing Date and any refinancing indebtedness in respect of such indebtedness that is permitted by each of the Secured Debt Documents that was incurred to finance the development, construction or acquisition of or by, or repairs, improvements or additions to, fixed or capital assets of such Subsidiary (including power generation facilities); provided that, except as set forth on Schedule 1.01(c) to the Credit Agreement, (a) such indebtedness is without recourse to the Company or any other Subsidiary or to any property or assets of the Company or any other Subsidiary (other than, in each such case, another Subsidiary (x) which is the direct parent or a direct or indirect Subsidiary of the Subsidiary that incurred or issued such indebtedness (other than any such indebtedness constituting a guarantee) or (y) that is a Subsidiary that itself has Non-Recourse Indebtedness (as defined in the Credit Agreement) (other than any such indebtedness constituting a guarantee) or is the direct parent or a direct or indirect Subsidiary of a Subsidiary that itself has Non-Recourse Indebtedness (as defined in the Credit Agreement) (other than any such indebtedness constituting a guarantee)), (b) neither the Company nor any other Subsidiary (other than another Subsidiary (x) which is the direct parent or a direct or indirect Subsidiary of the Subsidiary that incurred or issued such indebtedness (other than any such indebtedness constituting a guarantee) or (y) that is a Subsidiary that itself has Non-Recourse Indebtedness (as defined in the Credit Agreement) (other than any such indebtedness constituting a guarantee) or is the direct parent or a direct or indirect Subsidiary of a Subsidiary that itself has Non-Recourse Indebtedness (as defined in the Credit Agreement) (other than any such indebtedness constituting a guarantee)) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute indebtedness) or is directly or indirectly liable as a guarantor or otherwise in respect of such indebtedness or in respect of the business or operations of the applicable Subsidiary that is the obligor on such indebtedness or any of its subsidiaries (other than (i) any such credit support or liability consisting of

reimbursement obligations in respect of letters of credit issued under, and subject to the terms of, the Credit Agreement to support obligations of such applicable subsidiary and (ii) any investments in such applicable subsidiary made in accordance with each of the Secured Debt Documents), (c) neither the Company nor any other Subsidiary or Affiliate of any thereof constitutes the lender of such indebtedness, (d) no default with respect to such Indebtedness (including any rights that the holders of such Indebtedness may have to take enforcement action against a Subsidiary that is not a Credit Agreement Guarantor) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any Credit Agreement Guarantor (other than indebtedness permitted pursuant to Section 6.01(a), (b) or (f) of the Credit Agreement) to declare a default on such other indebtedness or cause the payment of the indebtedness to be accelerated or payable prior to its stated maturity and (e) the Liens securing such indebtedness shall exist only on (i) the property and assets of any Subsidiary that is not a Credit Agreement Guarantor and (ii) the Equity Interests in any Subsidiary that is not a Credit Agreement Guarantor (and shall not apply to any other property or assets of the Company or any other Subsidiary that is a Credit Agreement Guarantor), except, in the case of each of clauses (a) and (b) for (x) agreements of the Company or any other Subsidiary to provide corporate or management

services or operation and maintenance services to such Subsidiary, (y) guarantees of the Company or any other Subsidiary with respect to debt service reserves established with respect to such Subsidiary to the extent that such guarantee shall result in the immediate payment of funds, pursuant to dividends or otherwise, in the amount of such guarantee to the Company or such other Subsidiary and (z) contingent obligations of the Company or any other Subsidiary to make capital contributions to such Subsidiary, in the case of each of clauses (x), (y) and (z), which are otherwise permitted under each of the Secured Debt Documents.

"Foreign Subsidiary" shall mean any Subsidiary that is not a Domestic Subsidiary.

"Future Debt Borrower Obligations" shall mean the Borrower Obligations of the applicable Borrower under, and in respect of, the applicable Secured Debt Documents governing such future Series of Guaranteed Secured Debt.

"Future Debt Guarantors" shall mean the collective reference to each Subsidiary that is or becomes a party hereto as provided herein, except to the extent that any such Subsidiary is not required to guarantee the Future Debt Borrower Obligations under such future Series of Guaranteed Secured Debt pursuant to the terms of the Secured Debt Documents that govern such Series of Guaranteed Secured Debt.

"Good Utility Practices" shall mean any of those practices, methods, standards and acts (including the practices, methods, standards and acts engaged in or approved by a significant portion of the electric power generation industry in the United States) that, at a particular time, in the exercise of reasonable judgment in light of the facts known or that should have reasonably been expected to have been known at the time a decision was made, could have reasonably been expected to accomplish the desired result consistent with good business practices, reliability, economy, safety and expedition, and which practices, methods, standards and acts conform in all material respects to applicable law, permits and other governmental approvals.

"Governmental Authority" shall mean the government of the United States of America or any other nation, any political subdivision thereof, whether state or local, and any agency, authority,

instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Grantors" shall mean (i) in the case of the Secured Obligations under, or in respect of, the Credit Agreement, any Specified Hedging Agreement permitted thereunder and the other Secured Debt Documents relating thereto, the Company and the Credit Agreement Guarantors, (ii) in the case of the Secured Obligations under, or in respect of, the Indenture and the Notes and the other Secured Debt Documents relating thereto, the Company and the Note Guarantors and (iii) in the case of the Secured Obligations under, or in respect of, the Secured Debt Documents governing any future Series of Guaranteed Secured Debt, the Company and the applicable Future Debt Guarantors.

"Guaranteed Secured Debt Representative" shall mean each Secured Debt Representative with respect to each Series of Guaranteed Secured Debt.

"Guaranteed Secured Parties" shall mean any Secured Party who is holding a Secured Obligation with respect to a Series of Guaranteed Secured Debt (including any Guaranteed Secured Debt Representative and the Collateral Trustee), at any time.

"Guarantor Obligations" shall mean with respect to any Guarantor, all obligations and liabilities of such Guarantor which may arise under or in connection with this Agreement (including Section 2) or any other Secured Debt Document to which such Guarantor is a party, in each case whether on account of guarantee obligations, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to any Secured Party that are required to be paid by such Guarantor pursuant to the terms of this Agreement or any other Secured Debt Document).

"Guarantors" shall mean, as applicable, the Future Debt Guarantors, the Note Guarantors, the Revolving Loan Guarantors and the Term Loan Guarantors.

"Immaterial Subsidiary" shall mean, at any time, any Subsidiary that is designated by the Company as an "Immaterial Subsidiary" if and for so long as such Subsidiary, together with all other Immaterial Subsidiaries, has (i) total assets at such time not exceeding 5% of the Company's consolidated assets as of the most recent fiscal quarter for which balance sheet information is available and (ii) total revenues and operating income for the most recent 12-month period for which income statement information is available not exceeding 5% of the Company's consolidated revenues and operating income, respectively; provided that such Subsidiary shall be an Immaterial Subsidiary only to the extent and for so long as all of the above requirements are satisfied. The Immaterial Subsidiaries on the Closing Date are set forth on Schedule 1.1(c).

"Indenture" shall have the meaning assigned to such term in the preamble.

"Intellectual Property" shall mean the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including the Copyrights, the Copyright Licenses, the Patents, the Patent Licenses, the Trademarks, the Trademark Licenses, the Trade Secrets and the Trade Secret Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Intercompany Note" shall mean any promissory note evidencing loans made by any Grantor to the Company or any of the Subsidiaries.

"Insurance" shall mean (i) all insurance policies covering any or all of the Collateral (regardless of whether the Collateral Trustee is the loss payee thereof) and (ii) any key man life insurance policies.

"Investment Property" shall mean the collective reference to (i) all "investment property" as such term is defined in Section 9-102(a)(49) of the New York UCC (other than any Excluded Foreign Subsidiary Voting Stock and any Excluded Project Subsidiary Stock, in each case excluded from the definition of "Pledged Equity Interests") including all Certificated Securities and Uncertificated Securities, all Security Entitlements, all Securities Accounts, all Commodity Contracts and all Commodity Accounts, (ii) security entitlements, in the case of any United States Treasury book-entry securities, as defined in 31 C.F.R. section 357.2, or, in the case of any United States federal agency book-entry securities, as defined in the corresponding United States federal regulations governing such book-entry securities and (iii) whether or not otherwise constituting "investment property", all Pledged Notes, all Pledged Equity Interests, all Pledged Security Entitlements and all Pledged Commodity Contracts.

"Issuers" shall mean the collective reference to each issuer of a Pledged Security.

"Lenders" shall have the meaning assigned to such term in the preamble.

"Licensed Intellectual Property" shall have the meaning assigned to such term in Section 4.11.

"Material Adverse Effect" shall mean a material adverse change in or material adverse effect on (a) the condition (financial or otherwise), results of operations, assets, liabilities or prospects of the Company and the Subsidiaries, taken as a whole, or (b) the validity or enforceability of any of the Secured Debt Documents or the rights and remedies of the Collateral Trustee or any of the other Secured Parties thereunder.

"Material Contract" shall mean any agreement, contract or license or other arrangement (other than an agreement, contract or arrangement representing indebtedness for borrowed money) to which any Grantor is a party that is material to the Grantors and their subsidiaries, taken as a whole, and for which breach, nonperformance, cancellation or failure to renew could reasonably be expected to have a Material Adverse Effect.

"Material Intellectual Property" shall have the meaning assigned to such term in Section 4.11.

"Neo Companies" shall mean NEO Hackensack, LLC and NEO Prima Deshecha LLC.

"New York UCC" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York.

"Non-Assignable Contract" shall mean any Contract that by its terms purports to restrict or prevent the assignment thereof or granting of a security interest therein (either by its terms or by any federal or state statutory prohibition or otherwise, irrespective of whether such prohibition or restriction is enforceable under Sections

9-407 through 409 of the New York UCC).

"Note Borrower Obligations" shall mean the Borrower Obligations of the Company under, or in respect of, the Notes and the Indenture, any Specified Hedging Agreements permitted thereunder and each other Secured Debt Document relating thereto or in respect thereof.

"Note Guarantors" shall mean the collective reference to each Subsidiary (other than the Immaterial Subsidiaries and the Excluded Neo Companies) that is or becomes a party hereto as provided herein.

"Notes" shall have the meaning assigned to such term in the recitals.

"NRG Mid-Atlantic" shall mean NRG Mid-Atlantic Generating LLC, a Delaware limited liability company that is a wholly owned Subsidiary.

"NRG Northeast" shall mean NRG Northeast Generating LLC, a Delaware limited liability company that is a wholly owned Subsidiary.

"NRG Power Marketing" shall have the meaning assigned to such term in the preamble.

"NRG South Central" shall mean NRG South Central Generating LLC, a Delaware limited liability company that is a wholly owned Subsidiary.

"Owned Intellectual Property" shall have the meaning assigned to such term in Section 4.11.

"Patent License" shall mean all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including any of the foregoing listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time).

"Patents" shall mean (i) all letters patent of the United States, any other country, union of countries or any political subdivision of any of the foregoing, all reissues and extensions thereof and all goodwill associated therewith, including any of the foregoing listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time), (ii) all applications for letters patent of the United States or any other country or union of countries or any political subdivision of any of the foregoing and all divisions, continuations and continuations-in-part thereof, including any of the foregoing listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time), (iii) all rights to, and to obtain, any reissues or extensions of the foregoing and (iv) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"person" shall mean any natural person, corporation, trust, business trust, joint venture, joint stock company, association, company, limited liability company, partnership, Governmental Authority or other entity.

"Plans" shall have the meaning assigned to such term in the Credit Agreement.

"Pledged Accounts" shall have the meaning assigned to such term in Section 5.13.

"Pledged Alternative Equity Interests" shall mean all interests of any Grantor in participation or other interests in any equity or profits of any business entity and the certificates, if any, representing such interests and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such interests and any other warrant, right or option to acquire any of the foregoing; provided, however, that Pledged Alternative Equity Interests shall not include any Pledged Stock, Pledged Partnership Interests, Pledged LLC Interests or Pledged Trust Interests.

"Pledged Commodity Contracts" shall mean all commodity contracts listed on Schedule 4.8(c) (as such schedule may be amended or supplemented from time to time) and all other commodity contracts to which any Grantor is party from time to time.

"Pledged Debt Securities" shall mean all debt securities now owned or hereafter acquired by any Grantor, including the debt securities listed on Schedule 4.8(b) (as such schedule may be amended or supplemented from time to time), together with any other certificates, options, rights or security entitlements of any nature whatsoever in respect of the debt securities of any person that may be issued or granted to, or held by, any Grantor while this Agreement is in effect.

"Pledged Equity Interests" shall mean all Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests, Pledged Trust Interests and Pledged Alternative Equity Interests.

"Pledged LLC Interests" shall mean all interests of any Grantor now owned or hereafter acquired in any limited liability company (other than those interests described in clauses (iii), (v), (vi), (vii), (viii) and (ix) of the definition of "Excluded Assets"), including all limited liability company interests listed on Schedule 4.8(a) under the heading "Pledged LLC Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such limited liability company interests and any interest of such Grantor on the books and records of such limited liability company and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such limited liability company interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged NEO Notes" shall mean the promissory notes listed under subsection VI of Schedule 4.8(a) hereto as in effect on the date hereof.

"Pledged Notes" shall mean all promissory notes now owned or hereafter acquired by any Grantor including those listed on Schedule 4.8(b) (as such schedule may be amended or supplemented from time to time) and all Intercompany Notes at any time issued to or held by any Grantor (other than promissory notes in an aggregate principal

amount not to exceed $250,000 at any time outstanding issued in connection with extensions of trade credit by any Grantor in the ordinary course of business).

"Pledged Partnership Interests" shall mean all interests of

any Grantor now owned or hereafter acquired in any general partnership, limited partnership, limited liability partnership or other partnership (other than those interests described in clauses (iii), (v), (vi), (vii), (viii) and (ix) of the definition of "Excluded Assets"), including all partnership interests listed on Schedule 4.8(a) under the heading "Pledged Partnership Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such partnership interests and any interest of such Grantor on the books and records of such partnership and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such partnership interests and any other warrant, right or option to acquire any of the foregoing.

"Pledged Securities" shall mean the collective reference to the Pledged Debt Securities, the Pledged Notes and the Pledged Equity Interests.

"Pledged Security Entitlements" shall mean all security entitlements with respect to the financial assets listed on Schedule 4.8(c) (as such schedule may be amended or supplemented from time to time) and all other security entitlements of any Grantor.

"Pledged Stock" shall mean all shares of capital stock now owned or hereafter acquired by any Grantor (other than those shares of capital stock described in clauses (iii), (v), (vi), (vii), (viii) and (ix) of the definition of "Excluded Assets"), including all shares of capital stock listed on Schedule 4.8(a) under the heading "Pledged Stock" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such shares and any interest of such Grantor in the entries on the books of the issuer of such shares and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares and any other warrant, right or option to acquire any of the foregoing; provided, however, that in no event shall more than 66% of the total outstanding Excluded Foreign Subsidiary Voting Stock or any Excluded Project Subsidiary Stock be required to be pledged hereunder.

"Pledged Trust Interests" shall mean all interests of any Grantor now owned or hereafter acquired in a Delaware business trust or other trust (other than those interests described in clauses (iii), (v), (vi), (vii), (viii) and (ix) of the definition of "Excluded Assets"), including all trust interests listed on Schedule 4.8(a) under the heading "Pledged Trust Interests" (as such schedule may be amended or supplemented from time to time) and the certificates, if any, representing such trust interests and any interest of such Grantor on the books and records of such trust or on the books and records of any securities intermediary pertaining to such interest and all dividends, distributions, cash, warrants, rights, options, instruments, securities and other property or proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any

or all of such trust interests and any other warrant, right or option to acquire any of the foregoing.

"Proceeds" shall mean all "proceeds" as such term is defined in Section 9-102(a)(64) of the New York UCC and, in any event, shall include all dividends or other income from the Investment Property, collections thereon or distributions or payments with respect thereto.

"Recapitalization" shall have the meaning assigned to such

term in the Credit Agreement.

"Receivable" shall mean all Accounts and any other any right to payment for goods or other property sold, leased, licensed or otherwise disposed of or for services rendered, whether or not such right is evidenced by an Instrument or Chattel Paper or classified as a Payment Intangible and whether or not it has been earned by performance. References herein to Receivables shall include any Supporting Obligation or collateral securing such Receivable.

"Requirement of Law" shall mean as to any person, the certificate of incorporation and by-laws or other organizational or governing documents of such person and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such person or any of its property or to which such person or any of its property is subject, or which pertains to or governs the legality, validity, perfection, performance or enforcement of the Secured Debt Documents or the Liens thereunder.

"Revolving Loan Borrower Obligations" shall mean the Borrower Obligations of the Credit Agreement Borrowers under, or in respect of, the Credit Agreement, any Specified Hedging Agreements permitted thereunder and each other Secured Debt Document relating thereto, including in respect of the Revolving Loans, Revolving Credit Commitments and Revolving Letters of Credit (each as defined in the Credit Agreement).

"Revolving Loan Guarantors" shall mean the collective reference to each Subsidiary (other than NRG Power Marketing) that is or becomes a party hereto as provided herein.

"Secured Obligations" shall mean (i) in the case of any Borrower, the applicable Borrower Obligations and (ii) in the case of each Guarantor, the applicable Borrower Obligations and its Guarantor Obligations.

"Secured Parties" shall mean any person who is holding a Secured Obligation (including any Secured Debt Representative and the Collateral Trustee) at any time.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Series of Guaranteed Secured Debt" shall mean each Series of Secured Debt that pursuant to the terms of the Secured Debt Documents governing such Series of Secured Debt is guaranteed by the Guarantors pursuant to Section 2 hereof and shall include, in

the case of the Credit Agreement and any other Credit Facility the Indebtedness under which constitutes Priority Lien Debt, any obligations in respect of Specified Hedging Agreements that are permitted by the terms of the Priority Lien Documents relating to the Credit Agreement or such other Credit Facilities to be secured equally and ratably with the Priority Lien Obligations thereunder.

"Specified Hedging Agreement" shall have the meaning assigned to such term in the Credit Agreement.

"Subsidiary" shall mean any subsidiary of the Company.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, limited liability company, association or other entity (a) of which securities

or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Term Loan Borrower Obligations" shall mean the Borrower Obligations of the Company under, or in respect of, the Credit Agreement, and Specified Hedging Agreements permitted thereunder and each other Secured Debt Document relating thereto, including in respect of the Term Loans, Credit-Linked Deposits, Term Loan Commitments and Funded Letters of Credit (each as defined in the Credit Agreement).

"Term Loan Guarantors" shall mean the collective reference to each Subsidiary that is or becomes a party hereto as provided herein.

"Trademark License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right in, to or under any Trademark, including any of the foregoing listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time).

"Trademarks" shall mean (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country, union of countries, or any political subdivision of any of the foregoing, or otherwise, and all common-law rights related thereto, including any of the foregoing listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time), (ii) the right to, and to obtain, all renewals thereof, (iii) the goodwill of the business symbolized by the foregoing, (iv) other source or business identifiers, designs and general intangibles of a like nature and (v) the right to sue for past, present and future infringements or dilution of any of the foregoing or for any injury to goodwill, and all

proceeds of the foregoing, including royalties, income, payments, claims, damages and proceeds of suit.

"Trade Secret License" shall mean any agreement, whether written or oral, providing for the grant by or to any Grantor of any right in, to or under any Trade Secret, including any of the foregoing listed in Schedule 4.11 (as such schedule may be amended or supplemented from time to time).

"Trade Secrets" shall mean all trade secrets and all other confidential or proprietary information and know-how (all of the foregoing being collectively called a "Trade Secret"), whether or not reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or describing such Trade Secret, the right to sue for past, present and future infringements of any Trade Secret and all proceeds of the foregoing, including royalties, income, payments, claims, damages and proceeds of suit.

"Trustee" shall have the meaning assigned to such term in the preamble.

1.2. Other Definitional Provisions. (a)The words "hereof",

"herein", "hereto" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section and Schedule references are to the specific provisions of this Agreement unless otherwise specified.

(b) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(c) Where the context requires, terms relating to the Collateral or any part thereof, when used in relation to a Grantor, shall refer to the property or assets such Grantor has granted as Collateral or the relevant part thereof.

(d) The words "include", "includes" and "including", and words of similar import, shall not be limiting and shall be deemed to be followed by the phrase "without limitation".

(e) All references to the Lenders herein shall, where appropriate, include any Lender, the Administrative Agent, the Collateral Agent, any Arranger or the Syndication Agent or, in each case, any Affiliate thereof that is party to a Specified Hedging Agreement.

SECTION 2. GUARANTEE

2.1. Guarantee.

(a) Each of the Revolving Loan Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties identified (and defined in) in the Credit Agreement and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by each Credit Agreement Borrower when due (whether at the stated maturity, by

acceleration or otherwise) of the Revolving Loan Borrower Obligations. Each of the Term Loan Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Administrative Agent, for the ratable benefit of the Secured Parties identified (and defined in) in the Credit Agreement and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Company when due (whether at the stated maturity, by acceleration or otherwise) of the Term Loan Borrower Obligations. Each of the Note Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the Trustee, for the ratable benefit of each holder of Notes (and the Trustee) and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Company when due (whether at the stated maturity, by acceleration or otherwise) of the Note Borrower Obligations. Each of the Future Debt Guarantors hereby, jointly and severally, unconditionally and irrevocably, guarantees to the applicable future Guaranteed Secured Debt Representative, for the ratable benefit of the holders of the applicable obligations (and the applicable future Guaranteed Secured Debt Representatives) thereunder and their respective successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the applicable Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the applicable Future Debt Borrower Obligations. Notwithstanding anything to the contrary contained herein, the guarantee by any of the Neo Companies of the Revolving Loan Borrower Obligations and the Term Loan Borrower Obligations and, if applicable, any Future Debt Borrower Obligations shall be limited to the extent that such guarantee does not constitute or result in a breach, termination or default under any agreement or instrument governing the applicable Existing Non-Recourse Indebtedness of such Neo Company (as such agreement or instrument is in effect on the date hereof).

(b) If and to the extent required in order for the Guarantor Obligations of any Guarantor to be enforceable under applicable federal, state and other laws relating to the insolvency of debtors, the maximum

liability of such Guarantor hereunder shall be limited to the greatest amount which can lawfully be guaranteed by such Guarantor under such laws, after giving effect to any rights of contribution, reimbursement and subrogation arising under Section 2.2. Each Guarantor acknowledges and agrees that, to the extent not prohibited by applicable law, (i) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right under such laws to reduce, or request any judicial relief that has the effect of reducing, the amount of its liability under this Agreement, (ii) such Guarantor (as opposed to its creditors, representatives of creditors or bankruptcy trustee, including such Guarantor in its capacity as debtor in possession exercising any powers of a bankruptcy trustee) has no personal right to enforce the limitation set forth in this Section 2.1(b) or to reduce, or request judicial relief reducing, the amount of its liability under this Agreement and (iii) the limitation set forth in this Section 2.1(b) may be enforced only to the extent required under such laws in order for the obligations of such Guarantor under this Agreement to be enforceable under such laws and only by or for the benefit of a creditor, representative of creditors or bankruptcy trustee of such Guarantor or other person entitled, under such laws, to enforce the provisions thereof.

(c) Each Guarantor agrees that the applicable Borrower Obligations may at any time and from time to time be incurred or permitted in an amount exceeding the maximum

liability of such Guarantor under Section 2.1(b) without impairing the guarantee contained in this Section 2 or affecting the rights and remedies of any Secured Party hereunder.

(d) The guarantee contained in this Section 2 shall remain in full force and effect until all the Borrower Obligations and the obligations of each Guarantor under the guarantee contained in this Section 2 shall have been satisfied by payment in full in cash (other than indemnification and other contingent obligations not then due and payable), no letter of credit shall be outstanding and all commitments to extend credit under any Secured Debt Documents shall have been terminated or expired, notwithstanding that from time to time during the term of the Secured Debt Documents any Borrower may be free from any or all of its Borrower Obligations.

(e) No payment made by any applicable Borrower, any of the Guarantors, any other guarantor or any other person or received or collected by any Secured Party from any applicable Borrower, any of the Guarantors, any other guarantor or any other person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Borrower Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of any Guarantor hereunder which shall, notwithstanding any such payment (other than any payment made by such Guarantor in respect of the Borrower Obligations or any payment received or collected from such Guarantor in respect of the Borrower Obligations), remain liable for the Borrower Obligations up to the maximum liability of such Guarantor hereunder until the Borrower Obligations are paid in full (other than indemnification and other contingent obligations not then due and payable), no letter of credit shall be outstanding and all commitments to extend credit under any Secured Debt Documents shall have been terminated or expired.

2.2. Rights of Reimbursement, Contribution and Subrogation. In case any payment is made on account of the Secured Obligations by any Grantor or is received or collected on account of the Secured Obligations from any Grantor or its property:

(a) If such payment is made by the applicable Borrower or from its respective property, then, if and to the extent such payment is made on account of Secured Obligations arising from or relating to a loan or other

extension of credit made to such Borrower or a letter of credit issued for the account of such Borrower, such Borrower shall not be entitled (i) to demand or enforce reimbursement or contribution in respect of such payment from any other Grantor or (ii) to be subrogated to any claim, interest, right or remedy of any Secured Party against any other person, including any other Grantor or its property; and

(b) If such payment is made by a Guarantor or from its property, such Guarantor shall be entitled, subject to and upon payment in full of the Secured Obligations (other than indemnification and other contingent obligations not then due and payable), (i) to demand and enforce reimbursement for the full amount of such payment from the applicable Borrower and (ii) to demand and enforce contribution in respect of such payment from each other applicable Guarantor that has not paid its fair share of such payment, as necessary to ensure that (after giving effect to any enforcement of reimbursement rights provided hereby) each applicable Guarantor pays its fair share of the unreimbursed portion of such payment. For this purpose, the fair share of each Guarantor as to any unreimbursed payment shall be determined based on an

equitable apportionment of such unreimbursed payment among all applicable Guarantors based on the relative value of their assets and any other equitable considerations deemed appropriate by a court of competent jurisdiction.

(c) If and whenever (after payment in full of the Secured Obligations (other than indemnification and other contingent obligations not then due and payable) and delivery of notification thereof to the Collateral Trustee in accordance with Article 4 of the Collateral Trust Agreement) any right of reimbursement or contribution becomes enforceable by any Grantor against any other Grantor under Sections 2.2(a) or 2.2(b), such Grantor shall be entitled, subject to and upon payment in full of the Secured Obligations (other than indemnification and other contingent obligations not then due and payable), to be subrogated (equally and ratably with all other Grantors entitled to reimbursement or contribution from any other Grantor as set forth in this Section 2.2) to any security interest that may then be held by the Collateral Trustee upon any Collateral granted to it in this Agreement. Such right of subrogation shall be enforceable solely against the Grantors, and not against the Collateral Trustee or any other Secured Party, and neither the Collateral Trustee nor any other Secured Party shall have any duty whatsoever to warrant, ensure or protect any such right of subrogation or to obtain, perfect, maintain, hold, enforce or retain any Collateral for any purpose related to any such right of subrogation. If subrogation is demanded by any Grantor, then (after payment in full in cash of the Secured Obligations and, if applicable, the termination of all commitments to extend credit thereunder, the discharge or cash collateralization (at 100% of the aggregate undrawn amount) of all outstanding letters of credit issued thereunder and the return of any Credit-Linked Deposit (or similar deposit) made thereunder) the Collateral Trustee shall deliver to the Grantors making such demand, or to a representative of such Grantors or of the Grantors generally, an instrument reasonably satisfactory to the Collateral Trustee transferring, on a quitclaim basis without any recourse, representation, warranty or obligation whatsoever, whatever security interest the Collateral Trustee then may hold in whatever Collateral may then exist that was not previously released or disposed of by the Collateral Trustee (provided that such Grantors shall prepare and deliver the initial draft of such instrument to the Collateral Trustee).

(d) All rights and claims arising under this Section 2.2 or based upon or relating to any other right of reimbursement, indemnification, contribution or subrogation that may at any time arise or exist in favor of any Grantor as to any payment on account of the Secured Obligations made by it or received or collected from its property shall be fully subordinated in all respects to the prior payment in full in cash of all of the Secured Obligations (other than indemnification and other contingent obligations not then due and payable) and, if applicable, the termination of all commitments to extend credit

thereunder, the discharge or cash collateralization (at 100% of the aggregate undrawn amount) of all outstanding letters of credit issued thereunder and the return of any Credit-Linked Deposit (or similar deposit) made thereunder. Until payment in full in cash of the Secured Obligations and, if applicable, the termination of all commitments to extend credit thereunder, the discharge or cash collateralization (at 100% of the aggregate undrawn amount) of all outstanding letters of credit issued thereunder and the return of any Credit-Linked Deposit (or similar deposit) made thereunder, no Grantor shall demand or receive any collateral security, payment or distribution whatsoever (whether in cash, property or securities or otherwise) on account of any such right or claim. If any such payment or distribution is made or becomes available to any Grantor in any bankruptcy case or receivership, insolvency or liquidation proceeding, such payment or

distribution shall be delivered by the person making such payment or distribution directly to the applicable Guaranteed Secured Debt Representative, for application to the payment of the Secured Obligations. If any such payment or distribution is received by any Grantor, it shall be held by such Grantor in trust, as trustee of an express trust for the benefit of the Guaranteed Secured Parties, and shall forthwith be transferred and delivered by such Grantor to the Collateral Trustee, in the exact form received and, if necessary, duly endorsed.

(e) The obligations of the Grantors under the Secured Debt Documents, including their liability for the Secured Obligations and the enforceability of the security interests granted thereby, are not contingent upon the validity, legality, enforceability, collectibility or sufficiency of any right of reimbursement, contribution or subrogation arising under this Section 2.2. The invalidity, insufficiency, unenforceability or uncollectibility of any such right shall not in any respect diminish, affect or impair any such obligation or any other claim, interest, right or remedy at any time held by the Collateral Trustee or any other Secured Party against any Grantor or its property. The Secured Parties make no representations or warranties in respect of any such right and shall have no duty to assure, protect, enforce or ensure any such right or otherwise relating to any such right.

(f) Each Grantor reserves any and all other rights of reimbursement, contribution or subrogation at any time available to it as against any other Grantor, but (i) the exercise and enforcement of such rights shall be subject to Section 2.2(d) and (ii) neither the Collateral Trustee nor any other Secured Party shall ever have any duty or liability whatsoever in respect of any such right, except as provided in Section 2.2(c).

2.3. Amendments, etc. with respect to the Borrower Obligations. Each Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against any Guarantor and without notice to or further assent by any Guarantor, any demand for payment of any of the Borrower Obligations made by any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party may be rescinded by such Guaranteed Secured Debt Representative or such other Guaranteed Secured Party and any of the Borrower Obligations continued, and the Borrower Obligations, or the liability of any other person upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, increased, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party, and the other Secured Debt Documents and any other documents executed and delivered in connection therewith may be amended, modified, supplemented or terminated, in whole or in part, as the requisite parties thereto may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Secured Party for the payment of the Borrower Obligations may be sold, exchanged, waived, surrendered or released. No Guaranteed Secured Debt Representative or any other Guaranteed Secured Party shall have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Borrower Obligations or for the guarantee contained in this

Section 2 or any property subject thereto.

2.4. Guarantee Absolute and Unconditional. Each Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Borrower Obligations and

notice of or proof of reliance by any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party upon the guarantee contained in this Section 2 or acceptance of the guarantee contained in this Section 2; the Borrower Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon the guarantee contained in this Section 2; and all dealings between the applicable Borrower and any of the Guarantors, on the one hand, and the Guaranteed Secured Debt Representative and the other Guaranteed Secured Parties, on the other hand, likewise shall be conclusively presumed to have been had or consummated in reliance upon the guarantee contained in this Section 2. Each Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the applicable Borrower or any of the Guarantors with respect to the Borrower Obligations. Each Guarantor understands and agrees that the guarantee contained in this Section 2 shall be construed as a continuing, absolute and unconditional guarantee of payment and performance without regard to (a) the validity or enforceability of any Secured Debt Document, any of the Borrower Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party, (b) any defense, set-off or counterclaim (other than a defense of payment or performance hereunder) which may at any time be available to or be asserted by the applicable Borrower or any other person against any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the applicable Borrower or such Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the applicable Borrower for the Borrower Obligations, or of such Guarantor under the guarantee contained in this Section 2, in bankruptcy or in any other instance. When making any demand hereunder or otherwise pursuing its rights and remedies hereunder against any Guarantor, any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party may, but shall be under no obligation to, make a similar demand on or otherwise pursue such rights and remedies as it may have against the applicable Borrower, any other Guarantor or any other person or against any collateral security or guarantee for the Borrower Obligations or any right of offset with respect thereto, and any failure by any Guaranteed Secured Party to make any such demand, to pursue such other rights or remedies or to collect any payments from the applicable Borrower, any other Guarantor or any other person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the applicable Borrower, any other Guarantor or any other person or any such collateral security, guarantee or right of offset, shall not relieve any Guarantor of any obligation or liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party against any Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

2.5. Reinstatement. The guarantee contained in this Section 2 shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Borrower Obligations is rescinded or must otherwise be restored or returned by any Guaranteed Secured Debt Representative or any other Guaranteed Secured Party upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of the applicable Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator

of, or trustee or similar officer for, the applicable Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payments had not been made.

2.6. Payments. Each Guarantor hereby guarantees that payments hereunder will be paid to each Guaranteed Secured Debt Representative without set-off or counterclaim in dollars in immediately available funds at the office of such Guaranteed Secured Debt Representative specified in the applicable Secured Debt Documents as the office for payments thereunder.

SECTION 3. GRANT OF SECURITY INTEREST;
CONTINUING LIABILITY UNDER COLLATERAL

(a) Each Grantor hereby (i) assigns and transfers to the Collateral Trustee, and hereby grants to the Collateral Trustee, for the ratable benefit of the Priority Lien Secured Parties, a lien on and, except as set forth in Section 4.2 or 4.3, a first priority security interest in all of the personal property of such Grantor, including the following property, in each case, wherever located and now owned or at any time hereafter acquired by such Grantor or in which such Grantor now has or at any time in the future may acquire any right, title or interest (collectively, the "Collateral"), as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Priority Lien Obligations and (ii) assigns and transfers to the Collateral Trustee, and hereby grants to the Collateral Trustee, for the ratable benefit of the Parity Lien Secured Parties, a lien on and, except as set forth in Section 4.2 or 4.3, a second priority security interest in all of the Collateral, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Parity Lien Obligations:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Collateral Accounts and all Collateral Account Funds;

(iv) all Commercial Tort Claims from time to time specifically described on Schedule 4.13;

(v) all Contracts;

(vi) all Deposit Accounts;

(vii) all Documents;

(viii) all Equipment;

(ix) all Fixtures;

(x) all General Intangibles;

(xi) all Goods;

(xii) all Instruments;

(xiii) all Insurance;

(xiv) all Intellectual Property;

(xv) all Inventory;

(xvi) all Investment Property;

(xvii) all Letters of Credit and Letter of Credit Rights;

(xviii) all Money;

(xix) all Securities Accounts;

(xx) all books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and other electronic storage media and related data processing software and similar items that at any time pertain to or evidence or contain information relating to any of the Collateral or are otherwise necessary or helpful in the collection thereof or realization thereupon; and

(xxi) to the extent not otherwise included, all other property, whether tangible or intangible, of the Grantor and all Proceeds and products accessions, rents and profits of any and all of the foregoing and all collateral security, Supporting Obligations and guarantees given by any person with respect to any of the foregoing;

provided, however, that notwithstanding any of the other provisions set forth in this Section 3, this Agreement shall not, at any time, constitute a grant of a security interest in any property that is, at such time, an Excluded Asset. The Grantor and the Collateral Trustee hereby acknowledge and agree that the security interest created hereby in the Collateral is not, in and of itself, to be construed as a grant of a fee interest in (as opposed to a security interest in) any Copyright, Trademark, Patent, Copyright License, Patent License, Trademark License, Trade Secret or Trade Secret License.

This Agreement, and the security interests and Liens granted and created herein, secures the payment and performance of all Secured Obligations now or hereafter in effect, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest (including any interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the maturity of the Indebtedness thereunder and reimbursement obligations therein and interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding relating to any Grantor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, premiums, penalties, indemnifications, expenses or otherwise, and including all amounts that constitute part of the Secured Obligations and would be owed by any Grantor but for the fact that they are unenforceable or not allowed due to a pending Bankruptcy Case or Insolvency

Proceeding. Without limiting the generality of the foregoing, it is the intent of the parties that (i) the Liens securing the Parity Lien Obligations are subject and subordinate to the Liens securing the Priority Lien Obligations and (ii) this Agreement creates two separate and distinct Liens: the first priority Lien securing the payment and performance of the Priority Lien Obligations and the second priority Lien securing the payment and performance of the Parity Lien Obligations, in each case as may be more particularly set forth in the Collateral Trust Agreement. For purposes of perfecting the security interests hereunder, all property in the possession or control of the Collateral Trustee will be held by the Collateral Trustee both as agent for the benefit of the Priority Lien Secured Parties and as agent for the benefit of the Parity Lien Secured Parties, subject to the terms of the Collateral Trust Agreement.

(b) Notwithstanding anything herein to the contrary, (i) each Grantor shall remain liable for all obligations under and in respect of the

Collateral and nothing contained herein is intended or shall be a delegation of duties to the Collateral Trustee or any other Secured Party, (ii) each Grantor shall remain liable under each of the agreements included in the Collateral, including any Receivables, any Contracts and any agreements relating to Pledged Partnership Interests or Pledged LLC Interests, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Collateral Trustee nor any other Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related hereto nor shall the Collateral Trustee nor any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Receivables, any Contracts, or any agreements relating to Pledged Partnership Interests or Pledged LLC Interests and (iii) the exercise by the Collateral Trustee of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, including any agreements relating to any Receivables, any Contracts and any agreements relating to Pledged Partnership Interests or Pledged LLC Interests.

SECTION 4. REPRESENTATIONS AND WARRANTIES

To induce the applicable Secured Parties to enter into the Secured Debt Documents and to induce the applicable Secured Parties to make their respective extensions of credit to the applicable Grantor or Grantors thereunder, each Grantor hereby represents and warrants to the Collateral Trustee and each other applicable Secured Party that:

4.1. Representations in Secured Debt Documents. In the case of each Grantor, the representations and warranties set forth in each credit agreement and indenture constituting a Secured Debt Document as they relate to such Grantor or to the Secured Debt Documents to which such Grantor is a party, each of which is hereby incorporated herein by reference, are true and correct in all material respects, except for representations and warranties expressly stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date, and the Collateral Trustee and the other Secured Parties shall be entitled to rely on each of them as if they were fully set forth herein (to the extent that such Secured Parties are parties to or have the benefit of the Secured Debt Document in which such representatives and warranties are contained); provided that each

reference in each such representation and warranty to a person's knowledge shall, for the purposes of this Section 4.1, be deemed to be a reference to such Grantor's knowledge.

4.2. Title; No Other Liens. Such Grantor owns each item of the Collateral in which it purports to grant a Lien hereunder free and clear of any and all Liens or claims, including Liens arising as a result of such Grantor becoming bound (as a result of merger or otherwise) as grantor under a security agreement entered into by another person, except for Liens expressly permitted to exist on the Collateral by each of the Secured Debt Documents. No financing statement, mortgage or other public notice with respect to all or any part of the Collateral is on file or of record in any public office, except such as have been filed in favor of the Collateral Trustee, for the benefit of the Secured Parties, pursuant to this Agreement or as are expressly permitted by each of the Secured Debt Documents.

4.3. Perfected First Priority Liens. The security interests granted pursuant to this Agreement (a) upon completion of the filings and other actions specified on Schedule 4.3(a) (all of which, in the case of all filings and other documents listed on such schedule, have been delivered to the Collateral Trustee in duly completed and duly executed form, as applicable, and

may be filed by or on behalf of the Collateral Trustee at any time) and payment of all filing fees, will constitute valid, fully-perfected security interests in all of the Collateral (other than the Excluded Perfection Assets) in favor of the Collateral Trustee, for the benefit of the Secured Parties, as collateral security for such Grantor's Secured Obligations, enforceable in accordance with the terms hereof and of the Collateral Trust Agreement, (b) are, to the extent that such Liens have been granted to the Collateral Trustee for the benefit of the Priority Lien Secured Parties, prior to all other Liens on the Collateral except for Liens expressly permitted by each of the Secured Debt Documents and (c) are, to the extent that such Liens have been granted to the Collateral Trustee for the benefit of the Parity Lien Secured Parties, prior to all other Liens on the Collateral except for the prior Liens for the benefit of the Priority Lien Secured Parties and for Liens expressly permitted by each of the Secured Debt Documents. Without limiting the foregoing, each Grantor has taken all actions necessary or desirable, including those specified in Section 5.2, to: (i) establish the Collateral Trustee's "control" (within the meanings of Sections 8-106 and 9-106 of the New York UCC) over any portion of the Investment Property constituting Certificated Securities, Uncertificated Securities, Securities Accounts, Securities Entitlements or Commodity Accounts, (ii) establish the Collateral Trustee's "control" (within the meaning of Section 9-104 of the New York UCC) over all Deposit Accounts, (iii) establish the Collateral Trustee's "control" (within the meaning of Section 9-107 of the New York UCC) over all Letter of Credit Rights, (iv) establish the Collateral Trustee's control (within the meaning of Section 9-105 of the New York UCC) over all Electronic Chattel Paper and (v) establish the Collateral Agent's "control" (within the meaning of Section 16 of the Uniform Electronic Transaction Act as in effect in the applicable jurisdiction (the "UETA")) over all "transferable records" (as defined in UETA).

4.4. Name; Jurisdiction of Organization, etc. On the date hereof, such Grantor's exact legal name (as indicated on the public record of such Grantor's jurisdiction of formation or organization), jurisdiction of organization, organizational identification number, if any, and the location of such Grantor's chief executive office or sole place of business are specified on Schedule 4.4. Each Grantor is organized solely under the law of the jurisdiction so specified and has not filed any certificates of domestication, transfer or continuance in any other

jurisdiction. Except as specified on Schedule 4.4, (i) no such Grantor has changed its name, jurisdiction of organization, chief executive office or sole place of business within the past five years, (ii) no such Grantor has within the last five years become bound (whether as a result of merger or otherwise) as a grantor under a security agreement entered into by another person which has not heretofore been terminated and (iii) no such Grantor has changed its corporate structure in any way (e.g. by merger, consolidation, change in corporate form or otherwise) within the past two years.

4.5. Inventory and Equipment. (a) On the date hereof, the Inventory and the Equipment (other than mobile goods) that is included in the Collateral are kept at the locations listed on Schedule 4.5(a). Within the two years preceding execution of this agreement, such Grantor has not changed the location of a material portion of its Equipment and Inventory that is included in the Collateral except as otherwise disclosed on Schedule 4.5(a).

(b) None of the Inventory or Equipment that is included in the Collateral having a book value (net of depreciation) in excess of $250,000 is in the possession of an issuer of a negotiable document (as defined in Section 7-104 of the New York UCC) therefor or, except as set forth on Schedule 4.5(b), is otherwise in the possession of any bailee or warehouseman.

4.6. Condition and Maintenance of Equipment. The Equipment of such Grantor that is included in the Collateral is in good repair, working order and condition, reasonable wear and tear excepted. Each Grantor shall cause its Equipment that is included in the Collateral to be maintained and preserved

in good repair, working order and condition, reasonable wear and tear excepted, and shall as quickly as commercially practicable make or cause to be made all repairs, replacements and other improvements which are necessary or appropriate in the conduct of such Grantor's business in its prudent business judgment.

4.7. Farm Products. None of the Collateral constitutes, or is the Proceeds of, Farm Products.

4.8. Investment Property. (a) Schedule 4.8(a) (as such schedule may be amended or supplemented from time to time) sets forth under the headings "Pledged Stock," "Pledged LLC Interests," "Pledged Partnership Interests" and "Pledged Trust Interests," respectively, all of the Pledged Stock, Pledged LLC Interests, Pledged Partnership Interests and Pledged Trust Interests owned by any Grantor and such Pledged Equity Interests constitute the percentage of issued and outstanding shares of stock, percentage of membership interests, percentage of partnership interests or percentage of beneficial interest of the respective issuers thereof indicated on such Schedule. Schedule 4.8(b) (as such schedule may be amended or supplemented from time to time) sets forth under the heading "Pledged Debt Securities" or "Pledged Notes" all of the Pledged Debt Securities and Pledged Notes (if any) owned by any Grantor and each of such Pledged Debt Securities and Pledged Notes (if any) has been duly authorized, authenticated or issued and delivered and is the legal, valid and binding obligation of the issuers thereof enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principals of equity, regardless of whether considered in a proceeding in equity or at law, and is not in default and constitutes all of the issued and outstanding inter-company indebtedness evidenced by an instrument or certificated security of the respective issuers thereof

owing to such Grantor. Schedule 4.8(c) (as such schedule may be amended or supplemented from time to time) sets forth under the headings "Securities Accounts," "Commodities Accounts," and "Deposit Accounts" respectively, all of the Securities Accounts, Commodities Accounts and Deposit Accounts in which each Grantor has an interest that are included in the Collateral. Each Grantor is the sole entitlement holder or customer of each such account set forth opposite its name on such schedule, and such Grantor has not consented to, and is not otherwise aware of, any person (other than the Collateral Trustee pursuant hereto) having "control" (within the meanings of Sections 8-106, 9-106 and 9-104 of the New York UCC) over, or any other interest in, any such Securities Account, Commodity Account or Deposit Account or any securities, commodities or other property credited thereto, except for any such account that constitutes an Excluded Asset.

(b) The shares of Pledged Equity Interests pledged by such Grantor hereunder constitute all of the issued and outstanding shares of all classes of the Capital Stock of each Issuer owned by such Grantor or, in the case of Excluded Foreign Subsidiary Voting Stock, if less, 66% of the outstanding Excluded Foreign Subsidiary Voting Stock of each relevant Issuer.

(c) The Pledged Equity Interests have been duly and validly issued and all the shares of the Pledged Stock are fully paid and nonassessable.

(d) As of the Closing Date, the terms of any uncertificated Pledged LLC Interests and Pledged Partnership Interests do not provide that they are securities governed by Article 8 of the Uniform Commercial Code in effect from time to time in the "issuer's jurisdiction" of each Issuer thereof (as such term is defined in the Uniform Commercial Code in effect in such jurisdiction).

(e) There shall be no certificated Pledged LLC Interests or Pledged Partnership Interests which expressly provide that they are securities governed by Article 8 of the Uniform Commercial Code in effect from

time to time in the "issuer's jurisdiction" of each Issuer thereof, except if such certificate has been delivered to the Collateral Trustee pursuant to the terms hereof.

(f) Such Grantor is the record and beneficial owner of, and has good and marketable title to, the Investment Property and Deposit Accounts pledged by it hereunder, free of any and all Liens or options in favor of, or claims of, any other person, except Liens expressly permitted to exist thereon by each of the Secured Debt Documents, and there are no outstanding warrants, options or other rights to purchase, or shareholder, voting trust or similar agreements outstanding with respect to, or property that is convertible into, or that requires the issuance or sale of, any Pledged Equity Interests.

(g) Each Issuer that is not a Grantor hereunder has executed and delivered to the Collateral Trustee an Acknowledgment and Consent, in substantially the form of Exhibit C, to the pledge of the Pledged Securities pursuant to this Agreement.

4.9. Receivables. (a) No amount payable to such Grantor under or in connection with any Receivable that is included in the Collateral is evidenced by any Instrument or Tangible Chattel Paper which has not been delivered to the Collateral Trustee or constitutes

Electronic Chattel Paper that has not been subjected to the control (within the meaning of Section 9-105 of the New York UCC) of the Collateral Trustee.

(b) None of the obligors (other than "independent system operators") on any Receivable that is included in the Collateral in excess of $500,000 individually or $1,000,000 in the aggregate is a Governmental Authority.

(c) Each Receivable that is included in the Collateral (i) is and will be the legal, valid and binding obligation of the Account Debtor in respect thereof, representing an unsatisfied obligation of such Account Debtor, (ii) is and will be enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law, (iii) is not and will not be subject to any defenses or taxes and (iv) is and will be in compliance with all applicable laws and regulations.

4.10. Contracts.

(a) Schedule 4.10(a) (as such schedule may be amended or supplemented form time to time) sets forth all of the Material Contracts in which such Grantor has any right or interest.

(b) Except as set forth on Schedule 4.10(b), no Material Contract prohibits assignment or encumbrance by such Grantor or requires or purports to require consent of, or notice to, any party (other than such Grantor) to any Material Contract in connection with the execution, delivery and performance of this Agreement, including the exercise of remedies by the Collateral Trustee with respect to such Material Contract, except for such consents that have been obtained and such notices that have been given.

(c) Each Material Contract is in full force and effect and constitutes a valid and legally enforceable obligation of the Grantor party thereto and (to the best of such Grantor's knowledge) each other party thereto, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

(d) The right, title and interest of such Grantor in, to and under the Material Contracts are not subject to any defenses, rights of recoupment or claims.

(e) Neither such Grantor nor (to the best of such Grantor's knowledge) any of the other parties to the Material Contracts is in default in the performance or observance of any of the terms thereof.

(f) The right, title and interest of such Grantor in, to and under the Material Contracts are not subject to any defenses or claims.

(g) Such Grantor has delivered to the Collateral Trustee a complete and correct copy of each Material Contract, including all amendments, supplements and other modifications thereto.

(h) No amount payable to such Grantor under or in connection with any Contract which has a value in excess of $500,000 individually or $1,000,000 in the aggregate is evidenced by any Instrument or Tangible Chattel Paper which has not been delivered to the Collateral Trustee or constitutes Electronic Chattel Paper that is not under the control (within the meaning of Section 9-105 of the New York UCC) of the Collateral Trustee.

(i) None of the parties to any Contract (other than "independent system operators") which has a value in excess of $500,000 individually or $1,000,000 in the aggregate is a Governmental Authority.

4.11. Intellectual Property. (a) Schedule 4.11(a) lists all Intellectual Property which is registered with a Governmental Authority or is the subject of an application for registration and all material unregistered Intellectual Property forming part of the Core Collateral, in each case which is owned by such Grantor in its own name on the date hereof (collectively, the "Owned Intellectual Property"). Except as set forth in Schedule 4.11, such Grantor is the exclusive owner of the entire and unencumbered right, title and interest in and to all Owned Intellectual Property and is otherwise entitled to use, and grant to others the right to use, all Owned Intellectual Property, subject only to the license terms of the licensing or franchise agreements referred to in paragraph (c) below. Such Grantor has a valid and enforceable right to use all Intellectual Property which it uses in its business, but does not own (collectively, the "Licensed Intellectual Property").

(b) On the date hereof, all Owned Intellectual Property and, to such Grantor's knowledge, all Licensed Intellectual Property, in each case, which is material to such Grantor's business (collectively, and subject to the foregoing knowledge qualifier in the case of Licensed Intellectual Property, the "Material Intellectual Property"), is valid, subsisting, unexpired and enforceable, has not been abandoned. Neither the operation of such Grantor's business as currently conducted or as contemplated to be conducted nor the use of the Intellectual Property in connection therewith conflicts with, infringes, misappropriates, dilutes, misuses or otherwise violates the intellectual property rights of any other person, in each case, which conflict, infringement, misappropriation, dilution, misuse or violation could reasonably be expected to have a Material Adverse Effect, and no claim has been so asserted by any other person.

(c) Except as set forth in Schedule 4.11(c), on the date hereof (i) none of the Material Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor and (ii) there are no other agreements, obligations, orders or judgments which affect the use of any Material Intellectual Property.

(d) To such Grantor's knowledge, no holding, decision or judgment has been rendered by any Governmental Authority or arbitrator in the United States or outside the United States which would limit, cancel or question the validity or enforceability of, or such Grantor's rights in, any Material

Intellectual Property. Such Grantor is not aware of any uses of any item of Material Intellectual Property that could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with Trademarks and Trademark Licenses.

(e) No action or proceeding is pending, or, to such Grantor's knowledge, threatened, on the date hereof (i) seeking to limit, cancel or question the validity of any Owned Intellectual Property, (ii) alleging that any services provided by, processes used by, or products manufactured or sold by such Grantor infringe any patent, trademark, copyright, or any other right of any other person, (iii) alleging that any Material Intellectual Property is being licensed, sublicensed or used in violation of any intellectual property or any other right of any other person or (iv) which, if adversely determined, would have a material adverse effect on the value of any Material Intellectual Property. To such Grantor's knowledge, no person is engaging in any activity that infringes upon, or is otherwise an unauthorized use of, any Material Intellectual Property or upon the rights of such Grantor therein. Except as set forth in Schedule 4.11(e), such Grantor has not granted any license, release, covenant not to sue, non-assertion assurance, or other right to any person with respect to any part of the Material Intellectual Property. The consummation of the transactions contemplated by this Agreement (including the enforcement of remedies) will not result in the termination or impairment of any of the Material Intellectual Property.

(f) With respect to each Copyright License, Trademark License, Trade Secret Licenses and Patent License which relates to Material Intellectual Property or the loss of which could otherwise have a Material Adverse Effect: (i) such license is valid and binding and in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license; (ii) such license will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the rights and interests granted herein, nor will the grant of such rights and interests constitute a breach or default under such license or otherwise give the licensor or licensee a right to terminate such license; (iii) such Grantor has not received any notice of termination or cancellation under such license; (iv) such Grantor has not received any notice of a breach or default under such license, which breach or default has not been cured; (v) such Grantor has not granted to any other person any rights, adverse or otherwise, under such license; and (vi) such Grantor is not in breach or default in any material respect, and no event has occurred that, with notice and/or lapse of time, would constitute such a breach or default or permit termination, modification or acceleration under such license.

(g) Except as set forth in Schedule 4.11, such Grantor has performed all acts and has paid all required fees and taxes to maintain each and every item of registered owned Intellectual Property that is material to its business in full force and effect and to protect and maintain its interest therein. Such Grantor has used proper statutory notice in connection with its use of each Patent, Trademark and Copyright that is material to its business included in the Intellectual Property.

(h) (i) None of the Trade Secrets of such Grantor that are material to its business has been used, divulged, disclosed or appropriated to the detriment of such Grantor for the benefit of any other person; (ii) no employee, independent contractor or agent of such Grantor has misappropriated any trade secrets of any other person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and (iii) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of

inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property.

(i) Such Grantor has taken all commercially reasonable steps to use consistent standards of quality in the manufacture, distribution and sale of all products sold and provision of all services provided under or in connection with any item of Intellectual Property and has taken all steps to ensure that all licensed users of any kind of Intellectual Property use such consistent standards of quality.

4.12. Letters of Credit and Letter of Credit Rights. No Grantor is a beneficiary or assignee under any Letter of Credit other than the Letters of Credit described on Schedule 4.12 (as such schedule may be amended or supplemented from time to time). With respect to any Letters of Credit that are by their terms transferable, each Grantor has caused (or, in the case of the Letters of Credit that are specified on Schedule 4.12 on the date hereof, will use commercially reasonable efforts to cause) all issuers and nominated persons under Letters of Credit in which the Grantor is the beneficiary or assignee to consent to the assignment of such Letter of Credit to the Collateral Trustee and has agreed that upon the occurrence of a Secured Debt Default it shall cause all payments thereunder to be made to the Collateral Account. With respect to any Letters of Credit that are not transferable, each Grantor shall obtain (or, in the case of the Letters of Credit that are specified on Schedule 4.12 on the date hereof, use commercially reasonable efforts to obtain) the consent of the issuer thereof and any nominated person thereon to the assignment of the proceeds of the released Letter of Credit to the Collateral Trustee in accordance with Section 5-114(c) of the New York UCC.

4.13. Commercial Tort Claims. No Grantor has any Commercial Tort Claims as of the date hereof individually or in the aggregate in excess of $500,000 and, except as specifically described on Schedule 4.13 (as such schedule may be amended or supplemented from time to time), no Grantor has any Commercial Tort Claims after the date hereof individually or in the aggregate in excess of $500,000.

SECTION 5. COVENANTS

Each Grantor covenants and agrees with the Collateral Trustee and the other Secured Parties that, from and after the date of this Agreement, until the Secured Obligations (other than Secured Obligations in respect of any Specified Hedging Agreement and indemnification and other contingent obligations not then due and payable) shall have been paid in full in cash, no letter of credit issued under any Secured Debt Document shall be outstanding, any Credit-Linked Deposits (or similar deposits) shall have been returned and all commitments to extend credit under all Secured Debt Documents shall have expired or been terminated:

5.1. Covenants in Secured Debt Documents. Each Grantor shall take, or shall refrain from taking, as the case may be, each action that is necessary to be taken or not taken, as the case may be, so that no Secured Debt Default under any Secured Debt Document is caused by the failure to take such action or to refrain from taking such action by such Grantor.

5.2. Delivery and Control of Instruments, Certificated Securities, Chattel Paper, Negotiable Documents, Investment Property and Letter of Credit Rights. (a) If any of the

Collateral is or shall become evidenced or represented by any Instrument, Certificated Security, Negotiable Document or Tangible Chattel Paper, such Instrument (other than checks received in the ordinary course of business),

Certificated Security, Negotiable Documents or Tangible Chattel Paper shall promptly be delivered to (or, in the case of the Pledged NEO Notes, the Company or such other applicable Grantor shall use commercially reasonable efforts to cause such Pledged NEO Notes to be delivered to) the Collateral Trustee, duly endorsed in a manner reasonably satisfactory to the Collateral Trustee, to be held as Collateral pursuant to this Agreement, and all of such property owned by any Grantor as of the Closing Date shall be delivered on the Closing Date.

(b) If any of the Collateral is or shall become "Electronic Chattel Paper" such Grantor shall ensure that (i) a single authoritative copy exists which is unique, identifiable, unalterable (except as provided in clauses (iii), (iv) and (v) of this paragraph), (ii) such authoritative copy identifies the Collateral Trustee as the assignee and is communicated to and maintained by the Collateral Trustee or its designee, (iii) copies or revisions that add or change the assignee of the authoritative copy can only be made with the participation of the Collateral Trustee, (iv) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy and not the authoritative copy and (v) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

(c) If any of the Collateral is or shall become evidenced or represented by an Uncertificated Security, such Grantor shall cause the Issuer thereof either (i) to register the Collateral Trustee as the registered owner of such Uncertificated Security, upon original issue or registration of transfer or (ii) to agree in writing with such Grantor and the Collateral Trustee that such Issuer will comply with instructions with respect to such Uncertificated Security originated by the Collateral Trustee without further consent of such Grantor, such agreement to be in substantially the form of Exhibit C, and such action shall be taken on or prior to the Closing Date with respect to any Uncertificated Securities owned as of the Closing Date by any Grantor.

(d) Each Grantor shall maintain Securities Entitlements, Securities Accounts and Deposit Accounts (other than any which constitute Excluded Perfection Assets) only with financial institutions that have agreed, pursuant to Control Agreements (Deposit and Securities Accounts), to comply with entitlement orders and instructions issued or originated by the Collateral Trustee without further consent of such Grantor.

(e) If any of the Collateral is or shall become evidenced or represented by a Commodity Contract, such Grantor shall cause the Commodity Intermediary with respect to such Commodity Contract to agree in writing with such Grantor and the Collateral Trustee, pursuant to a Control Agreement (Commodity Contracts), that such Commodity Intermediary will apply any value distributed on account of such Commodity Contract as directed by the Collateral Trustee without further consent of such Grantor.

(f) In addition to and not in lieu of the foregoing, if any Issuer of any Investment Property is organized under the law of, or has its chief executive office in, a jurisdiction outside of the United States, each Grantor shall take such additional actions, including causing the issuer to register the pledge on its books and records, as may be necessary or advisable or as may be reasonably requested by the Collateral Trustee, under the laws of such

jurisdiction to insure the validity, perfection and priority of the security interest of the Collateral Trustee.

(g) In the case of any transferable Letters of Credit in excess of $250,000 individually or in the aggregate, each Grantor shall use commercially reasonable efforts to obtain the consent of any issuer thereof to the transfer of such Letter of Credit to the Collateral Trustee. In the case of any other Letter-of-Credit Rights in excess of $250,000 individually or in the aggregate each Grantor shall use commercially reasonable efforts to obtain the

consent of the issuer thereof and any nominated person thereon to the assignment of the proceeds of the related Letter of Credit in accordance with Section 5-114(c) of the New York UCC.

(h) Each Grantor agrees (i) to cause (or, in the case of any Pledged LLC Interest that have been issued by an Issuer that is not a Subsidiary, to use commercially reasonable efforts to cause) each Pledged LLC Interest and Pledged Partnership Interest to be represented by a certificate delivered to the Collateral Trustee pursuant to the terms hereof and (ii) to cause (or, in the case of any Pledged LLC Interest that have been issued by an Issuer that is not a Subsidiary, to use commercially reasonable efforts to cause)the terms thereof to expressly provide that each such Pledged LLC Interest and Pledged Partnership Interest is a security governed by Article 8 of the New York UCC, in each case no later than 60 days following the date hereof and for all times thereafter during the term of this Agreement.

5.3. Maintenance of Insurance. (a) Such Grantor shall keep its properties that are of an insurable character adequately insured at all times by financially sound and responsible insurers, which, in the case of any insurance on any property with respect to which a mortgage has been granted pursuant to the terms of any Security Documents, are licensed to do business in the States where the applicable property is located; maintain such other insurance, to such extent and against such risks (and with such deductibles, retentions and exclusions), including fire and other risks insured against by extended coverage and coverage for acts of terrorism, in each case as is customary with companies of a similar size operating in the same or similar businesses, including public liability insurance against claims for personal injury or death or property damage; and maintain such other insurance as may be required by law; provided that in any event such Grantor shall maintain, to the extent obtainable on commercially reasonable terms, (i) property and machinery breakage insurance on all real and personal property on an all risks basis (including the perils of flood and quake and loss by fire, explosion and theft), covering the repair or replacement cost of all such property (with the exception of losses from terrorism, earthquake and flood which may be subject to the highest amount commercially and reasonably available), (ii) consequential loss coverage for business interruption and extra expense (which shall include construction expenses and such other business interruption expenses as are otherwise generally available to similar businesses) in an amount of not less than 12 months gross revenues and (iii) public liability insurance providing limits of $150,000,000 per occurrence and in the aggregate for bodily injury and property damage to third parties resulting from such Grantor's operations; which public liability insurance shall be written to include worldwide risks on a commercial general liability form. All such insurance with respect to such Grantor shall be provided by insurers or reinsurers which have an A.M. Best policyholders rating of not less than A- or a Standard & Poor rating of not less than BBB, or, if the relevant insurance is not available from such insurers, such other insurers as the Collateral Trustee may approve in writing, acting reasonably. All insurance shall (i) provide that no cancellation, material reduction in amount or

material change in coverage thereof shall be effective until at least 30 days (or, in the case of non-payment of premium, 10 days) after receipt by the Collateral Trustee of written notice thereof, (ii) if reasonably requested by the Collateral Trustee, include a breach of warranty clause and (iii) be reasonably satisfactory in all other respects to the Collateral Trustee.

(b) The Company shall deliver to the Collateral Trustee on behalf of the Secured Parties, (i) on the Closing Date, a certificate dated such date showing the amount and types of insurance coverage as of such date, (ii) upon request of any Secured Debt Representative or the Collateral Trustee from time to time, full information as to the insurance carried, (iii) promptly following receipt of notice from any insurer, a copy of any notice of cancellation of any material coverage or material change in coverage from that existing on the Closing Date, (iv) forthwith, notice of any cancellation or

nonrenewal of material coverage by any Grantor and (v) promptly after such information is available to the Company, full information as to any claim for an amount in excess of $5,000,000 with respect to any property or machinery breakage insurance policy maintained by such Grantor. The Collateral Trustee shall be named as additional insured on all such liability insurance policies of such Grantor and the Collateral Trustee shall be named as loss payee on all property and machinery breakage insurance policies of each Grantor.

(c) Upon the request of any Secured Debt Representative or the Collateral Trustee, the Company shall deliver to such Secured Debt Representative and/or the Collateral Trustee a report of a reputable insurance broker with respect to such insurance and such supplemental reports with respect thereto as the Collateral Trustee or any Secured Debt Representative may from time to time reasonably request but, unless a Secured Debt Default shall have occurred and be continuing, not more than once per fiscal year.

5.4. Payment of Secured Obligations. Such Grantor shall pay and discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all taxes, assessments and governmental charges or levies imposed upon the Collateral or in respect of income or profits therefrom, as well as all claims of any kind (including claims for labor, materials and supplies) against or with respect to the Collateral, except that no such charge need be paid if the amount or validity thereof is currently being contested in good faith by appropriate proceedings, reserves in conformity with GAAP with respect thereto have been provided on the books of such Grantor and such proceedings could not reasonably be expected to result in the sale, forfeiture or loss of any material portion of the Collateral or any interest therein.

5.5. Maintenance of Perfected Security Interest; Further Documentation. (a) Such Grantor shall maintain each of the security interests created by this Agreement as a perfected security interest having at least the priority described in Section 4.3 and shall defend such security interest against the claims and demands of all persons whomsoever (other than the Secured Parties), subject to the rights of such Grantor under the Secured Debt Documents to dispose of the Collateral and subject to the provisions relating to the release of the Liens in the Secured Debt Documents and the Collateral Trust Agreement.

(b) Such Grantor shall furnish to the Collateral Trustee from time to time statements and schedules further identifying and describing the Collateral and such other reports

in connection with the assets and property of such Grantor as the Collateral Trustee may reasonably request, all in reasonable detail.

(c) At any time and from time to time, upon the written request of the Collateral Trustee, and at the sole expense of such Grantor, such Grantor shall promptly and duly authorize, execute and deliver, and have recorded, such further instruments and documents and take such further actions as the Collateral Trustee may reasonably request for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including (i) the filing of any financing or continuation statements under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby and (ii) in the case of Investment Property, Deposit Accounts and any other relevant Collateral, taking any actions necessary to enable the Collateral Trustee to obtain "control" (within the meaning of the applicable Uniform Commercial Code) with respect thereto, including executing and delivering and causing the relevant depositary bank or securities intermediary to execute and deliver a Control Agreement (Deposit and Securities Accounts).

5.6. Changes in Location, Name, Jurisdiction of Incorporation, etc. Such Grantor shall not, except upon 15 days' prior written

notice to the Collateral Trustee and delivery to the Collateral Trustee of duly authorized and, where required, executed copies of (a) all additional financing statements and other documents reasonably requested by the Collateral Trustee to maintain the validity, perfection and priority of the security interests provided for herein and (b) if applicable, a written supplement to Schedule 4.5 showing any additional location at which Inventory or Equipment (other than mobile goods) with a value in excess of $250,000 shall be kept:

(i) permit any of the Inventory or Equipment (other than mobile goods) with a value in excess of $250,000 to be kept at a location other than those listed on Schedule 4.5;

(ii) change its legal name, jurisdiction of organization or the location of its chief executive office or sole place of business from that referred to in Section 4.4; or

(iii) change its legal name, identity or structure to such an extent that any financing statement filed by the Collateral Trustee in connection with this Agreement would become misleading.

5.7. Notices. Such Grantor shall advise the Collateral Trustee promptly, in reasonable detail, of:

(a) any Lien (other than any Lien expressly permitted under the Secured Debt Documents) on any of the Collateral which would adversely affect the ability of the Collateral Trustee to exercise any of its remedies hereunder; and

(b) the occurrence of any other event which could reasonably be expected to have a material adverse effect on the aggregate value of the Collateral or on the security interests created hereby.

5.8. Investment Property. (a) If such Grantor shall become entitled to receive or shall receive any stock or other ownership certificate (including any certificate representing a stock dividend or a distribution in connection with any reclassification, increase or reduction of capital or any certificate issued in connection with any reorganization), option or rights in respect of the Equity Interests of any Issuer, whether in addition to, in substitution of, as a conversion of, or in exchange for, any shares of or other ownership interests in the Pledged Securities, or otherwise in respect thereof, such Grantor shall accept the same as the agent of the Secured Parties, hold the same in trust for the Secured Parties and deliver the same forthwith to the Collateral Trustee in the exact form received, duly endorsed by such Grantor to the Collateral Trustee, if required, together with an undated stock power or similar instrument of transfer covering such certificate duly executed in blank by such Grantor and with, if the Collateral Trustee so requests, signature guaranteed, to be held by the Collateral Trustee, subject to the terms hereof, as additional collateral security for the Secured Obligations. Upon the occurrence and during the continuance of a Secured Debt Default, any sums paid upon or in respect of the Pledged Securities upon the liquidation or dissolution of any Issuer shall be paid over to the Collateral Trustee to be held by it hereunder as additional collateral security for the Secured Obligations, and in case any distribution of capital shall be made on or in respect of the Pledged Securities or any property shall be distributed upon or with respect to the Pledged Securities pursuant to the recapitalization or reclassification of the capital of any Issuer or pursuant to the reorganization thereof, the property so distributed shall, unless otherwise subject to a perfected security interest in favor of the Collateral Trustee, be delivered to the Collateral Trustee to be held by it hereunder as additional collateral security for the Secured Obligations. If any sums of money or property so paid or distributed in respect of the Pledged Securities shall be received by such Grantor, such Grantor shall, until such money or property is paid or delivered to the Collateral Trustee, hold such money or property in trust for the Secured Parties, segregated from other funds of such Grantor, as additional collateral security for the Secured

Obligations.

(b) Without the prior written consent of the Collateral Trustee, such Grantor shall not (i) vote to enable, or take any other action to permit, any Issuer to issue any stock, partnership interests, limited liability company interests or other equity securities of any nature or to issue any other securities convertible into or granting the right to purchase or exchange for any stock, partnership interests, limited liability company interests or other equity securities of any nature of any Issuer, except to the extent expressly permitted under the Secured Debt Documents, (ii) sell, assign, transfer, exchange, or otherwise dispose of, or grant any option with respect to, any of the Investment Property or Proceeds thereof or any interest therein (except, in each case, pursuant to a transaction expressly permitted by the provisions of the Secured Debt Documents), (iii) create, incur or permit to exist any Lien or option in favor of, or any claim of any person with respect to, any of the Investment Property or Proceeds thereof, or any interest therein, except for the security interests created by this Agreement or any other security interests permitted by the Secured Debt Documents, (iv) enter into any agreement or undertaking restricting the right or ability of such Grantor or the Collateral Trustee to sell, assign or transfer any of the Investment Property or Proceeds thereof or any interest therein or (v) without the prior written consent of the Collateral Trustee, cause or permit any Issuer of any Pledged Partnership Interests or Pledged LLC Interests which are not securities (for purposes of the New York UCC) on the date hereof to elect or otherwise take any action to cause such Pledged Partnership Interests or Pledged LLC Interests to be treated as securities for purposes of the New York UCC; provided, however, notwithstanding the foregoing, if any issuer of any Pledged Partnership

Interests or Pledged LLC Interests takes any such action in violation of the provisions in this clause (v), such Grantor shall promptly notify the Collateral Trustee in writing of any such election or action and, in such event, shall take all steps necessary or advisable to establish the Collateral Trustee's "control" thereof.

(c) In the case of each Grantor which is an Issuer, such Issuer agrees that (i) it shall be bound by the terms of this Agreement relating to the Pledged Securities issued by it and shall comply with such terms insofar as such terms are applicable to it, (ii) it shall notify the Collateral Trustee promptly in writing of the occurrence of any of the events described in Section 5.8(a) with respect to the Pledged Securities issued by it and (iii) the terms of Sections 6.3(c) and 6.7 shall apply to it, mutatis mutandis, with respect to all actions that may be required of it pursuant to Section 6.3(c) or 6.7 with respect to the Pledged Securities issued by it. In addition, each Grantor which is either an Issuer or an owner of any Pledged Security hereby consents to the grant by each other Grantor of the security interest hereunder in favor of the Collateral Trustee and to the transfer of any Pledged Security to the Collateral Trustee or its nominee following a Secured Debt Default and to the substitution of the Collateral Trustee or its nominee as a partner, member or shareholder of the Issuer of the related Pledged Security.

5.9. Receivables. (a) Other than in the ordinary course of business consistent with its past practice, such Grantor shall not (i) grant any extension of the time of payment of any Receivable that is included in the Collateral, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable that is included in the Collateral or (v) amend, supplement or modify any Receivable that is included in the Collateral in any manner that could adversely affect the value thereof.

(b) Such Grantor shall deliver to the Collateral Trustee a copy of each material demand, notice or document received by it that questions or calls into doubt the validity or enforceability of more than 7.5% of the aggregate amount of the then outstanding Receivables that are included in the

Collateral.

(c) Each Grantor shall perform and comply in all material respects with all of its obligations with respect to the Receivables that are included in the Collateral.

(d) Each Grantor shall keep and maintain at its own cost and expense complete records of each Receivable that is included in the Collateral, in a manner consistent with prudent business practice, including records of all payments received, credits granted thereon, advances paid, advances recouped, advances not recouped and all other documentation relating thereto.

(e) Each Grantor shall legend, at the request of the Collateral Trustee made at any time after the occurrence of any Secured Debt Default under any Secured Debt Document and in form and manner reasonably satisfactory to the Collateral Trustee, the Receivables that are included in the Collateral and the other books, records and documents of such Grantor evidencing or pertaining to the Receivables that are included in the Collateral with an appropriate reference to the fact that the Receivables that are included in the Collateral have been assigned to

the Collateral Trustee for the benefit of the Secured Parties and that the Collateral Trustee has a security interest therein for the benefit of the Secured Parties.

(f) No Grantor shall rescind or cancel any indebtedness evidenced by any Receivable that is included in the Collateral or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Receivable that is included in the Collateral or interest therein except in the ordinary course of business consistent with prudent business practice without the prior written consent of the Collateral Trustee. Each Grantor shall timely fulfill all obligations on its part to be fulfilled under or in connection with the Receivables that are included in the Collateral in a manner consistent with Good Utility Practices.

(g) Each Grantor shall cause to be collected from the account debtor of each of the Receivables that are included in the Collateral, as and when due in the ordinary course of business consistent with prudent business practice (including Receivables that are delinquent, such Receivables that are included in the Collateral to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Receivable that is included in the Collateral, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Receivable, except that any Grantor may, with respect to any Receivable that is included in the Collateral, allow in the ordinary course of business such extensions of time to pay amounts due in respect of Receivables that are included in the Collateral and such other modifications of payment terms or settlements in respect of Receivables as shall be commercially reasonable under the circumstances, all in accordance with such Grantor's ordinary course of business consistent with its collection practices as in effect from time to time. The costs and expenses (including attorneys' fees) of collection, in any case, whether incurred by any Grantor, the Collateral Trustee or any other Secured Party, shall be paid by the Grantors.

5.10. Contracts. (a) Such Grantor shall perform and comply in all material respects with all its obligations under the Contracts.

(b) Such Grantor shall not amend, modify, terminate, waive or fail to enforce any provision of any Contract in any manner which could reasonably be expected to materially adversely affect the value of the

Collateral or otherwise have a Material Adverse Effect.

(c) Such Grantor shall exercise promptly and diligently each and every material right which it may have under each Material Contract (other than any right of termination).

(d) Such Grantor shall deliver to the Collateral Trustee a copy of each material demand, notice or document received by it relating in any way to any Material Contract and shall also deliver to the Collateral Trustee a copy of all new Material Contracts entered into after the date hereof.

(e) With respect to any Non-Assignable Contract that is a Material Contract as of the date hereof, each Grantor shall, within thirty days of the date hereof, request in writing the consent of the counterparty or counterparties to such Non-Assignable Contract pursuant to the terms of such Non-Assignable Contract or applicable law to the assignment or granting of a security interest in such Non-Assignable Contract to the Collateral Trustee for the benefit of the Secured Parties and use its commercially reasonable efforts to obtain such consent as soon as practicable thereafter. No Grantor shall after the Closing Date enter into any Non-Assignable Contract that is a Material Contract unless, within 30 days, counterparties to such Non-Assignable Contract consent in writing pursuant to the terms of such Non-Assignable Contract to the assignment and granting of a security interest in such Non-Assignable Contract to the Collateral Trustee for the benefit of the Secured Parties.

(f) Such Grantor shall not permit to become effective in any document creating, governing or providing for any permit, lease, license or Material Contract, a provision that would prohibit the creation or perfection of, or exercise of remedies in connection with, a Lien on such permit, lease, license or Material Contract in favor of the Collateral Trustee unless such Grantor believes, in its reasonable judgment, that such prohibition is usual and customary in transactions of such type.

5.11. Intellectual Property. (a) Such Grantor (either itself or through licensees) shall (i) continue to use each Trademark material to its business in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark and take all necessary steps to ensure that all licensed users of such Trademark maintain as in the past such quality, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Requirements of Law and (iv) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

(b) Such Grantor (either itself or through licensees) shall not do any act, or omit to do any act, whereby any Patent owned by such Grantor material to its business may become forfeited, abandoned or dedicated to the public.

(c) Such Grantor (either itself or through licensees) (i) shall employ each Copyright material to its business and (ii) shall not (and shall not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any material portion of such Copyrights may become invalidated or otherwise impaired. Such Grantor shall not (either itself or through licensees) knowingly do any act whereby any material portion of such Copyrights may fall into the public domain.

(d) Such Grantor (either itself or through licensees) shall not do any act that uses any Material Intellectual Property to infringe, misappropriate or violate the intellectual property rights of any other person.

(e) Such Grantor (either itself or through licensees) shall use proper statutory notice in connection with the use of the Material

Intellectual Property.

(f) Such Grantor shall notify the Collateral Trustee promptly if it knows, or has reason to know, that any application or registration relating to any Material Intellectual Property may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding such Grantor's ownership of, or the validity of, any Material Intellectual Property or such Grantor's right to register the same or to own and maintain the same in the case of Owned Intellectual Property.

(g) Promptly upon such Grantor's acquisition or creation of any invention, trademark or other similar property that is material to the business of such Grantor, apply for registration thereof with the United States Patent and Trademark Office and any other appropriate office. Whenever such Grantor (either by itself or through any agent, employee, licensee or designee) shall file an application for the registration of any Intellectual Property that is material to the business of such Grantor with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Collateral Trustee within five Business Days after the last day of the fiscal quarter in which such filing occurs. Upon request of the Collateral Trustee, such Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Collateral Trustee may request to evidence the Secured Parties' security interest in any Patent, Trademark or other Intellectual Property of such Grantor and the goodwill and general intangibles of such Grantor relating thereto or represented thereby. Notwithstanding the foregoing, such Grantor shall register with the U.S. Copyright Office copyrightable works only (i) if reasonably requested by the Collateral Trustee or (ii) if the Collateral Trustee has been given at least 45 days prior notice and the opportunity to record with the U.S. Copyright Office an instrument evidencing the Collateral Trustee's security interest in such copyrighted works.

(h) Such Grantor shall take all reasonable and necessary steps, including in any proceeding before the United States Patent and Trademark Office, subject to the last sentence of the preceding paragraph, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of Intellectual Property material to its business, including the payment of required fees and taxes, the filing of responses to office actions issued by the United States Patent and Trademark Office and the United States Copyright Office, the filing of applications for renewal or extension, the filing of affidavits of use and affidavits of incontestability, the filing of divisional, continuation, continuation-in-part, reissue, and renewal applications or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, cancellation, infringement and misappropriation proceedings.

(i) Such Grantor (either itself or through licensees) shall not, without the prior written consent of the Collateral Trustee, discontinue use of or otherwise abandon any of its Intellectual Property, or abandon any application or any right to file an application for letters patent, trademark, or copyright, unless such Grantor shall have previously determined that such use or the pursuit or maintenance of such Intellectual Property is no longer desirable in the conduct of such Grantor's business and that the loss thereof could not reasonably be expected to

have a Material Adverse Effect and, in which case, such Grantor shall give prompt notice of any such abandonment to the Collateral Trustee in accordance herewith.

(j) In the event that any Owned Intellectual Property material to its business is infringed, misappropriated or diluted by a third party, such Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Collateral Trustee after it learns thereof and sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

(k) Such Grantor agrees that, should it obtain an ownership interest in any item of intellectual property which is not, as of the Closing Date, a part of the Intellectual Property Collateral (the "After-Acquired Intellectual Property"), (i) the provisions of Section 3 shall automatically apply thereto, (ii) any such After-Acquired Intellectual Property, and in the case of trademarks, the goodwill of the business connected therewith or symbolized thereby, shall automatically become part of the Intellectual Property Collateral, (iii) it shall give prompt (and, in any event within five Business Days after the last day of the fiscal quarter in which such Grantor acquires such ownership interest) written notice thereof to the Collateral Trustee in accordance herewith and (iv) it shall provide the Collateral Trustee promptly (and, in any event within five Business Days after the last day of the fiscal quarter in which such Grantor acquires such ownership interest) with an amended Schedule 4.11 and take the actions specified in Section 5.11(m).

(l) Such Grantor agrees to execute an Intellectual Property Security Agreement with respect to its Intellectual Property in substantially the form of Exhibit D in order to record the security interest granted herein to the Collateral Trustee for the benefit of the Secured Parties with the United States Patent and Trademark Office, the United States Copyright Office and any other applicable Governmental Authority.

(m) Such Grantor agrees to execute an After-Acquired Intellectual Property Security Agreement with respect to its After-Acquired Intellectual Property in substantially the form of Exhibit E in order to record the security interest granted herein to the Collateral Trustee, for the benefit of Secured Parties, with the United States Patent and Trademark Office, the United States Copyright Office and any other applicable Governmental Authority.

(n) Such Grantor shall take all steps reasonably necessary to protect the secrecy of all Trade Secrets material to its business, including entering into confidentiality agreements with employees and labeling and restricting access to secret information and documents.

5.12. Commercial Tort Claims. Such Grantor shall advise the Collateral Trustee promptly of any Commercial Tort Claim held by such Grantor individually or in the aggregate in excess of $100,000 and shall promptly execute a supplement to this Agreement in form and substance reasonably satisfactory to the Collateral Trustee to grant a security interest in such Commercial Tort Claim to the Collateral Trustee for the benefit of the Secured Parties.

5.13. Deposit and Securities Accounts. (a) On or prior to the Closing Date, each Grantor shall deliver to the Collateral Trustee one or more Control Agreements (Deposit and Securities Accounts), executed by all parties thereto, for each Deposit Account and each Securities Account that is included in the Collateral in which such Grantor has an interest as of the date hereof (collectively, the "Pledged Accounts"); provided that no Grantor shall be required at any time to enter into Control Agreements (Deposit and Securities Accounts) with respect to any Deposit Account or Securities Account solely to

the extent that the same constitutes an Excluded Perfection Asset at such time. After the Closing Date, each Grantor shall deliver to the Collateral Trustee a Control Agreement (Deposit and Securities Accounts) for each Deposit Account and each Securities Account in which such Grantor has an interest after the Closing Date; provided that no Grantor shall be required at any time to enter into a Control Agreement with respect to any Deposit Account or Securities Account solely to the extent that the same constitutes an Excluded Perfection Asset at such time. Each Grantor agrees that it shall have no Deposit Account or Securities Accounts other than (i) Deposit Accounts and Securities Accounts with respect to which Control Agreements (Deposit and Securities Accounts) have been delivered, (ii) Deposit Accounts and Securities Accounts that constitute Excluded Perfection Interests and (iii) Deposit Accounts that constitute Excluded Assets.

(b) Each Grantor irrevocably authorizes the Collateral Trustee to notify each Depositary Bank of the occurrence of an Actionable Default. Following the occurrence of an Actionable Default, the Collateral Trustee may instruct each Depositary Bank to transfer immediately all funds and investments held in each Deposit Account or Securities Account to an account designated by the Collateral Trustee; provided, however, that the Collateral Trustee agrees that it shall deliver such instruction only during the continuation of an Actionable Default. Each Grantor hereby agrees to irrevocably direct each Depositary Bank to comply with the instructions of the Collateral Trustee with respect to the applicable Deposit Account or Securities Account held by such Depositary Bank without further consent from the Grantor or any other person.

5.14. Collections. (a) Each Grantor agrees (i) to notify and direct promptly each Account Debtor and every other person obligated to make payments on Accounts that are included in the Collateral or in respect of any Inventory that is included in the Collateral to make all such payments directly to the Pledged Accounts established in accordance with Section 5.13, (ii) to use all reasonable efforts to cause each Account Debtor and every other person identified in clause (i) above to make all payments with respect to Accounts that are included in the Collateral and Inventory that is included in the Collateral directly to the Pledged Accounts and (iii) promptly to deposit all payments received by it on account of Accounts that are included in the Collateral and Inventory that is included in the Collateral, whether in the form of cash, checks, notes, drafts, bills of exchange, money orders or otherwise, in the Pledged Accounts in precisely the form in which received (but with any endorsements of such Grantor necessary for deposit or collection), and until they are so deposited such payments shall be held in trust by such Grantor for the benefit and as the property of the Secured Parties.

(b) Without the prior written consent of the Collateral Trustee, no Grantor shall, in a manner adverse to the Secured Parties, change the general instructions given to Account Debtors in respect of payment on Accounts to be deposited in the Pledged Accounts. Until the Collateral Trustee shall have advised the Grantors to the contrary, each Grantor shall,

and the Collateral Trustee hereby authorizes each Grantor to, enforce and collect all amounts owing on the Inventory and Accounts, for the benefit and on behalf of the Collateral Trustee and the other Secured Parties; provided, however, that such privilege may at the option of the Collateral Trustee be terminated upon the occurrence and during the continuance of any Actionable Default.

SECTION 6. REMEDIAL PROVISIONS

6.1. Certain Matters Relating to Receivables.

(a) At any time after the occurrence and during the continuance of an Actionable Default, the Collateral Trustee shall have the right, but shall in no way be obligated to make test verifications of the

Receivables that are included in the Collateral in any manner and through any medium that it reasonably considers advisable, and each Grantor shall furnish all such assistance and information as the Collateral Trustee may require in connection with such test verifications. At any time and from time to time after the occurrence and during the continuance of an Actionable Default, upon the Collateral Trustee's request and at the expense of the relevant Grantor, such Grantor shall cause independent public accountants or others satisfactory to the Collateral Trustee or the Administrative Agent, as agent for the Collateral Trustee, to furnish to the Collateral Trustee or the Administrative Agent, as agent for the Collateral Trustee, as the case may be, reports showing reconciliations, aging and test verifications of, and trial balances for, the Receivables that are included in the Collateral.

(b) Each Grantor may collect such Grantor's Receivables that are included in the Collateral, subject to the Collateral Trustee's direction and control as defined in Section 5.13, and each Grantor hereby agrees to continue to collect all amounts due or to become due to such Grantor under the Receivables and any Supporting Obligation, in each case, that are included in the Collateral and diligently exercise each material right it may have under any Receivable and any Supporting Obligation, in each case, that are included in the Collateral at its own expense; provided, however, that the Collateral Trustee may curtail or terminate said authority at any time after the occurrence and during the continuance of an Actionable Default as provided in Section 5.13. If required by the Collateral Trustee at any time after the occurrence and during the continuance of an Actionable Default, any payments of Receivables that are included in the Collateral, when collected by any Grantor, (i) shall be forthwith (and, in any event, within two Business Days) deposited by such Grantor in the exact form received, duly endorsed by such Grantor to the Collateral Trustee for the benefit of the Secured Parties if required, in a Collateral Account maintained under the sole dominion and control of the Collateral Trustee, subject to withdrawal by the Collateral Trustee for the account of the Secured Parties only as provided in Section 6.7, and (ii) until so turned over, shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables that are included in the Collateral shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(c) At any time after the occurrence and during the continuance of an Actionable Default, at the Collateral Trustee's request, each Grantor shall deliver to the Collateral Trustee all original and other documents evidencing, and relating to, the agreements

and transactions which gave rise to the Receivables that are included in the Collateral, including all original orders, invoices and shipping receipts.

6.2. Communications with Obligors; Grantors Remain Liable. (a) At any time after the occurrence and during the continuance of an Actionable Default, the Collateral Trustee in its own name or in the name of others may at any time communicate with obligors under the Receivables that are included in the Collateral and parties to the Contracts to verify with them to the Collateral Trustee's reasonable satisfaction the existence, amount and terms of any Receivables or Contracts, in each case, that are included in the Collateral.

(b) The Collateral Trustee may at any time notify, or require any Grantor to so notify, the Account Debtor or counterparty on any Receivable or Contract that is included in the Collateral of the security interest of the Collateral Trustee therein. In addition, after the occurrence and during the continuance of an Actionable Default, the Collateral Trustee may upon written notice to the applicable Grantor, notify, or require any Grantor to notify, the Account Debtor or counterparty to make all payments under the Receivables and/or Contracts that are included in the Collateral directly to the Collateral Trustee.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each of the Receivables and Contracts that are included in the Collateral to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Secured Party shall have any obligation or liability under any Receivable (or any agreement giving rise thereto) or Contract that is included in the Collateral by reason of or arising out of this Agreement or the receipt by any Secured Party of any payment relating thereto, nor shall any Secured Party be obligated in any manner to perform any of the obligations of any Grantor under or pursuant to any Receivable (or any agreement giving rise thereto) or Contract that is included in the Collateral, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

6.3. Pledged Securities. (a) Unless an Actionable Default shall have occurred and be continuing and the Collateral Trustee (subject to the terms of the Collateral Trust Agreement) shall have given notice to the relevant Grantor of the Collateral Trustee's intent to exercise its rights pursuant to Section 6.3(b), each Grantor shall be permitted to receive all cash dividends paid in respect of the Pledged Equity Interests and all payments made in respect of the Pledged Notes, in each case paid in the normal course of business of the relevant Issuer and consistent with past practice, to the extent permitted in each credit agreement, indenture or comparable document constituting a Secured Debt Document, and to exercise all voting and corporate rights with respect to the Pledged Securities; provided, however, that no vote shall be cast or corporate or other ownership right exercised or other action taken which, in the Collateral Trustee's reasonable judgment, would materially impair the Collateral or which would be inconsistent with or result in any violation of any provision of this Agreement or any Secured Debt Document.

(b) Each Grantor hereby authorizes and instructs each Issuer of any Investment Property pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Collateral Trustee in writing that (x) states that an Actionable Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement and the Collateral Trust Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying and (ii) upon delivery of any notice to such effect pursuant to Section 6.3(a), pay any dividends or other payments with respect to the Investment Property directly to the Collateral Trustee. In order to permit the Collateral Trustee to exercise the voting and other consensual rights which it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions which it may be entitled to receive hereunder each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Trustee all proxies, dividend payment orders and other instruments as the Collateral Trustee may from time to time reasonably request and each Grantor acknowledges that the Collateral Trustee may utilize the power of attorney set forth herein.

(c) Each Grantor hereby authorizes and instructs each Issuer of any Pledged Securities pledged by such Grantor hereunder to (i) comply with any instruction received by it from the Collateral Trustee in writing that (x) states that an Actionable Default has occurred and is continuing and (y) is otherwise in accordance with the terms of this Agreement and the Collateral Trust Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Issuer shall be fully protected in so complying, and (ii) upon any such instruction following the occurrence of an Actionable Default, pay any dividends or other payments with respect to the Investment Property, including the Pledged Securities, directly to the Collateral Trustee.

6.4. Intellectual Property; Grant of License. For the purpose of enabling the Collateral Trustee, after the occurrence and during the continuance of an Actionable Default, to exercise rights and remedies under this Section 6 at such time as the Collateral Trustee shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Collateral Trustee an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, exploit, assign or license, after the occurrence and during the continuance of an Actionable Default, any of the Intellectual Property now owned or hereafter acquired by such Grantor, wherever the same may be located, through any and all media, whether now existing or hereafter developed, throughout the world, including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

6.5. Intellectual Property Litigation and Protection.

(a) Upon the occurrence and during the continuance of any Actionable Default (and subject to the terms of the Collateral Trust Agreement), the Collateral Trustee shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property and/or bring suit in the name of any Grantor, the Collateral Trustee or the Secured Parties to protect or enforce the Intellectual Property and any Intellectual Property License. In the event of such suit, each Grantor shall, at the reasonable request of the Collateral Trustee, do any and all lawful acts and execute any and all documents reasonably requested by

the Collateral Trustee in aid of such enforcement and the Grantors shall promptly reimburse and indemnify the Collateral Trustee for all costs and expenses incurred by the Collateral Trustee in the exercise of its rights under this Section 6.5 in accordance with Section 8.4 hereof. In the event that the Collateral Trustee shall elect not to bring suit to enforce the Intellectual Property, each Grantor agrees, at the reasonable request of the Collateral Trustee, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, misappropriation, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the material Intellectual Property owned by such Grantor by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any person so infringing necessary to prevent such infringement.

(b) If an Actionable Default shall occur and be continuing, upon written demand from the Collateral Trustee (subject to the terms of the Collateral Trust Agreement), each Grantor shall grant, assign, convey or otherwise transfer to the Collateral Trustee or such Collateral Trustee's designee all of such Grantor's right, title and interest in and to the Intellectual Property and shall execute and deliver to the Collateral Trustee such documents as are necessary or appropriate to carry out the intent and purposes of this Agreement.

6.6. Proceeds to be Turned Over To Collateral Trustee. In addition to the rights of the Secured Parties specified in Section 6.1 with respect to payments of Receivables that are included in the Collateral, if an Actionable Default shall occur and be continuing, all Proceeds received by any Grantor consisting of cash, cash equivalents, checks and other near-cash items shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor, and shall, forthwith upon receipt by such Grantor, be turned over to the Collateral Trustee in the exact form received by such Grantor (duly endorsed by such Grantor to the Collateral Trustee, if required by the Collateral Trustee). All Proceeds received by the Collateral Trustee hereunder shall be held by the Collateral Trustee in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Collateral Trustee in a Collateral Account (or by such Grantor in trust for the

Secured Parties) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided in Section 6.7.

6.7. Application of Proceeds. At such intervals as may be agreed upon by each Borrower and the Collateral Trustee, or, if an Actionable Default shall have occurred and be continuing, at any time at the Collateral Trustee's election, the Collateral Trustee may apply all or any part of Proceeds constituting Collateral realized through the exercise by the Collateral Trustee of its remedies hereunder, whether or not held in any Collateral Account, in payment of the Secured Obligations in accordance with the provisions of the Collateral Trust Agreement.

6.8. Code and Other Remedies. (a) If an Actionable Default shall occur and be continuing, the Collateral Trustee, on behalf of the Secured Parties, may exercise, in addition to all other rights and remedies granted to them in this Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the New York UCC (whether or not the New York UCC applies to the affected Collateral) or its rights under any other applicable law or in equity in each case subject to the terms of the Collateral Trust Agreement. Without limiting the generality of the foregoing and in each case subject to the terms of the Collateral Trust Agreement, the Collateral Trustee,

without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, and/or may forthwith sell, lease, license, assign, give option or options to purchase, or otherwise dispose of and deliver the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Trustee or any other Secured Party or elsewhere upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk. The Collateral Trustee and each other Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Grantor, which right or equity is hereby waived and released. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Trustee shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. In connection with any such sale, the Collateral Trustee may sell the Collateral without giving any warranties as to the Collateral. The Collateral Trustee may specifically disclaim or modify any warranties of title or the like. This procedure will not be considered to adversely effect the commercial reasonableness of any sale of the Collateral. In the exercise of its remedies, each Grantor agrees that it would not be commercially unreasonable for the Collateral Trustee to dispose of the Collateral or any portion thereof by using Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. EACH Grantor hereby waives any claims against the Collateral Trustee arising by

reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Trustee accepts the first offer received and does not offer such Collateral to more than one offeree. Each Grantor further agrees, at the Collateral Trustee's request, to assemble the Collateral and make it available to the Collateral Trustee at places which the Collateral Trustee shall reasonably select, whether at such Grantor's premises or elsewhere. In the exercise of its remedies, the Collateral Trustee shall have the right to enter onto the property where any Collateral is located and take possession thereof with or without judicial process.

(b) The Collateral Trustee shall apply the net proceeds of any action taken by it pursuant to this Section 6.8, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any way relating to the Collateral or the rights of the Secured Parties hereunder, including reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Secured

Obligations in accordance with the Collateral Trust Agreement. If the Collateral Trustee sells any of the Collateral upon credit, the Grantor will be credited only with payments actually made by purchaser and received by the Collateral Trustee and applied to indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, the Collateral Trustee may resell the Collateral and the Grantor shall be credited with proceeds of the sale. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Collateral Trustee or the other Secured Parties arising out of the exercise by them of any rights hereunder.

(c) In the event of any disposition of any of the Intellectual Property, the goodwill of the business connected with and symbolized by any Trademarks subject to such disposition shall be included, and the applicable Grantor shall supply the Collateral Trustee or its designee with such Grantor's know-how and expertise, and with documents and things embodying the same, relating to the manufacture, distribution, advertising and sale of products or the provision of services relating to any Intellectual Property subject to such disposition, and such Grantor's customer lists and other records and documents relating to such Intellectual Property and to the manufacture, distribution, advertising and sale of such products and services.

6.9. Registration Rights. (a) If the Collateral Trustee is directed to exercise its right to sell any or all of the Pledged Equity Interests or the Pledged Debt Securities pursuant to Section 6.8, and if the Collateral Trustee is so directed to have the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, registered under the provisions of the Securities Act, the relevant Grantor shall cause the Issuer thereof to (i) execute and deliver, and cause the directors and officers of such Issuer to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts as the Collateral Trustee determines to be reasonably necessary or advisable to register the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold, under the provisions of the Securities Act, (ii) use its commercially reasonable efforts to cause the registration statement relating thereto to become effective and to remain effective for a period of one year from the date of the first public offering of the Pledged Equity Interests or the Pledged Debt Securities, or that portion thereof to be sold and (iii) make all amendments thereto and/or to the related prospectus which, in the opinion of the Collateral Trustee, are reasonably necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. Each Grantor agrees to use commercially reasonable efforts to cause such Issuer to comply with the provisions of the securities or "Blue Sky" laws of any and all jurisdictions which the Collateral Trustee shall designate and to make available to its security holders, as soon as practicable, an earnings statement (which need not be audited) which will

satisfy the provisions of Section 11(a) of the Securities Act.

(b) Each Grantor recognizes that the Collateral Trustee may be unable to effect a public sale of any or all the Pledged Equity Interests or the Pledged Debt Securities, by reason of certain prohibitions contained in the Securities Act and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such

circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Collateral Trustee shall be under no obligation to delay a sale of any of the Pledged Equity Interests or the Pledged Debt Securities for the period of time necessary to permit the Issuer thereof to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if such Issuer would agree to do so.

(c) Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of all or any portion of the Pledged Equity Interests or the Pledged Debt Securities pursuant to this Section 6.9 valid and binding and in compliance with any and all other applicable Requirements of Law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 6.9 will cause irreparable injury to the Secured Parties, that the Secured Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 6.9 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Actionable Default has occurred.

6.10. Deficiency. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Collateral are insufficient to pay its Obligations and the fees and disbursements of any attorneys employed by any Secured Party to collect such deficiency.

6.11. Separate Liens. The Collateral Trustee may exercise any or all of the rights and remedies set forth in this Section 6 separately with respect to each security interest granted hereunder or jointly, as directed by the relevant Secured Parties in accordance with the Collateral Trust Agreement.

SECTION 7. THE COLLATERAL TRUSTEE

7.1. Collateral Trustee's Appointment as Attorney-in-Fact, etc. (a) Each Grantor hereby irrevocably constitutes and appoints the Collateral Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement, and, without limiting the generality of the foregoing, each Grantor hereby gives the Collateral Trustee the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any or all of the following:

(i) in the name of such Grantor or its own name, or otherwise, take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any Receivable or Contract or with respect to any

other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Trustee for the purpose of collecting any and all such moneys due under any Receivable or Contract or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property, execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Collateral Trustee may request to evidence the Collateral Trustee's security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against the Collateral, effect any repairs or any insurance called for by the terms of this Agreement and pay all or any part of the premiums therefor and the costs thereof;

(iv) execute, in connection with any sale provided for in Section 6.8 or 6.9, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(v) (1) direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due or to become due thereunder directly to the Collateral Trustee or as the Collateral Trustee shall direct; (2) ask or demand for, collect, and receive payment of and receipt for, any and all moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral; (3) sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, notices and other documents in connection with any of the Collateral; (4) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any portion thereof and to enforce any other right in respect of any Collateral; (5) defend any suit, action or proceeding brought against such Grantor with respect to any Collateral; (6) settle, compromise or adjust any such suit, action or proceeding and, in connection therewith, give such discharges or releases as the Collateral Trustee may deem appropriate; (7) assign any Copyright, Patent or Trademark (along with the goodwill of the business to which any such Copyright, Patent or Trademark pertains), throughout the world for such term or terms, on such conditions, and in such manner, as the Collateral Trustee shall determine; and (8) generally, sell, transfer, pledge and make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though the Collateral Trustee were the absolute owner thereof for all purposes, and do, at the Collateral Trustee's option and such Grantor's expense, at any time, or from time to time, all acts and things which the Collateral Trustee deems necessary to protect, preserve or realize upon the Collateral and the Collateral Trustee's security interests therein and to effect the intent of this Agreement, all as fully and effectively as such Grantor might do.

Anything in this Section 7.1(a) to the contrary notwithstanding, the Collateral Trustee agrees that it will not exercise any rights under the power of attorney provided for in this Section 7.1(a) unless an Actionable Default shall have occurred and be continuing, and in accordance with the Collateral Trust Agreement.

(b) If any Grantor fails to perform or comply with any of its agreements contained herein, the Collateral Trustee, at its option, but without any obligation so to do, may perform or comply, or otherwise cause

performance or compliance, with such agreement.

(c) The expenses of the Collateral Trustee incurred in connection with actions undertaken as provided in this Section 7.1, together with interest thereon at the rate applicable under Section 2.06 of the Credit Agreement, from the date of payment by the Collateral Trustee to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Collateral Trustee on demand.

(d) Each Grantor hereby ratifies all that said attorneys set forth in this Section 7.1 shall lawfully do or cause to be done by virtue hereof. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

7.2. Duty of Collateral Trustee. The Collateral Trustee's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under Section 9-207 of the New York UCC or otherwise, shall be to deal with it in the same manner as the Collateral Trustee deals with similar property for its own account. Neither the Collateral Trustee, nor any other Secured Party nor any of their respective officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or Affiliates shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other person or to take any other action whatsoever with regard to the Collateral or any part thereof. The powers conferred on the Collateral Trustee and the other Secured Parties hereunder are solely to protect the Secured Parties' interests in the Collateral and shall not impose any duty upon any Secured Party to exercise any such powers. The Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their officers, directors, partners, employees, agents, attorneys and other advisors, attorneys-in-fact or Affiliates shall be responsible to any Grantor for any act or failure to act hereunder, except to the extent that any such act or failure to act is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from their own gross negligence or willful misconduct.

Notwithstanding anything to the contrary contained in this Agreement, the rights, privileges, powers, benefits and immunities of the Collateral Trustee hereunder are subject to the terms, conditions and limitations set forth in the Collateral Trust Agreement, reference to which is made for all purposes; provided, however, that any forbearance by the Collateral Trustee in exercising any right or remedy available to it under the Collateral Trust Agreement shall not give rise to a defense on the part of the Grantors with respect to the Collateral Trustee's exercise of any right or remedy pursuant to this Agreement or as otherwise afforded by applicable law.

7.3. Execution of Financing Statements. Each Grantor acknowledges that pursuant to Section 9-509(b) of the New York UCC and any other applicable law, each Grantor authorizes the Collateral Trustee to file or record financing or continuation statements, and amendments thereto, and other filing or recording documents or instruments with respect to the Collateral, without the signature of such Grantor, in such form and in such offices as the Collateral Trustee reasonably determines appropriate to perfect or maintain the perfection of the security interests of the Collateral Trustee under this Agreement. Each Grantor agrees that such financing statements may describe the collateral in the same manner as described in the Security Documents or as "all assets" or "all personal property", whether now owned or hereafter existing

or acquired or such other description as the Collateral Trustee, in its sole judgment, determines is necessary or advisable. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording document or instrument for filing or recording in any jurisdiction. Each Grantor hereby ratifies and authorizes the filing by or on behalf of the Collateral Trustee of any financing statement with respect to the Collateral made prior to the date hereof.

7.4. Authority of Collateral Trustee. Each Grantor acknowledges that the rights and responsibilities of the Collateral Trustee under this Agreement with respect to any action taken by the Collateral Trustee or the exercise or non-exercise by the Collateral Trustee of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Collateral Trustee and the other Secured Parties, be governed by the Collateral Trust Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Trustee and the Grantors, the Collateral Trustee shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority. Notwithstanding anything to the contrary contained herein, in taking any action hereunder the Collateral Trustee shall not be required to act except to the extent that it shall have been directed in writing to so act by a Secured Debt Representative; provided that all actions of the Collateral Trustee hereunder shall be taken pursuant to the terms of the Collateral Trust Agreement and the Collateral Trustee shall act to the extent directed pursuant to the terms thereof with respect to those matters specified therein.

7.5. Access to Collateral, Books and Records; Other Information. Upon reasonable request to any Grantor, representatives of the Collateral Trustee or any other Secured Party (acting through the applicable Secured Debt Representative) shall have full and free access to visit and inspect, as applicable, during normal business hours all of the Collateral of such Grantor, including all of the books, correspondence and records of such Grantor relating thereto; provided that no Grantor shall be required to provide such access more than two times in any fiscal year, unless an Actionable Default shall have occurred and be continuing. The Collateral Trustee and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and such Grantor agrees to render to the Collateral Trustee, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested by the Collateral Trustee with regard thereto. Such Grantor shall, at any and all times, within a reasonable time after written request by the Collateral Trustee, furnish or cause to be furnished to the Collateral Trustee, in such manner and in such detail as may be reasonably requested by the Collateral Trustee, additional information with respect to the Collateral.

7.6. Appointment of Co-Collateral Agents. At any time or from time to time, in order to comply with any Requirement of Law, the Collateral Trustee may appoint another bank or trust company or one of more other persons, either to act as co-agent or agents on behalf of the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and which may be specified in the instrument of appointment. Each separate trustee or co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Collateral Trustee or separately, as may be provided therein, subject to all the provisions of the

Collateral Trust Agreement and the other Security Documents, specifically including every provision of such agreements relating to the conduct of, affecting the liability of, or affording protection to, the Collateral Trustee. A copy of every such instrument shall be sent to the Collateral Trustee.

SECTION 8. MISCELLANEOUS

8.1. Amendments in Writing. None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with Section 7.1 of the Collateral Trust Agreement.

8.2. Notices. All notices, requests and demands to or upon the Collateral Trustee or any Grantor hereunder shall be effected in the manner provided for in Section 7.5 of the Collateral Trust Agreement; provided that any such notice, request or demand to or upon any Guarantor shall be addressed to such Guarantor at its notice address set forth on Schedule 8.2 or such other address specified in writing to the Collateral Trustee in accordance with such Section. Each Grantor agrees to provide a copy of each notice provided by it hereunder to the Collateral Trustee to each Secured Debt Representative in the manner provided for in Section 7.1 of the Collateral Trust Agreement.

8.3. No Waiver by Course of Conduct; Cumulative Remedies. Neither the Collateral Trustee nor any other Secured Party shall by any act (except by a written instrument pursuant to Section 8.1), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Secured Debt Default under any Secured Debt Document. No failure to exercise, nor any delay in exercising, on the part of the Collateral Trustee or any other Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by the Collateral Trustee or any other Secured Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which such Secured Party would otherwise have on any future occasion. The rights and remedies herein provided are cumulative, may be exercised singly or concurrently and are not exclusive of any other rights or remedies provided by law.

8.4. Enforcement Expenses; Indemnification. (a) Each Grantor agrees to pay or reimburse the Collateral Trustee and each Secured Party for all its costs and expenses incurred in collecting against such Grantor under the guarantee contained in Section 2 or otherwise enforcing or preserving any rights under this Agreement and the Secured Debt Documents to which such Grantor is a party, including the fees and disbursements of counsel to the Collateral Trustee and each Secured Party.

(b) Each Grantor agrees to pay, and to save the Collateral Trustee and the other Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Collateral or in connection with any of the transactions contemplated by this Agreement.

(c) Each Grantor agrees to pay, and to save the Collateral Trustee and the other Secured Parties harmless from, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement to the extent each Credit Agreement Borrower would be required to do so pursuant to Section 9.05 of the Credit Agreement (whether or not then in effect), if the Collateral Trustee were acting as the Administrative Agent under the Credit Agreement.

(d) The agreements in this Section shall survive repayment of the Secured Obligations and all other amounts payable under the Secured Debt Documents.

8.5. Successors and Assigns. This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of the Collateral Trustee and the other Secured Parties and their successors and assigns; provided that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Collateral Trustee, and any attempted assignment without such consent shall be null and void.

8.6. Set-Off. Each Grantor hereby irrevocably authorizes each Secured Party at any time and from time to time, without notice to such Grantor or any other Grantor, any such notice being expressly waived by each Grantor, to set-off and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by each Secured Party to or for the credit or the account of such Grantor, or any part thereof in such amounts as each Secured Party may elect, against and on account of the obligations and liabilities of such Grantor to each Secured Party hereunder and claims of every nature and description of each Secured Party against such Grantor, in any currency, whether arising hereunder, under any other Secured Debt Document or otherwise, as each Secured Party may elect, whether or not each Secured Party has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured, provided that each such set-off and appropriation by any Secured Party shall be held by it and applied in accordance with the terms of the Collateral Trust Agreement. The applicable Secured Party shall notify such Grantor promptly of any such set-off and the application made by each Secured Party of the proceeds thereof, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Secured Party under this Section are in addition to other rights and remedies (including other rights of set-off) which each Secured Party may have.

8.7. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8.8. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9. Section Headings. The Section headings used in this Agreement are for convenience of reference only and are not to affect the construction hereof or be taken into consideration in the interpretation hereof.

8.10. Integration. This Agreement and each of the other Secured Debt Documents represent the agreement of the Grantors, the Collateral Trustee and the other Secured Parties with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Secured Party relative to subject matter hereof and thereof not expressly set forth or referred to herein or in any of the other Secured Debt Documents.

8.11. APPLICABLE LAW. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

8.12. Submission to Jurisdiction; Waivers. Each Grantor hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal

action or proceeding relating to this Agreement and the other Secured Debt Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the Courts of the State of New York, the courts of the United States of America for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Grantor at its address referred to in Section 8.2 or at such other address of which the Collateral Trustee and the Secured Debt Representatives shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

8.13. Acknowledgments. Each Grantor hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Secured Debt Documents to which it is a party;

(b) no Secured Party has any fiduciary relationship with or duty to any Grantor arising out of or in connection with this Agreement or any of the other Secured Debt Documents, and the relationship between the Grantors, on the one hand, and the Collateral Trustee and the other Secured Parties, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the Secured Debt Documents or otherwise exists by virtue of the transactions contemplated hereby among the Secured Parties or among the Grantors and the Secured Parties.

8.14. Additional Grantors. Each Subsidiary of the Company that is required to become a party to this Agreement pursuant to any Secured Debt Document shall become a Grantor and a Guarantor for all purposes of this Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1.

8.15. Releases. (a) All or any portion of the Collateral shall be released from the Liens created hereby, and the Guarantee of any Guarantor under this Agreement shall terminate, in each case as provided in Section 4.1 of the Collateral Trust Agreement.

(b) In the event of any sale or other disposition of all of the Equity Interests in any Guarantor to a person that is not (either before or after giving effect to such transactions) the Company or a Subsidiary, then such Guarantor will be released and relieved of any obligations under its Guarantee; provided that the proceeds of such sale or other disposition are applied in accordance with the applicable provisions of all applicable Secured

Debt Documents. Upon delivery by the Company to each applicable Guaranteed Secured Debt Representative of an officer's certificate and an opinion of counsel to the effect that such sale or other disposition was made by the Company or any applicable Subsidiary in accordance with the provisions of all of the applicable Secured Debt Documents, such Guaranteed Secured Debt Representative will execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Guarantee.

(c) In addition to the foregoing, the Guarantee of any Guarantor under this Agreement with respect to any Series of Guaranteed Secured Debt shall terminate to the extent such termination is provided for in the applicable Secured Debt Documents governing such Series of Guaranteed Secured Debt.

8.16. Conflicts. In the case of any conflicts between this Agreement and the Collateral Trust Agreement, the provisions of the Collateral Trust Agreement shall govern and control.

8.17. WAIVER OF JURY TRIAL. EACH GRANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER SECURED DEBT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

8.18. Additional Guaranteed Secured Debt Representatives. Each Guaranteed Secured Debt Representative that becomes entitled to the benefits of the Collateral Trust

Agreement after the date hereof in accordance with the terms thereof shall become a party to this Agreement for purposes of Section 2.

8.19. Rights and Immunities of Secured Debt Representatives. The Administrative Agent shall be entitled to all of the rights, protections, immunities and indemnities set forth in the Credit Agreement, the Trustee shall be entitled to all of the rights, protections, immunities and indemnities set forth in the Indenture and any future Secured Debt Representative shall be entitled to all of the rights, protections, immunities and indemnities set forth in the credit agreement, indenture or other agreement governing the applicable Secured Debt with respect to which such person shall act as representative, in each case as if specifically set forth herein. In no event shall any Secured Debt Representative be liable for any act or omission on the part of the Grantors or the Collateral Trustee hereunder.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Guarantee and Collateral Agreement to be duly executed and delivered as of the date first above written.

NRG ENERGY, INC.

By:_____
Name:
Title:

NRG POWER MARKETING INC.

By:_____
Name:
Title:

[SUBSIDIARY GUARANTORS]

By:_____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Collateral Trustee

By:_____
Name:
Title:

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch

By:_____
Name:
Title:

By:_____
Name:
Title:

LAW DEBENTURE TRUST COMPANY OF
NEW YORK, not in its individual capacity, but
solely as Trustee under the Indenture,

By:_____
Name:
Title:

EXHIBIT 4.8

EXECUTION COPY

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COLLATERAL TRUST AGREEMENT

dated as of December 23, 2003

among

NRG ENERGY, INC.,

NRG POWER MARKETING INC.,

the Guarantors from time to time party hereto,

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch,
as Administrative Agent,

LAW DEBENTURE TRUST COMPANY OF NEW YORK,
as Trustee

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Trustee

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This Collateral Trust Agreement, dated as of December 23, 2003 (this "Agreement"), is entered into by and among NRG ENERGY, INC., a Delaware corporation (the "Company"), NRG POWER MARKETING INC., a Delaware corporation ("Power Marketing" and, together with the Company, the "Credit Agreement Borrowers"), the Guarantors from time to time party hereto, CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch, as Administrative Agent (as defined below), LAW DEBENTURE TRUST COMPANY OF NEW YORK, as Trustee (as defined below), and DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collateral Trustee (together with its successors in such capacity, the "Collateral Trustee").

RECITALS

1. The Credit Agreement Borrowers intend to enter into a Credit Agreement dated as of the date hereof (as amended, supplemented, replaced or modified from time to time, the "Credit Agreement") among the Credit Agreement Borrowers, the several banks and other financial institutions or entities from time to time parties thereto as lenders, Credit Suisse First Boston, acting through its Cayman Islands Branch, and Lehman Brothers Inc., as joint lead book runners and joint lead arrangers (in such capacities,

collectively, the "Arrangers"), Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative agent (in such capacity and together with its successors, the "Administrative Agent") and as collateral agent (in such capacity and together with its successors, the "Collateral Agent"), Lehman Commercial Paper Inc., as syndication agent (in such capacity, the "Syndication Agent"), and General Electric Capital Corporation, as revolver agent, which will provide for a $1,450,000,000 credit facility to be made available in the form of revolving loans, term loans, swingline loans and letters of credit to be issued thereunder or to be deposited in the form of credit-linked deposits thereunder.

2. The Company intends to issue 8% Second Priority Senior Secured Notes (the "Notes") in an aggregate principal amount of $1,250,500,000 pursuant to an Indenture dated as of the date hereof (as amended, supplemented, replaced or modified from time to time, the "Indenture") among the Company, the Guarantors and Law Debenture Trust Company of New York, as trustee (in such capacity and together with its successors, the "Trustee").

3. The Credit Agreement Borrowers and the Guarantors intend to secure their respective Secured Obligations (as defined below), including their obligations under the Credit Agreement and any future Priority Lien Debt, on a priority basis, and, subject to such priority, their obligations under the Indenture and any future Parity Lien Debt, with security interests in all present and future Collateral (as defined below) to the extent that such security interests have been provided for in the applicable Security Documents (as defined below).

4. This Agreement sets forth the terms on which each Secured Party has appointed the Collateral Trustee as trustee for the present and future holders of the Secured Obligations to receive, hold, maintain, administer and distribute the Collateral at any time delivered to the Collateral Trustee or the subject of the Security Documents, and to enforce the Security Documents and all interests, rights, powers and remedies of the Collateral Trustee with respect thereto or thereunder and the proceeds thereof.

NOW THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1. DEFINITIONS; PRINCIPLES OF CONSTRUCTION

SECTION 1.1 Defined Terms.

(a) The following terms shall have the following meanings:

"Act of Instructing Debtholders" shall mean, as to any matter at any time, (a) prior to the Discharge of Priority Lien Obligations, a direction in writing delivered to the Collateral Trustee by or with the written consent of the Priority Debt Representatives representing the holders of Priority Lien Debt constituting more than 50% of the sum of (x) the aggregate outstanding amount of all Priority Lien Debt and (y) the face amount of any outstanding letters of credit issued under Priority Lien Documents or, if such direction is delivered in respect of any act other than the enforcement of remedies or the protections of Liens on Collateral, 50% of the sum of (i) the aggregate outstanding amount of all Priority Lien Debt, (ii) the aggregate undrawn commitments with respect to all Priority Lien Debt and (iii) the face amount of all outstanding letters of credit issued under any Priority Lien Document, and (b) at any time after the Discharge of Priority Lien Obligations, a direction in writing delivered to the Collateral Trustee by or with the written consent of the Parity Debt Representatives representing the Required Parity Debtholders. For this purpose, Secured Debt registered in the name of, or beneficially owned by, the Company or any Affiliate of the Company will be deemed not to be outstanding and neither the Company nor any such Affiliate shall be entitled to vote to direct the relevant Secured Debt Representative.

"Actionable Default" shall mean (a) prior to the Discharge of

Priority Lien Obligations, the occurrence of any event of default under any Priority Lien Document, the result of which is that (i) the holders of Priority Lien Debt under such Priority Lien Document have the right to declare all of the Secured Obligations thereunder to be due and payable prior to the stated maturity thereof or (ii) such Secured Obligations automatically become due and payable prior to the stated maturity thereof, and (b) at any time after the Discharge of Priority Lien Obligations, the occurrence of any event of default under any Parity Lien Document, the result of which is that (x) the holders of Parity Lien Debt under such Parity Lien Document have the right to declare all of the Secured Obligations thereunder to be due and payable prior to the stated maturity thereof or (y) such Secured Obligations automatically become due and payable prior to the stated maturity thereof.

"Administrative Agent" shall have the meaning assigned to such term in the recitals.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified, and shall include any "person" or "group" (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934) that owns

directly or indirectly, beneficially or of record, 5% or more of any class of Equity Interests in the person specified or that is an officer or director of the person specified.

"Agreement" shall have the meaning assigned to such term in the preamble.

"Arrangers" shall have the meaning assigned to such term in the recitals.

"Bankruptcy Case" shall mean any case under Title 11 of the United States Code or any comparable foreign law equivalent, or any successor bankruptcy law commenced voluntarily or involuntarily against the Company or any other Obligor.

"Board of Directors" shall mean (i) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board, (ii) with respect to a partnership, the Board of Directors of the general partner of the partnership, (iii) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof and (iv) with respect to any other person, the board or committee of such person serving a similar function.

"Business Day" shall mean any day other than a Saturday, Sunday or day on which commercial banks in New York City are authorized or required by law to close.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP, and the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"CERCLA" shall have the meaning assigned to such term in Section 5.14.

"Class" shall mean all Secured Parties having the same priority. This Agreement includes two Classes of Secured Parties, the holders of Priority Lien Obligations and the holders of Parity Lien Obligations.

"Closing Date" shall mean the date hereof.

"Collateral" shall mean, in the case of each Series of Secured Debt, all properties and assets of the Company and each applicable Guarantor, now owned or hereafter acquired, in which Liens have been granted to the Collateral Trustee under any of the Security Documents to secure the Secured Obligations in respect of such Series of Secured Debt.

"Collateral Agent" shall have the meaning assigned to such term in the recitals.

"Collateral Trustee" shall have the meaning assigned to such term in the preamble.

"Collateral Trust Joinder" shall mean an agreement substantially in the form of Exhibit A hereto.

"Company" shall have the meaning assigned to such term in the preamble.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlling" and "controlled" shall have meanings correlative thereto; provided that when used in connection with the Collateral Trustee's rights with respect to, or security interest in, any Collateral, "control" shall have the meaning specified in the UCC with respect to that type of Collateral.

"Control Agreement" shall mean a Control Agreement to be executed and delivered by the applicable Obligor and the other party or parties thereto, as required by the Guarantee and Collateral Agreement.

"Credit Agreement" shall have the meaning assigned to such term in the recitals.

"Credit Agreement Agent" shall mean, at any time and for so long as the Credit Agreement shall be in effect, the person serving at such time as the "Administrative Agent" under the Credit Agreement or any other representative of the Lenders then most recently designated by the Lenders in accordance with the terms of the Credit Agreement, in a written notice delivered to each Secured Debt Representative and the Collateral Trustee, as the Credit Agreement Agent for the purposes of each of the Priority Lien Documents, and, at any time when the Credit Agreement shall no longer be in effect, the person serving at such time as the "Agent" or "Administrative Agent" under the applicable Credit Facility or any other representative of the lenders thereunder then most recently designated by such lenders in accordance with the terms of the agreement relating to such facility, in a written notice delivered to each Secured Debt Representative and the Collateral Trustee, as the Credit Agreement Agent for the purposes of each of the Priority Lien Documents.

"Credit Agreement Borrowers" shall have the meaning assigned to such term in the preamble.

"Credit Agreement Documents" shall mean the Credit Agreement and the Security Documents.

"Credit Agreement Parallel Debt" shall have the meaning assigned to such term in Article 8.

"Credit Facilities" shall mean, one or more debt facilities (including the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans,

term loans, credit-linked deposits (or similar deposits), receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

"Credit-Linked Deposits" shall mean the cash deposit made by the Lenders to reimburse drawings on certain letters of credit issued under the Credit Agreement, which deposit is held by the Administrative Agent in accordance with the Credit Agreement.

"Discharge of Priority Lien Obligations" shall mean the occurrence of all of the following: (i) termination of all commitments to extend credit that would constitute Priority Lien Debt; (ii) payment in full in cash of the principal of and interest and premium (if any) on all Priority Lien Debt (other than any undrawn letters of credit); (iii) discharge or cash collateralization (at 100% of the aggregate undrawn amount) of all outstanding letters of credit constituting Priority Lien Debt; (iv) return in full in cash of any Credit-Linked Deposits to the applicable Lenders and (v) payment in full in cash of all other Priority Lien Obligations that are outstanding and unpaid at the time the Priority Lien Debt is paid in full in cash (other than any obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities in respect of which no claim or demand for payment has been made at such time).

"Dutch Security Documents" shall mean (a) the first priority Deed of Pledge dated December 23, 2003, among NRG International LLC, as Pledgor, NRGenerating International B.V., as Company and the Collateral Trustee, as Pledgee, (b) the second priority Deed of Pledge dated December 23, 2003, among NRG International LLC, as Pledgor, NRGenerating International B.V., as Company and the Collateral Trustee, as Pledgee, (c) the first priority Deed of Pledge dated December 23, 2003, among NRGenerating Holdings (No. 21) B.V., as Pledgor, Tosli Acquisition B.V., as Company and the Collateral Trustee, as Pledgee, and (d) the second priority Deed of Pledge dated December 23, 2003, among NRGenerating Holdings (No. 21) B.V., as Pledgor, Tosli Acquisition B.V., as Company and the Collateral Trustee, as Pledgee.

"Environmental Laws" shall mean all former, current and future Federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances and codes, and legally binding decrees, judgments, directives and orders (including consent orders), in each case, relating to protection of the environment, natural resources, occupational health and safety or the presence, Release of, or exposure to, Hazardous Materials, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or the arrangement for such activities with respect to, Hazardous Materials.

"Environmental Liability" shall mean all liabilities, obligations, damages, losses, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs (including administrative oversight costs, natural resource damages and remediation costs), whether contingent or otherwise, arising out of or relating to (a) compliance or non-compliance with any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"equally and ratably" shall mean, in reference to sharing of Liens or proceeds thereof as between the Secured Parties of the same Class, that such Liens or proceeds:

(i) shall be allocated and distributed first to each Secured Debt Representative for each outstanding Series of Secured Debt within that Class, for the account of the holders of such Series of Secured Debt, ratably in proportion to the principal of (and, in the case of the Credit Agreement, any Credit-Linked Deposits) and interest and premium (if any) and reimbursement obligations (contingent or otherwise) with respect to letters of credit, if any, outstanding (whether or not drawings have been made under such letters of credit) on each outstanding Series of Secured Debt within that Class when the allocation or distribution is made, and thereafter

(ii) shall be allocated and distributed (if any remain after payment in full of all of the principal of (and, in the case of the Credit Agreement, any Credit-Linked Deposits) and interest and premium (if any) on all outstanding Secured Obligations within that Class) to each Secured Debt Representative for each outstanding series of Secured Obligations within that Class, for the account of the holders of any remaining Secured Obligations within that Class, ratably in proportion to the aggregate unpaid amount of such remaining Secured Obligations within that Class due and demanded (with written notice to the applicable Secured Debt Representative and the Collateral Trustee) prior to the date such distribution is made.

It is understood and agreed that Liens and proceeds will not be shared between Classes.

"Equity Interests" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a partnership or limited liability company, beneficial interests in a trust or other equity interests in any person, or any obligations convertible into or exchangeable for, or giving any person a right, option or warrant to acquire, such equity interests or such convertible or exchangeable obligations.

"GAAP" shall mean generally accepted accounting principles in the United States.

"Governmental Authority" shall mean the government of the United States of America or any other nation, any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any person (the "guarantor") shall mean any obligation, contingent or otherwise, of (a) the guarantor or (b) another person (including any bank under a letter of credit) to induce the creation of which the guarantor has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation, contingent or otherwise, of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of

assuring the owner of such Indebtedness or other obligation of the payment of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary

obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (iv) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation or (v) to otherwise assure or hold harmless the owner of such Indebtedness or other obligation against loss in respect thereof; provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee and Collateral Agreement" shall mean the Guarantee and Collateral Agreement dated as of the date hereof and executed and delivered by the Company and each Guarantor.

"Guarantors" shall mean, initially, in the case of any Series of Secured Debt, each Subsidiary party hereto that, pursuant to the terms of the Guarantee and Collateral Agreement, has provided a Guarantee in respect of the Secured Obligations evidenced by such Series of Secured Debt and shall include any future Subsidiary required by the terms of any Secured Debt Document to become a guarantor of the Secured Obligations evidenced thereby, and any successor of the foregoing.

"Hazardous Materials" shall mean (a) any petroleum products or byproducts and all other hydrocarbons, coal ash, coal combustion by-products or waste, boiler slag, scrubber residue, flue desulfurization material, radon gas, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, chlorofluorocarbons and all other ozone-depleting substances and (b) any hazardous or toxic chemical, material, substance or waste that is prohibited, limited or regulated by or pursuant to any Environmental Law.

"Hedging Agreement" shall mean any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, fuel or other commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided, however, that no phantom stock or similar plan providing for payments and on account of services provided by current or former directors, officers, employees or consultants of the Company or any Subsidiary shall be a Hedging Agreement.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets acquired by such person, (d) all obligations of such person in respect of the deferred purchase price of property or services (other than trade accounts payable incurred in the ordinary course of business that are not more than 90 days past due), (e) all obligations of such person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value, or make any payment in cash (whether dividends, interest or otherwise) prior to any applicable maturity date with respect to any Series of Secured Debt in respect of, any Equity Interests in such person, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an

existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the Indebtedness secured thereby has been assumed (provided that, if such person has not assumed such Indebtedness of another person, then the amount of Indebtedness of such person for purposes of this clause (f) shall be equal to the lesser of the amount of the Indebtedness of the other person and the fair market value of the assets of such person which secures such Indebtedness), (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations or Synthetic Lease Obligations of such person, (i) all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit and letters of

guaranty and (j) all obligations, contingent or otherwise, of such person in respect of bankers' acceptances. The Indebtedness of any person shall include the Indebtedness of any other person (including any partnership in which such person is a general partner) to the extent such person is liable therefor as a result of such person's ownership interest in, or other relationship with, such other person, except to the extent the terms of such Indebtedness provide that such person is not liable therefor.

"Indemnified Liabilities" shall mean any and all liabilities (including all Environmental Liabilities), obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, performance, administration or enforcement of this Agreement or any of the other Security Documents, including any of the foregoing relating to the use of proceeds of any Secured Debt or the violation of, noncompliance with or liability under, any law (including Environmental Laws) applicable to or enforceable against the Company or any of its subsidiaries or any of the Collateral and all reasonable costs and expenses (including reasonable fees and expenses of legal counsel selected by the Indemnitee) incurred by any Indemnitee in connection with any claim, action, investigation or proceeding in any respect relating to any of the foregoing, whether or not suit is brought.

"Indemnitee" shall have the meaning assigned to such term in Section 7.8(a).

"Indenture" shall have the meaning assigned to such term in the recitals.

"Indenture Parallel Debt" shall have the meaning assigned to such term in Article 9.

"Insolvency Proceeding" shall mean:

(i) any proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Company or any other Obligor, any receivership or assignment for the benefit of creditors relating to the Company or any other Obligor or any similar case or proceeding relative to the Company or any other Obligor or its creditors, as such, in each case whether or not voluntary;

(ii) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Company or any other Obligor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(iii) any other proceeding of any type or nature in which substantially all claims of creditors of the Company or any other Obligor are determined and any payment or distribution is or may be made on account of such claims.

"Junior Trust Estate" shall have the meaning assigned to such term in Section 2.2.

"Lenders" shall mean, at any time, the parties to the Credit Agreement then holding (or committed to provide) loans, letters of credit, Credit-Linked Deposits or other extensions of credit that constitute (or when provided will constitute) Priority Lien Debt outstanding under the Credit Agreement.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, deed to secure debt, lien (statutory or otherwise), pledge, hypothecation, encumbrance, restriction, collateral assignment, charge or security interest in, on or of such asset, (b) the interest of a vendor or a

lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of Equity Interests or debt securities, any purchase option, call or similar right of a third party with respect to such Equity Interests or debt securities.

"Note Documents" shall mean the Indenture, the Notes, each Sharing Confirmation and the Security Documents.

"Notes" shall have the meaning assigned to such term in the recitals.

"Notice of Actionable Default" shall mean a written notice given to the Collateral Trustee stating that an Actionable Default has occurred and is continuing, delivered by (i) prior to the Discharge of Priority Lien Obligations, the Secured Debt Representative for the holders of Priority Lien Obligations that are governed by the Secured Debt Document pursuant to which such Actionable Default has occurred, and (ii) following the Discharge of Priority Lien Obligations, the Secured Debt Representative for the holders of Parity Lien Obligations that are governed by the Secured Debt Document pursuant to which such Actionable Default has occurred.

"Obligations" shall mean any principal (including reimbursement obligations with respect to letters of credit whether or not any drawing has been made thereon and including, in the case of the Credit Agreement, any obligations to return Credit-Linked Deposits), interest (including any interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the maturity of the loans or notes and reimbursement obligations therein and interest accruing at the then applicable rate provided in any applicable Secured Debt Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness or Hedging Agreement.

"Obligor" shall mean the Company and the applicable Guarantors.

"Parity Debt Representative" shall mean:

(i) in the case of the Notes, the Trustee; or

(ii) in the case of any other Series of Parity Lien Debt, the trustee, agent or representative of the holders of such Series of Parity Lien Debt who maintains the transfer register for such Series of Parity Lien Debt and is appointed as a Parity Debt Representative (for purposes related to the administration of the security documents) pursuant to the credit agreement, indenture or other agreement governing such Series of Parity Lien Debt, and who has executed a Collateral Trust Joinder.

"Parity Lien" shall mean a Lien granted by a Security Document to the Collateral Trustee upon any property of the Company or any other Obligor to secure Parity Lien Obligations.

"Parity Lien Debt" shall mean (i) the Notes and (ii) any other Indebtedness (including additional notes) that is secured equally and ratably with the Notes by a Parity Lien that was permitted to be incurred and so secured under the applicable provisions of the Indenture and the Credit Agreement (each if then in effect) and any other applicable Secured Debt Document; provided, in the case of each issue or series of Indebtedness referred to in this clause (ii), that:

(a) on or before the date on which such Indebtedness was incurred by the Company such Indebtedness is designated by the Company, in an officers' certificate delivered to each Parity Debt Representative and the Collateral Trustee on or before such date, as Parity Lien Debt for the purposes of the Indenture (if then in effect) and this Agreement;

(b) such Indebtedness is governed by an indenture or other agreement that includes a Sharing Confirmation; and

(c) all requirements set forth in this Agreement as to the confirmation, grant or perfection of the Liens granted to the Collateral Trustee, for the benefit of the Secured Parties, to secure such Indebtedness or Obligations in respect thereof are satisfied

(and the satisfaction of such requirements and the other provisions of this clause (ii) shall be conclusively established, for purposes of entitling the holders of such Indebtedness to share equally and ratably with the other holders of Parity Lien Debt in the benefits and proceeds of the Collateral Trustee's Liens on the Collateral, if the Company delivers to the Collateral Trustee an officers' certificate stating that such requirements and other provisions have been satisfied and that such Indebtedness is Parity Lien Debt, together with an opinion of counsel stating that such officers' certificate has been duly authorized by the Board of Directors of the Company and has been duly executed and delivered, and the holders of such Indebtedness and Obligations in respect thereof will be entitled to rely conclusively thereon).

"Parity Lien Documents" shall mean, collectively, the Note Documents and any indenture or agreement governing each other Series of Parity Lien Debt and all agreements binding on any Obligor related thereto.

"Parity Lien Obligations" shall mean Parity Lien Debt and all other Obligations in respect thereof.

"Parity Lien Secured Parties" shall mean the holders of Parity Lien Obligations and any Parity Debt Representatives.

"person" shall mean any natural person, corporation, trust, business trust, joint venture, joint stock company, association, company, limited liability company, partnership, Governmental Authority or other entity.

"Power Marketing" shall have the meaning assigned to such term in the preamble.

"Priority Debt Representative" shall mean (i) in the case of the Credit Agreement (and any Hedging Agreements that are permitted to be incurred by the terms of each Secured Debt Document and are permitted by the terms of the Priority Lien Documents relating to the Credit Agreement to be secured equally and ratably with the Priority Lien Obligations thereunder), the Administrative Agent; or (ii) in the case of any other Series of Priority Lien Debt, the trustee, agent or representative of the holders of such Series of Priority Lien Debt who maintains the transfer register for such Series of Priority Lien Debt and is appointed as a Priority Debt Representative (for purposes related to the administration of the security documents) pursuant to the credit agreement, indenture or other agreement governing such Series of Priority Lien Debt, and who has executed a Collateral Trust Joinder.

"Priority Lien" shall mean a Lien granted by a Security Document to the Collateral Trustee, for the benefit of the Priority Lien Secured Parties, upon any property of the Company or any other Obligor to secure Priority Lien Obligations.

"Priority Lien Debt" shall mean (i) the Indebtedness under, together with the aggregate amount of all Credit-Linked Deposits made pursuant

to, the Credit Agreement and (ii) Indebtedness, including any deposit that is similar to the Credit-Linked Deposits, under any other Credit Facility that is secured equally and ratably with the Indebtedness under the Credit Agreement by a Priority Lien that was permitted to be incurred and so secured under the applicable provisions of the Credit Agreement and the Indenture (each if then in effect) and any other applicable Secured Debt Document, but only if on or before the day on which such Indebtedness under a Credit Facility described in clause (ii) above is incurred by any applicable Obligor such Indebtedness is designated by such Obligor, in an officers' certificate delivered to each Parity Debt Representative and the Collateral Trustee on or before such date, as Priority Lien Debt for the purposes of each of the Parity Lien Debt Documents and this Agreement.

"Priority Lien Documents" shall mean, collectively, the Credit Agreement Documents and the credit agreement, indenture or other agreement governing any other Credit Facility pursuant to which the Priority Lien Debt is incurred and all other agreements governing, securing or related to any Priority Lien Obligations.

"Priority Lien Obligations" shall mean the Priority Lien Debt and all other Obligations in respect of Priority Lien Debt and includes, in the case of the Credit Agreement and any other Credit Facility the Indebtedness under which constitutes Priority Lien Debt, any obligations in respect of Hedging Agreements that are permitted to be incurred by the terms of

the Priority Lien Documents relating to the Credit Agreement or, if the Credit Agreement is not in effect at the time such Hedging Agreement is entered into, such other Credit Facilities, and are permitted by the terms of the Priority Lien Documents relating to the Credit Agreement or, if the Credit Agreement is not in effect at the time such Hedging Agreement is entered into, such other Credit Facilities to be secured equally and ratably with the Priority Lien Obligations thereunder.

"Priority Lien Secured Parties" shall mean the holders of Priority Lien Obligations and any Priority Debt Representatives.

"Release" shall mean any release, spill, emission, leaking, pumping, injection, pouring, emptying, deposit, disposal, discharge, dispersal, dumping, escaping, leaching or migration into or through the environment or within or upon any building, structure, facility or fixture.

"Required Parity Debtholders" shall mean, at any time in respect of any action or matter, holders of a majority in aggregate outstanding principal amount of all Parity Lien Debt then outstanding, voting together as a single class. For this purpose, Parity Lien Debt registered in the name of, or beneficially owned by, the Company or any Affiliate of the Company will be deemed not to be outstanding and neither the Company nor any such Affiliate shall be entitled to vote to direct the relevant Parity Debt Representative.

"Responsible Officer" shall mean, with respect to the Collateral Trustee or any Secured Debt Representative, any officer within the corporate trust department of the Collateral Trustee or such Secured Debt Representative, as the case may be, including any managing director, director, vice president, assistant vice president, associate, trust officer or any other officer of the Collateral Trustee or such Secured Debt Representative, as the case may be, who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Agreement.

"Secured Debt" shall mean Parity Lien Debt and Priority Lien Debt.

"Secured Debt Default" shall mean any event or condition which, under the terms of any credit agreement, indenture or other agreement governing any Series of Secured Debt causes, or permits holders of Secured Debt outstanding thereunder (with or without the giving of notice or lapse of time, or both, and whether or not notice has been given or time has lapsed) to cause, the Secured Debt outstanding thereunder to become immediately due and payable.

"Secured Debt Documents" shall mean the Parity Lien Documents and the Priority Lien Documents.

"Secured Debtholder" shall mean, at any time, a person which then is the holder of any Secured Debt (including any Credit-Linked Deposits or similar deposits) or has any commitment with respect to any Secured Debt or the issuance of any letters of credit under any Secured Debt Document or the making of any loans under any Secured Debt Document.

"Secured Debt Representative" shall mean each Parity Debt Representative and each Priority Debt Representative.

"Secured Obligations" shall mean the Parity Lien Obligations and the Priority Lien Obligations.

"Secured Parties" shall mean the Parity Lien Secured Parties and the Priority Lien Secured Parties.

"Security Documents" shall mean this Agreement and one or more security agreements, pledge agreements, collateral assignments, mortgages, collateral agency agreements, control agreements, deeds of trust or other grants or transfers for security executed and delivered by the Company or any other Obligor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Trustee, for the benefit of the Secured Parties, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms.

"Senior Trust Estate" shall have the meaning assigned to such term in Section 2.1.

"Series of Parity Lien Debt" shall mean, severally, the Notes and each other issue or series of Parity Lien Debt for which a single transfer register is maintained.

"Series of Priority Lien Debt" shall mean, severally, the extensions of credit under the Credit Agreement and each other issue or series of Priority Lien Debt for which a single transfer register is maintained and shall include, in the case of the Credit Agreement and any other Credit Facility the Indebtedness under which constitutes Priority Lien Debt, any obligations in respect of Hedging Agreements that are permitted to be incurred by the terms of the Priority Lien Documents relating to the Credit Agreement or, if the Credit Agreement is not in effect at the time such Hedging Agreement is entered into, such other Credit Facilities, and are permitted by the terms of the Priority Lien Documents relating to the Credit Agreement or, if the Credit Agreement is not in effect at the time such Hedging Agreement is entered into, such other Credit Facilities to be secured equally and ratably with the Priority Lien Obligations thereunder

"Series of Secured Debt" shall mean, severally, the Notes, each other issue or Series of Parity Lien Debt, the extensions of credit under the Credit Agreement, and each other issue or Series of Priority Lien Debt.

"Sharing Confirmation" shall mean, as to any Series of Parity Lien Debt, the written agreement of the holders of such Series of Parity Lien Debt, as set forth in the indenture or other agreement governing such Series of Parity Lien Debt, for the enforceable benefit of all holders of each other existing and future Series of Parity Lien Debt and each existing and future

Parity Debt Representative, that all Parity Lien Obligations shall be and are secured equally and ratably by all Liens at any time granted by the Company or any other Obligor to secure any Obligations in respect of such Series of Parity Lien Debt, whether or not upon property otherwise constituting Collateral, that all such Liens shall be enforceable by the Collateral Trustee for the benefit of all holders of Parity Lien Obligations equally and ratably, and that the holders of Obligations in respect of such Series of Parity Lien Debt are bound by the provisions in this

Agreement relating to the order of application of proceeds from enforcement of such Liens, and consent to and direct the Collateral Trustee to perform its obligations under this Agreement.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, limited liability company, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held, or (b) that is, at the time any determination is made, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean any subsidiary of the Company.

"Swiss Security Documents" shall mean (a) the Public Certification regarding the pledge of the shares in NRG International Holdings GmbH (1st ranking right of pledge) dated December 22, 2003 between NRG International III Inc., as pledgor and the Collateral Trustee, as pledgee (b) the Public Certification regarding the pledge of the shares in NRG International Holdings GmbH (2nd ranking right of pledge) dated December 22, 2003 between NRG International III Inc., as pledgor and the Collateral Trustee, as pledgee, (c) the Public Certification regarding the pledge of the shares in NRG International Holdings (No.2) GmbH (1st ranking right of pledge) dated December 22, 2003 between NRG International III Inc., as pledgor and the Collateral Trustee, as pledgee, and (d) the Public Certification regarding the pledge of the shares in NRG International Holdings (No.2) GmbH (2nd ranking right of pledge) dated December 22, 2002 between NRG International III Inc., as pledgor and the Collateral Trustee, as pledgee.

"Syndication Agent" shall have the meaning assigned to such term in the recitals.

"Synthetic Lease Obligations" shall mean all monetary obligations of a person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of any property (whether real, personal or mixed) creating obligations which do not appear on the balance sheet of such person, but which, upon the insolvency or bankruptcy of such person, would be characterized as Indebtedness of such person (without regard to accounting treatment).

"Trustee" shall have the meaning assigned to such term in the recitals.

"Trust Estates" shall have the meaning assigned to such term in Section 2.2.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York or any other applicable jurisdiction.

(b) All terms used in this Agreement that are defined in Article 9 of the UCC, and not otherwise defined herein shall have the meanings therein set forth.

SECTION 1.2 Rules of Interpretation.

(a) Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference.

(b) Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

(c) Unless otherwise indicated, any reference to any agreement or instrument shall be deemed to include a reference to such agreement or instrument as assigned, amended, amended and restated, supplemented, otherwise modified from time to time or replaced in accordance with the terms of this Agreement.

(d) The use in this Agreement or any of the other Security Documents of the word "include" or "including," when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not nonlimiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The word "will" shall be construed to have the same meaning and effect as the word "shall."

(e) References to "Sections" and "clauses" shall be to Sections and clauses, respectively, of this Agreement unless otherwise specifically provided.

(f) References to "Articles" shall be to Articles of this Agreement unless otherwise specifically provided.

(g) References to "Exhibits" and "Schedules" shall be to Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided.

(h) The use in this Agreement of the words "herein," "hereof," and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof.

(i) This Agreement, the other Security Documents and any documents or instruments delivered pursuant hereto shall be construed without regard to the identity of the party who drafted the various provisions of the same. Each and every provision of this Agreement, the other Security Documents and any instruments and documents entered into and delivered in connection therewith shall be construed as though the parties participated equally in the drafting of the same. Consequently, each of the parties acknowledges and agrees 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 other Security Documents and any instruments and documents entered into and delivered in connection therewith.

ARTICLE 2. THE TRUST ESTATES

SECTION 2.1 Declaration of Senior Trust.

TO SECURE the payment of the Priority Lien Obligations and in consideration of the premises and the mutual agreements set forth herein, each

of the Obligors hereby grants to the Collateral Trustee, and the Collateral Trustee hereby accepts and agrees to hold, in trust under this Agreement for the benefit of all present and future holders of Priority Lien Obligations, all of such Obligor's right, title and interest in, to and under all Collateral granted to the Collateral Trustee under any Security Document for the benefit of the Priority Lien Secured Parties, together with all of the Collateral Trustee's right, title and interest in, to and under the Security Documents, and all interests, rights, powers and remedies of the Collateral Trustee thereunder or in respect thereof and all cash and non-cash proceeds thereof (collectively, the "Senior Trust Estate"),

TO HAVE AND TO HOLD the Senior Trust Estate unto the Collateral Trustee and its successors and assigns in trust under this Agreement,

IN TRUST, NEVERTHELESS, for the benefit solely and exclusively of all present and future holders of Priority Lien Obligations as security for the payment of all present and future Priority Lien Obligations,

PROVIDED, that if at any time (i) all Liens granted by any and all of the Priority Lien Documents have been released as provided in Section 4.1, (ii) the Collateral Trustee holds no other property in trust as part of the Senior Trust Estate, (iii) no monetary obligation (other than indemnification and other contingent obligations not then due and payable) is outstanding and payable under this Agreement to the Collateral Trustee or any of its co-trustees, agents or sub-agents (whether in an individual or representative capacity) and (iv) the Company delivers to the Collateral Trustee an officer's certificate stating that all Liens of the Collateral Trustee have been released in compliance with all applicable provisions of the Priority Lien Documents and that Obligors are not required by any Priority Lien Document to grant any Lien upon any property to secure the Priority Lien Obligations, then the senior trust arising hereunder shall terminate, except that, notwithstanding such termination, all provisions set forth in Sections 7.7 and 7.8 hereof enforceable by the Collateral Trustee or any of its co-trustees, agents or sub-agents (whether in an individual or representative capacity) shall remain enforceable in accordance with their terms,

AND THE PARTIES FURTHER DECLARE AND COVENANT that the Senior Trust Estate shall be held and distributed by the Collateral Trustee subject to the further agreements herein.

SECTION 2.2 Declaration of Junior Trust.

TO SECURE the payment of the Parity Lien Obligations and in consideration of the premises and the mutual agreements set forth herein, each of the Obligors hereby grants to the Collateral Trustee, and the Collateral Trustee hereby accepts and agrees to hold, in trust under this Agreement for the benefit of all present and future holders of Parity Lien Obligations, all of such Obligor's right, title and interest in, to and under all Collateral granted to the Collateral Trustee under any Security Document for the benefit of the Parity Lien Secured Parties, together with all of the Collateral Trustee's right, title and interest in, to and under the Security Documents, and all interests, rights, powers and remedies of the Collateral Trustee

thereunder or in respect thereof and all cash and non-cash proceeds thereof (collectively, the "Junior Trust Estate", and together with the Senior Trust Estate, the "Trust Estates"),

TO HAVE AND TO HOLD the Junior Trust Estate unto the Collateral Trustee and its successors and assigns in trust under this Agreement,

IN TRUST, NEVERTHELESS, for the benefit solely and exclusively of all present and future holders of Parity Lien Obligations as security for the payment of all present and future Parity Lien Obligations,

PROVIDED, that if at any time (i) all Liens granted by any and all of the Parity Lien Documents have been released as provided in Section 4.1, (ii) the Collateral Trustee holds no other property in trust as part of the Junior Trust Estate, (iii) no monetary obligation (other than indemnification and other contingent obligations not then due and payable) is outstanding and payable under this Agreement to the Collateral Trustee or any of its co-trustees, agents or sub-agents (whether in an individual or representative capacity) and (iv) the Company delivers to the Collateral Trustee an officer's certificate stating that all Liens of the Collateral Trustee have been released in compliance with all applicable provisions of the Parity Lien Documents and that the Obligors are not required by any Parity Lien Document to grant any Lien upon any property to secure the Parity Lien Obligations, then the junior trust arising hereunder shall terminate, except that, notwithstanding such termination, all provisions set forth in Sections 7.7 and 7.8 hereof enforceable by the Collateral Trustee or any of its co-trustees, agents or sub-agents (whether in an individual or representative capacity) shall remain enforceable in accordance with their terms,

AND THE PARTIES FURTHER DECLARE AND COVENANT that the Junior Trust Estate shall be held and distributed by the Collateral Trustee subject to the further agreements herein.

SECTION 2.3 Priority of Liens.

(a) Notwithstanding anything else contained herein or in any Security Document, it is the intent of the parties that: (i) this Agreement and the Security Documents create two separate and distinct Trust Estates and Liens: the Senior Trust Estate and Lien securing the payment and performance of the Priority Lien Obligations and the Junior Trust Estate and Lien securing the payment and performance of the Parity Lien Obligations and (ii) the Liens securing the Parity Lien Obligations are subject and subordinate to the Liens securing the Priority Lien Obligations.

(b) The parties hereto agree that, after the date hereof and prior to the Discharge of Priority Lien Obligations, in no event shall the Parity Debt Representatives or any Parity Lien Secured Parties have a Lien on or security interest in any Collateral that is not subject and subordinate to the first priority lien of the Priority Lien Secured Parties. Notwithstanding (i) anything to the contrary contained in any Parity Lien Document and irrespective of the time, order or method of attachment or perfection of the security interests created by the Priority Lien Documents or the Parity Lien Documents, (ii) anything contained in any filing or agreement to which the Priority Lien Secured Parties or Parity Lien Secured Parties or any other party hereto

may be a party and (iii) the rules for determining priority under the UCC or any other law governing the relative priorities of secured creditors, any security interest in any Collateral that is part of the Senior Trust Estate has and shall have priority over any security interest in such Collateral that is part of the Junior Trust Estate.

(c) Whether or not any Bankruptcy Case or Insolvency Proceeding has been commenced by or against any Obligor, until the Discharge of Priority Lien Obligations, (i) the Parity Lien Secured Parties will not (A) exercise or seek to exercise any rights or exercise any remedies with respect to any Collateral that is subject to the Senior Trust Estate, (B) institute any action or proceeding with respect to such rights or remedies with respect to any Collateral, including any action of foreclosure, (C) contest, protest or object to any foreclosure proceeding or action brought by the Priority Lien Secured Parties or any other exercise by the Priority Lien Secured Parties of any rights and remedies under any Priority Lien Documents relating to the Collateral that is subject to the Senior Trust Estate, (D) object to the forbearance by the Priority Lien Secured Parties to the bringing or pursuing of any foreclosure proceeding or action or any other exercise of any rights or remedies relating to

the Collateral that is subject to the Senior Trust Estate, (E) take or receive from the Obligors, directly or indirectly, in cash or other property or by set off or in any other manner, the Collateral or any part thereof or proceeds therefrom in satisfaction of the Parity Lien Obligations, (F) contest or seek to invalidate any Liens or security interests securing the Priority Debt Obligations, or the perfection thereof, or the validity or enforceability of this Agreement, (G) take or permit any action prejudicial to or inconsistent with the priority position of the Senior Trust Estate over the Junior Trust Estate, (H) object to any adequate protection or similar relief requested and obtained by the Priority Lien Secured Parties in any Insolvency Proceeding or Bankruptcy Case with respect to any Obligor or (I) object to any consent or approval by the Priority Lien Secured Parties to the use of cash or other Collateral, or any similar relief, in any Insolvency Proceeding or Bankruptcy Case with respect to any Obligor, and (ii) the Priority Lien Secured Parties shall have the exclusive right to enforce rights and exercise remedies with respect to any Collateral that is part of the Senior Trust Estate, regardless of whether such Collateral may also be part of the Junior Trust Estate. Notwithstanding the foregoing, the Parity Lien Secured Parties may enforce rights, exercise remedies and take actions (A) without any condition or restriction whatsoever, at any time after the Discharge of Priority Lien Obligations, (B) as necessary to perfect a Lien upon any Collateral by any method of perfection except through possession or control or (C) as necessary to prove, preserve or protect (but not enforce) the Liens securing the Parity Lien Obligations.

(d) In exercising rights and remedies with respect to the Collateral, the Priority Debt Representatives may enforce (or refrain from enforcing) the provisions of the Priority Lien Documents and exercise (or refrain from exercising) remedies thereunder or any such rights and remedies, all in such order and in such manner as they may determine in the exercise of their sole and exclusive discretion, including (i) the exercise or forebearance from exercise of all rights and remedies in respect of the Collateral and/or the Priority Lien Obligations, (ii) the enforcement or forbearance from enforcement of any Lien in respect of the Collateral, (iii) the release, with or without consideration, of the Collateral from the Senior Trust Estate, and, in connection with any such release, the concurrent release, with or without consideration (as determined by the Priority Lien Secured Parties), of such collateral from the Junior Trust Estate, (iv) the exercise or forebearance from exercise of rights and powers of a holder of shares of stock included in the Senior Trust Estate to the extent provided in the

Security Documents, (v) the acceptance of the Collateral in full or partial satisfaction of the Priority Lien Obligations and (vi) the exercise or forebearance from exercise of all rights and remedies of a secured lender under the UCC or any similar law of any applicable jurisdiction or in equity.

(e) Without in any way limiting the generality of the foregoing paragraphs, the Priority Lien Secured Parties may, at any time and from time to time, without the consent of or notice to the Parity Lien Secured Parties, without incurring responsibility to the Parity Lien Secured Parties and without impairing or releasing the subordination provided in this Agreement or the obligations hereunder of the Parity Lien Secured Parties, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, the Priority Lien Obligations, or otherwise amend or supplement in any manner the Priority Lien Obligations, or any instrument evidencing the Priority Lien Obligations or any agreement under which the Priority Lien Obligations are outstanding, (ii) release any person or entity liable in any manner for the collection of the Priority Lien Obligations, (iii) release the Lien on any Collateral securing the Priority Lien Obligations and (iv) exercise or refrain from exercising any rights against any Obligor.

(f) The doctrine of marshalling of assets or collateral or any other legal or equitable principle or doctrine which could otherwise, in any way, constrain, limit or affect the order or manner of the enforcement

against any person obligated for the Priority Lien Obligations or the liquidation of the Senior Trust Estate shall not be applicable to the Senior Trust Estate or to the rights of the Priority Lien Secured Parties under this Agreement.

SECTION 2.4 Collateral Shared Equally and Ratably within Class. The parties hereto agree that the payment and satisfaction of all of the Secured Obligations within each Class shall be secured equally and ratably by the security interests established in favor of the Collateral Trustee for the benefit of the Secured Parties belonging to such Class. It is understood and agreed that nothing in this Section 2.4 is intended to alter the priorities among Secured Parties belonging to different Classes as provided in Section 2.3 hereof.

ARTICLE 3. OBLIGATIONS AND POWERS OF COLLATERAL TRUSTEE

SECTION 3.1 Undertaking of the Collateral Trustee.

(a) Subject to, and in accordance with, this Agreement, the Collateral Trustee will, as trustee for the benefit solely and exclusively of the present and future Secured Parties:

(i) accept, enter into, hold, maintain, administer and enforce all Security Documents, including all Collateral subject thereto, and all security interests created thereunder, perform its obligations under the Security Documents and protect, exercise and enforce the interests, rights, powers and remedies granted or available to it under, pursuant to or in connection with the Security Documents;

(ii) take all lawful and commercially reasonable actions permitted under the Security Documents that it may deem necessary or advisable to protect or preserve its interest in the Collateral subject thereto and such interests, rights, powers and remedies;

(iii) deliver and receive notices pursuant to the Security Documents;

(iv) sell, assign, collect, assemble, foreclose on, institute legal proceedings with respect to, or otherwise exercise or enforce the rights and remedies of a secured party (including a mortgagee, trust deed beneficiary and insurance beneficiary or loss payee) with respect to the Collateral under the Security Documents and its other interests, rights, powers and remedies;

(v) remit as provided in Section 3.4 all cash proceeds received by the Collateral Trustee from the collection, foreclosure or enforcement of its interest in the Collateral under the Security Documents or any of its other interests, rights, powers or remedies;

(vi) execute and deliver amendments to the Security Documents as from time to time authorized by an Act of Instructing Debtholders; and

(vii) release any Lien granted to it by any Security Document upon any Collateral if and as required by Section 4.1(b).

(b) Each party to this Agreement acknowledges and consents to the undertaking of the Collateral Trustee set forth in Section 3.1(a) and agrees to each of the other provisions of this Agreement applicable to it.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Collateral Trustee shall not commence any exercise of remedies or any foreclosure actions or otherwise take any action or proceeding against any of the Collateral (other than actions as necessary to prove, protect or preserve the Liens securing the Secured Obligations) unless and until it shall have received a Notice of Actionable Default, or a Responsible Officer of the Collateral Trustee has actual knowledge that an Actionable Default has occurred and is continuing, and then only in accordance with the provisions of this Agreement.

SECTION 3.2 Release or Subordination of Liens. The Collateral Trustee will not release or subordinate any Lien of the Collateral Trustee or consent to the release or subordination of any Lien of the Collateral Trustee, except (a) as directed by an Act of Instructing Debtholders, (b) as required by Article 4, (c) as ordered pursuant to applicable law under a final and nonappealable order or judgment of a court of competent jurisdiction or (d) for the subordination of the Junior Trust Estate and the Parity Liens to the Senior Trust Estate and the Priority Liens.

SECTION 3.3 Remedies Upon Actionable Default. If the Collateral Trustee at any time receives a Notice of Actionable Default or other notice that an Actionable Default has occurred and is continuing, it will promptly deliver written notice thereof to each Secured Debt Representative. Thereafter, the Collateral Trustee may await direction by an Act of Instructing Debtholders and will act, or decline to act, as directed by an Act of Instructing Debtholders, in the exercise and enforcement of the Collateral Trustee's interests, rights, powers and remedies in respect of the Collateral or under the Security Documents or applicable law and, following the initiation of such exercise of remedies, the Collateral Trustee will act, or decline to act, with respect to the manner of such exercise of remedies as directed by an Act of Instructing

Debtholders. Unless it has been directed to the contrary by an Act of Instructing Debtholders, the Collateral Trustee in any event may (but shall not be obligated to) take or refrain from taking such action with respect to any Actionable Default as it may deem advisable and in the best interest of the holders of Secured Obligations.

SECTION 3.4 Application of Proceeds.

(a) The Collateral Trustee shall apply the proceeds of any collection, sale, foreclosure or other realization upon any Collateral and the proceeds of any title insurance policy required under any real property mortgage in the following order of application:

FIRST, to the payment of all amounts payable under this Agreement on account of the Collateral Trustee's fees or any reasonable legal fees, costs and expenses or other liabilities of any kind incurred by the Collateral Trustee or any co-trustee or agent in connection with any Security Document, including any amounts payable by the Collateral Trustee, as collateral trustee, to or for the benefit of persons other than the Secured Debtholders pursuant to the terms thereof;

SECOND, to the respective Priority Debt Representatives for application to the payment of Priority Lien Obligations equally and ratably, or to be held by the Priority Debt Representatives pending such application, until all Priority Debt Obligations have been paid in full in cash or the cash amount held by the Priority Debt Representatives in respect of all Priority Lien Obligations is sufficient to pay all Priority Lien Obligations in full in cash;

THIRD, to the respective Parity Debt Representatives for application to the Parity Lien Obligations entitled to the benefit of such Collateral equally and ratably, or to be held by the Parity Debt Representatives pending such application, until all Parity Lien Obligations have been paid in

full in cash or the cash amount held by the Parity Debt Representatives in respect of all Parity Lien Obligations is sufficient to pay all Parity Lien Obligations in full in cash; and

FOURTH, any surplus remaining after the payment in full in cash of all of the Secured Obligations entitled to the benefit of such Collateral shall be paid to the Company or the other applicable Obligor, as the case may be, or its successors or assigns, or as a court of competent jurisdiction may direct.

For this purpose, "proceeds" of Collateral includes any and all cash, securities and other property realized from collection, foreclosure or enforcement of the Collateral Trustee's Liens upon the Collateral (including distributions of Collateral in satisfaction of any Secured Obligations).

(b) If any Parity Debt Representative or any holder of a Parity Lien Obligation collects or receives any proceeds in respect of the Parity Lien Obligations that should have been applied to the payment of the Priority Lien Obligations in accordance with clause (a) above and, with respect to a Parity Debt Representative, a Responsible Officer of such Parity Debt Representative shall have received written notice, or shall have actual knowledge, of the same prior to such Parity Debt Representative's distribution of such proceeds, whether after the commencement of a Bankruptcy Case or otherwise, such Parity Debt Representative or such holder of a Parity Lien Obligation, as the case may be, shall forthwith deliver the same to the

Collateral Trustee, for the account of the holders of the Priority Lien Obligations, in the form received, duly indorsed to the Collateral Trustee, for the account of the holders of the Priority Lien Obligations to be applied in accordance with clause (a) above. Until so delivered, such proceeds shall be held by such Parity Debt Representative or such holder of a Parity Lien Obligation, as the case may be, for the benefit of the holders of the Priority Lien Obligations and shall be deemed to be held segregated from other funds and property held by such Parity Debt Representative or such holder of a Parity Lien Obligation.

SECTION 3.5 Powers of the Collateral Trustee.

(a) The Collateral Trustee is irrevocably authorized and empowered to enter into and perform its obligations and protect, perfect, exercise and enforce its interest, rights, powers and remedies under the Security Documents and applicable law and in equity and to act as set forth in this Article 3 or as requested in any lawful directions given to it from time to time in respect of any matter by an Act of Instructing Debtholders.

(b) No Secured Debt Representative, Secured Debtholder or other holder of Secured Obligations shall have any liability whatsoever for any act or omission of the Collateral Trustee.

SECTION 3.6 Documents and Communications. The Collateral Trustee will permit each Secured Debt Representative and each Secured Debtholder upon reasonable written notice from time to time to inspect and copy, at the cost and expense of the party requesting such copies, any and all Security Documents and other documents, notices, certificates, instructions or communications received by the Collateral Trustee in its capacity as such.

SECTION 3.7 For Sole and Exclusive Benefit of Holders of Secured Obligations. The Collateral Trustee shall accept, hold, administer and enforce all Liens at any time transferred or delivered to it and all other interests, rights, powers and remedies at any time granted to or enforceable by the Collateral Trustee and all other property of the Trust Estates solely and exclusively for the benefit of the present and future holders of present and future Secured Obligations, and shall distribute all proceeds received by it in realization thereon or from enforcement thereof solely and exclusively pursuant

to the provisions of Section 3.4.

SECTION 3.8 Additional Secured Debt.

(a) The Collateral Trustee will, as trustee hereunder, perform its undertakings set forth in Section 3.1(a) with respect to each holder of Secured Obligations of a Series of Secured Debt that is issued or incurred after the date hereof that (i) holds Secured Obligations that are identified as a holder of Parity Lien Debt or Priority Lien Debt in accordance with the procedures set forth in Section 3.8(b) and (ii) signs, through its designated Secured Debt Representative identified pursuant to Section 3.8(b), a Collateral Trust Joinder.

(b) The Company or other applicable Obligor shall be permitted to designate as additional Secured Debtholders hereunder each person who is, or who becomes, the registered holder of Parity Lien Debt or the holder of Priority Lien Debt incurred by the Company or such other Obligor after the date of this Agreement in accordance with the terms of the Secured Debt Documents; provided that for purposes of this Section 3.8, all extensions of credit under the

Credit Agreement (including issuances of letters of credit) shall be deemed to be incurred on the date hereof so that no such further designation shall be required to be made so that all such extensions of credit under the Credit Agreement (regardless when made or incurred) shall be deemed Priority Lien Debt. The Company or other applicable Obligor may effect such designation by delivering to the Collateral Trustee, with copies to each previously identified Secured Debt Representative, each of the following:

(i) An officer's certificate of the Company stating that:

(A) the Company or such other Obligor intends to incur additional Secured Debt ("New Secured Debt") which shall either be (x) Priority Lien Debt permitted by each agreement governing Secured Debt to be secured with a Priority Lien on a pari passu basis with all previously existing Priority Lien Debt and which, when incurred and after giving pro forma effect to the incurrence of such Priority Lien Debt and the application of the proceeds therefrom, shall be in an aggregate principal amount that is permitted by the terms of the Secured Debt Documents or (y) Parity Lien Debt permitted by each agreement governing Secured Debt to be secured with a Parity Lien on a pari passu basis with all previously existing Parity Lien Debt and which, when incurred and after giving pro forma effect to the incurrence of such Parity Lien Debt and the application of the proceeds therefrom, shall be in an aggregate principal amount that is permitted by the terms of each Secured Debt Document; and

(B) after giving pro forma effect to the incurrence of such New Secured Debt and the application of the proceeds therefrom, no Secured Debt Default shall have occurred and be continuing and, to the best of the signatory's knowledge after due inquiry, no event or condition shall have occurred which could reasonably be expected to result in a Secured Debt Default;

(ii) evidence that the Company or such other Obligor has duly authorized, executed (if applicable) and recorded (or caused to be recorded) in each appropriate governmental office all relevant filings and recordations to ensure that the New Secured Debt is secured by the Collateral;

(iii) evidence that the officer's certificate delivered pursuant to clause (i) above has been duly authorized by the Board of Directors of the Company and has been duly executed and delivered; and

(iv) a written notice specifying the name and address of the Secured Debt Representative for such series of New Secured Debt for purposes of Section 7.5.

Notwithstanding the foregoing, nothing in this Agreement shall be construed to allow the Company or any other Obligor to incur additional Indebtedness unless otherwise permitted by the terms of the Secured Debt Documents.

ARTICLE 4. OBLIGATIONS ENFORCEABLE BY THE COMPANY AND THE GUARANTORS

SECTION 4.1 Release of Liens.

(a) The Collateral Trustee's Liens upon the Collateral will be released pursuant to Section 4.1(b) below:

(i) in whole, upon (A) the payment in full and discharge of all outstanding Secured Debt and all other Secured Obligations that are outstanding, due and payable at the time all of the Secured Debt is paid in full and discharged, (B) the return in full of all outstanding Credit-Linked Deposits (or similar deposits) made under all Secured Debt Documents and (C) the termination or expiration of all commitments to extend credit under all Secured Debt Documents and the cancellation or termination of all outstanding letters of credit issued pursuant to any Secured Debt Documents;

(ii) as to any Collateral that is sold, transferred or otherwise disposed of by the Company or any other Obligor in a transaction or other circumstance which is not prohibited by all of the Secured Debt Documents at the time of such sale, transfer or other disposition or to the extent of the interest sold, transferred or otherwise disposed of; and

(iii) as to any Collateral other than Collateral being released pursuant to clauses (i) or (ii) of this Section 4.1(a), if consent to the release of such Collateral has been given by an Act of Instructing Debtholders; provided that if such Collateral represents all or substantially all of the Collateral, consent to release of such Collateral has been given by the requisite percentage or number of holders of each Series of Secured Debt under the applicable Secured Debt Document, and in each case, such release has become effective in accordance with such consent.

(b) The Collateral Trustee agrees for the benefit of the Company and the other Obligors that if the Collateral Trustee at any time receives:

(i) an officer's certificate of the Company stating that (x) such officer has read Article 4 of this Agreement and understands the provisions and the definitions relating hereto, (y) such officer has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not the conditions precedent in this Agreement and all other Secured Debt Documents, if any, relating to the release of the Collateral have been complied with and (z) in the opinion of such officer, such conditions precedent, if any, have been complied with;

(ii) the proposed instrument or instruments releasing such Lien as to such property in recordable form, if

applicable; and

(iii) the written confirmation of each Priority Debt Representative (or, at any time after a Discharge of Priority Lien Obligations, each Parity Debt Representative (such confirmation to be given following receipt of, and based solely on, the officer's certificate described in 4.1 (b)(i) above) that, in its view, such release is

permitted by Section 4.1(a) and the respective Secured Debt Documents governing the Secured Obligations the holders of which such Secured Debt Representative represents,

then the Collateral Trustee will execute (with such acknowledgements and/or notarizations as are required) and deliver such release to the Company or other applicable Obligor on or before the later of (x) the date specified in such request for such release and (y) the fifth Business Day after the date of receipt of the items required by this Section 4.1(b) by the Collateral Trustee.

(c) The Collateral Trustee hereby agrees that:

(i) in the case of any release pursuant to clause (ii) of Section 4.1(a), if the terms of any such sale, transfer or other disposition require the payment of the purchase price to be contemporaneous with the delivery of the applicable release, then, at the request of the Company or other applicable Obligor, the Collateral Trustee shall either be present at the closing of such transaction or shall deliver the release under customary escrow arrangements that permit such contemporaneous payment and delivery of the release; and

(ii) at any time when a Secured Debt Default under a Series of Secured Debt that constitutes Parity Lien Debt has occurred and is continuing, within one Business Day of the receipt by it of any Act of Instructing Debtholders pursuant to Section 4.1(a)(iii), the Collateral Trustee shall deliver a copy of such Act of Instructing Debtholders to each Secured Debt Representative.

(d) Each Secured Debt Representative hereby agrees that:

(i) as soon as reasonably practicable after receipt of an officer's certificate from the Company pursuant to Section 4.1(b)(i) it will, to the extent required by such Section, either provide (x) the written confirmation required by Section 4.1(b)(iii), (y) a written statement that such release is not permitted by Section 4.1(a) or (z) a request for further information from the Company reasonably necessary to determine whether the proposed release is permitted by Section 4.1(a) and after receipt of such information such Secured Debt Representative will as soon as reasonably practicable either provide the written confirmation or statement required pursuant to clause (x) or (y), as applicable; and

(ii) within one Business Day of the receipt by it of any notice from the Collateral Trustee pursuant to Section 4.1(c)(ii), such Secured Debt Representative shall deliver a copy of such notice to each registered holder of the Series of Priority Lien Debt or Series of Parity Lien Debt for which it acts as Secured Debt Representative.

SECTION 4.2 Delivery of Copies to Secured Debt Representatives. The Company will deliver to each Secured Debt Representative a copy of each officer's certificate delivered to the Collateral Trustee pursuant to Section 4.1(b), together with copies of all documents delivered to the Collateral Trustee with such officer's certificate. The Secured Debt Representatives will not be obligated to take notice thereof or to act thereon, subject to Section

4.1(d).

SECTION 4.3 Collateral Trustee not Required to Serve, File or Record. The Collateral Trustee is not required to serve, file, register or record any instrument releasing or subordinating its security interest in any Collateral.

ARTICLE 5. IMMUNITIES OF THE COLLATERAL TRUSTEE

SECTION 5.1 No Implied Duty. The Collateral Trustee will not have any fiduciary duties nor will it have responsibilities other than those expressly assumed by it in this Agreement and the other Security Documents. The Collateral Trustee shall not be required to take any action which is contrary to applicable law or any provision of this Agreement or the other Security Documents.

SECTION 5.2 Appointment of Agents and Advisors. The Collateral Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, accountants, appraisers or other experts or advisors selected by it in good faith as it may reasonably require and shall not be responsible for any misconduct or negligence on the part of any of them.

SECTION 5.3 Other Agreements. The Collateral Trustee has accepted and is bound by the Security Documents executed by the Collateral Trustee as of the date of this Agreement and, as directed by an Act of Instructing Debtholders, the Collateral Trustee may execute additional Security Documents delivered to it after the date of this Agreement, provided, however, that such additional Security Documents do not adversely affect the rights, privileges, benefits and immunities of the Collateral Trustee. The Collateral Trustee shall not otherwise be bound by, or be held obligated by, the provisions of any credit agreement, indenture or other agreement governing Secured Debt (other than this Agreement and the other Security Documents).

SECTION 5.4 Solicitation of Instructions.

(a) The Collateral Trustee may at any time solicit written confirmatory instructions, in the form of an Act of Instructing Debtholders or an order of a court of competent jurisdiction, as to any action which it may be requested or required to take, or which it may propose to take, in the performance of any of its obligations under this Agreement.

(b) No written direction given to the Collateral Trustee by an Act of Instructing Debtholders, which in the sole judgment of the Collateral Trustee imposes, purports to impose or might reasonably be expected to impose upon the Collateral Trustee any obligation or liability not set forth in or arising under this Agreement and the other Security Documents shall be binding upon the Collateral Trustee unless the Collateral Trustee elects, at its sole option, to accept such direction.

SECTION 5.5 Limitation of Liability. The Collateral Trustee shall not be responsible or liable for any action taken or omitted to be taken by it hereunder or under any other Security Document, except for its own gross negligence, bad faith or willful misconduct as determined by a court of competent jurisdiction.

SECTION 5.6 Documents in Satisfactory Form. The Collateral Trustee shall be entitled to require that all agreements, certificates, opinions, instruments and other documents at

any time submitted to it, including those expressly provided for in this Agreement, be delivered to it in a form and with substantive provisions

reasonably satisfactory to it.

SECTION 5.7 Entitled to Rely. The Collateral Trustee may conclusively rely upon any certificate, notice or other document (including any facsimile) reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper person or persons and need not investigate any fact or matter stated in any such document. The Collateral Trustee may seek and rely upon any judicial order or judgment, upon any advice, opinion or statement of legal counsel, independent consultants and other experts selected by it in good faith and upon any certification, instruction, notice or other writing delivered to it by the Company or any other Obligor in compliance with the provisions of this Agreement or delivered to it by any Secured Debt Representative as to the Secured Debtholders for whom it acts, without being required to determine the authenticity thereof or the correctness of any fact stated therein or the propriety or validity of service thereof. The Collateral Trustee may act in reliance upon any instrument comporting with the provisions of this Agreement or any signature reasonably believed by it to be genuine and may assume that any person purporting to give notice or receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so. To the extent an officer's certificate or an opinion of counsel is required or permitted under this Agreement to be delivered to the Collateral Trustee in respect of any matter, the Collateral Trustee may rely conclusively on such officer's certificate or opinion of counsel as to such matter.

SECTION 5.8 Secured Debt Default. The Collateral Trustee shall not be required to inquire as to the occurrence or absence of any Secured Debt Default and shall not be affected by or required to act upon any notice or knowledge as to the occurrence of any Secured Debt Default unless and until it receives a Notice of Actionable Default or a Responsible Officer of the Collateral Trustee has actual knowledge that an Actionable Default has occurred and is continuing.

SECTION 5.9 Actions by Collateral Trustee. As to any matter not expressly provided for by this Agreement, the Collateral Trustee shall act or refrain from acting as directed by an Act of Instructing Debtholders and shall be fully protected if it does so.

SECTION 5.10 Security or Indemnity in favor of the Collateral Trustee. The Collateral Trustee shall not be required to advance or expend any funds or otherwise incur any financial liability in the performance of its duties or the exercise of its powers or rights hereunder unless it has been provided with security or indemnity reasonably satisfactory to it against any and all liability or expense which may be incurred by it by reason of taking or continuing to take such action.

SECTION 5.11 Rights of the Collateral Trustee. In the event there is any bona fide, good faith disagreement between the other parties to this Agreement or any of the other Security Documents resulting in adverse claims being made in connection with Collateral held by the Collateral Trustee and the terms of this Agreement or any of the other Security Documents do not unambiguously mandate the action the Collateral Trustee is to take or not to take in connection therewith under the circumstances then existing, or the Collateral Trustee is in doubt as to what action it is required to take or not to take hereunder, it shall be entitled to refrain from

taking any action (and shall incur no liability for doing so) until directed otherwise in writing by a request signed jointly by the parties hereto entitled to give such direction or by order of a court of competent jurisdiction.

SECTION 5.12 Limitations on Duty of Collateral Trustee in Respect of Collateral.

(a) Beyond the exercise of reasonable care in the custody of Collateral in its possession, the Collateral Trustee shall have no duty as to

any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Collateral Trustee shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and the Collateral Trustee shall not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Trustee in good faith.

(b) The Collateral Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Collateral Trustee, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of any Obligor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Collateral Trustee hereby disclaims any representation or warranty to the present and future holders of the Secured Obligations concerning the perfection of the Liens and security interests granted hereunder or in the value of any of the Collateral.

SECTION 5.13 Assumption of Rights, Not Assumption of Duties. Notwithstanding anything to the contrary contained herein, (a) each of the parties thereto shall remain liable under each of the Security Documents (other than this Agreement) to the extent set forth therein to perform all of their respective duties and obligations thereunder to the same extent as if this Agreement had not be executed, (b) the exercise by the Collateral Trustee of any of its rights, remedies or powers hereunder shall not release such parties from any of their respective duties or obligations under the other Security Documents and (c) the Collateral Trustee shall not be obligated to perform any of the obligations or duties of any of the parties thereunder other than the Collateral Trustee.

SECTION 5.14 No Liability for Clean Up of Hazardous Materials. In the event that the Collateral Trustee is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Collateral Trustee's sole discretion may cause the Collateral Trustee to be considered an "owner or operator" under the provisions of the

Comprehensive Environmental Response Cleanup and Liability Act or any similar Environmental Laws (collectively, "CERCLA") or otherwise cause the Collateral Trustee to incur, or be exposed to, any Environmental Liability or any liability under CERCLA or any other federal, state or local law, the Collateral Trustee reserves the right, instead of taking such action, either to resign as Collateral Trustee or to arrange for the transfer of the title or control of the asset to a court appointed receiver. The Collateral Trustee shall not be liable to any person for any Environmental Liability or any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of the Collateral Trustee's actions and conduct as authorized, empowered and directed hereunder or relating to the discharge, Release or threatened Release of Hazardous Materials into the environment.

ARTICLE 6. RESIGNATION AND REMOVAL OF THE COLLATERAL TRUSTEE

SECTION 6.1 Resignation or Removal of Collateral Trustee. Subject to

the appointment of a successor Collateral Trustee as provided in Section 6.2 and the acceptance of such appointment by the successor Collateral Trustee, (a) the Collateral Trustee may resign at any time by giving not less than 30 days' notice of resignation to each Secured Debt Representative and the Company and (b) the Collateral Trustee may be removed at any time, with or without cause, by an Act of Instructing Debtholders.

SECTION 6.2 Appointment of Successor Collateral Trustee. Upon any such resignation or removal, a successor Collateral Trustee may be appointed by an Act of Instructing Debtholders. If no successor Collateral Trustee shall have been so appointed and shall have accepted such appointment within 30 days after the predecessor Collateral Trustee gave notice of resignation or was removed, the retiring Collateral Trustee may (at the expense of the Company), at its option, appoint a successor Collateral Trustee, or petition a court of competent jurisdiction for appointment of a successor Collateral Trustee, which shall be a bank or trust company (a) authorized to exercise corporate trust powers, (b) having a combined capital and surplus of at least $500,000,000 and (c) maintaining an office in New York, New York. The Collateral Trustee shall fulfill its obligations hereunder until a successor Collateral Trustee meeting the requirements of this Section 6.2 has accepted its appointment as Collateral Trustee and the provisions of Section 6.3 have been satisfied.

SECTION 6.3 Succession. When the person so appointed as successor Collateral Trustee accepts such appointment:

(a) such person shall succeed to and become vested with all the rights, powers, privileges and duties of the predecessor Collateral Trustee, and the predecessor Collateral Trustee shall be discharged from its duties and obligations hereunder, and

(b) the predecessor Collateral Trustee shall promptly transfer all Liens and collateral security and other property of the Trust Estates within its possession or control to the possession or control of the successor Collateral Trustee and shall execute instruments and assignments as may be necessary or desirable or reasonably requested by the successor Collateral Trustee to transfer to the successor Collateral Trustee all Liens, interests, rights, powers and remedies of the predecessor Collateral Trustee in respect of the Security Documents or the Trust Estates.

Thereafter the predecessor Collateral Trustee shall remain entitled to enforce the immunities granted to it in Article 5 and the provisions of Sections 7.7 and 7.8.

ARTICLE 7. MISCELLANEOUS PROVISIONS

SECTION 7.1 Amendment.

(a) No amendment or supplement to the provisions of this Agreement or any other Security Document (to which the Collateral Trustee is a party) will be effective without the approval of the Collateral Trustee acting as directed by an Act of Instructing Debtholders, except that:

(i) any amendment or supplement that has the effect solely of adding or maintaining Collateral, securing additional Secured Debt that was otherwise permitted by the terms of the Secured Debt Documents to be secured by the Collateral or preserving or perfecting the Liens thereon or the rights of the Collateral Trustee therein will become effective when executed and delivered by the Company or any other applicable Obligor party thereto and the Collateral Trustee;

(ii) no amendment or supplement that reduces, impairs or adversely affects the right of any Secured Debtholder (A) to vote its outstanding Secured Debt as to any matter described as subject

to an Act of Instructing Debtholders (or amends the provisions of this clause (ii) or the definition of "Act of Instructing Debtholders" or "Actionable Default"), (B) to share in the order of application described in Section 3.4 in the proceeds of enforcement of or realization on any Collateral, in each case that has not been released in accordance with the provisions described in Section 4.1 or (C) to require that Liens securing Secured Obligations be released only as set forth in the provisions described in Section 4.1 shall become effective without the consent of the requisite percentage or number of holders of each Series of Secured Debt so affected under the applicable Secured Debt Document;

(iii) no amendment or supplement that imposes any obligation upon the Collateral Trustee or any Secured Debt Representative or adversely affects the rights of the Collateral Trustee or any Secured Debt Representative, respectively, in its capacity as such shall become effective without the consent of the Collateral Trustee or such Secured Debt Representative, respectively; and

(iv) any amendment or supplement that has the effect solely of adding a parallel debt hereunder in respect of any future Series of Secured Debt that shall become entitled to the benefits of this Agreement, which is in form substantially the same as the Credit Agreement Parallel Debt and the Indenture Parallel Debt contained herein, will become effective when executed and delivered by the Company or any other applicable Obligor party thereto, the applicable Secured Debt Representative with respect to such future Series of Secured Debt and the Collateral Trustee.

The Collateral Trustee shall not enter into any such amendment or supplement unless it shall have received an officer's certificate of the Company to the effect that such amendment or supplement will not result in a breach of any provision or covenant contained in any of the

Secured Debt Documents. Prior to executing any amendment or supplement pursuant to this Section 7.1, the Collateral Trustee shall be entitled to receive an opinion of counsel of the Company to the effect that the execution of such document is authorized or permitted hereunder, and with respect to amendments adding Collateral, an opinion of counsel of the Company addressing customary perfection, and if such additional Collateral consists of equity interests of any person, priority, matters with respect to such additional Collateral. Notwithstanding the foregoing, any amendment, supplement or other agreement regarding the provisions of the Security Documents that releases Collateral will be effective only in accordance with the requirements set forth in Section 4.1.

(b) The Collateral Trustee, acting as directed by an Act of Instructing Debtholders, and the Obligors may, at any time and from time to time, without the consent of any Parity Lien Secured Parties, enter into amendments or other written agreements supplemental to any Security Document that is a Priority Lien Document for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Security Document that is a Priority Lien Document or changing in any manner the rights of the holders of the Priority Lien Secured Parties or the Obligors thereunder. Any amendment or waiver of, or any consent under, any provision of any Priority Lien Document that is a Security Document (except to the extent that such amendment, waiver or consent, would have the effect of releasing Collateral from the Junior Trust Estate not in accordance with Section 4.1) shall apply automatically to any comparable provision of any comparable Parity Lien Document without the consent of or notice to any Parity Lien Secured Parties and without any action by any Obligor or any Parity Lien Secured Parties. The Company shall promptly notify the Parity Lien Secured Parties of any amendment or waiver of, or any consent under, any provision of any Priority Lien Document that is a Security Document that applies automatically to any comparable provision of any

comparable Parity Lien Document, which notice shall include a copy of such amendment, waiver or consent, as applicable, provided that the failure to give such notice shall not affect the validity of such amendment or waiver of, or consent under, the Priority Lien Documents.

(c) Without an Act of Instructing Debtholders, no Parity Lien Document that is a Security Document (but that is not also a Priority Lien Document) may be amended, supplemented or otherwise modified or entered into to the extent such amendment, supplement or modification, or the terms of any new Parity Lien Document that is a Security Document, would be inconsistent with any of the terms of the Priority Lien Documents or this Agreement. The Parity Lien Secured Parties agree that each Parity Lien Document that is a Security Document (but that is not also a Priority Lien Document) shall include the following language:

"Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Trustee pursuant to this Agreement and the exercise of any right or remedy by such Collateral Trustee hereunder are subject to the provisions of the Collateral Trust Agreement, dated as of December 23, 2003 (the "Collateral Trust Agreement") among Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent, the Collateral Trustee, Law Debenture Trust Company of New York, as Trustee, NRG Energy, Inc. and NRG Power Marketing Inc., as the Credit Agreement Borrowers, and the other Guarantors party thereto (as amended, modified or supplemented from time to time). In the event of any

conflict between the terms of the Collateral Trust Agreement and this Agreement, the terms of the Collateral Trust Agreement shall govern."

; provided, however, that if the jurisdiction in which any such Parity Lien Document shall be filed prohibits the inclusion of the language above or would prevent a document containing such language to be recorded of record, the Parity Debt Representatives and the Priority Debt Representatives agree, prior to such Parity Lien Document being entered into, to negotiate in good faith replacement language stating that the lien and security interest granted under such Parity Lien Document is subject to the provisions of this Agreement.

SECTION 7.2 Further Assurances The Company and each of the other Obligors shall do or cause to be done all acts and things which may be required, or which the Collateral Trustee from time to time may reasonably request, to assure and confirm that the Collateral Trustee holds, for the benefit of the holders of the applicable Secured Obligations, duly created and enforceable and except, with respect to any Series of Secured Debt, to the extent not required to be perfected by the Secured Debt Documents relating to such Series of Secured Debt, perfected Liens upon the Collateral, including after-acquired Collateral and any property or assets which become Collateral pursuant to the definition thereof after the date hereof, subject, in the case of Parity Lien Obligations with respect to the Collateral that secures such Parity Lien Obligations, only to the Priority Liens and those Liens that arise by operation of law and are not voluntarily granted, in each case as contemplated by the Secured Debt Documents.

Upon the reasonable request of the Collateral Trustee at any time and from time to time, the Company and each of the other Obligors shall promptly execute, acknowledge and deliver such security documents, instruments, certificates, notices and other documents, and take such other actions as shall be reasonably required, or that the Collateral Trustee may reasonably request, to create, perfect, protect, assure or enforce the Liens and benefits intended to be conferred, in each case as contemplated by the Secured Debt Documents for the benefit of the holders of Secured Obligations.

SECTION 7.3 Successors and Assigns.

(a) Except as provided in Section 5.2, the Collateral Trustee may not, in its capacity as such, delegate any of its duties or assign

any of its rights hereunder, and any attempted delegation or assignment of any such duties or rights shall be null and void. All obligations of the Collateral Trustee hereunder shall inure to the sole and exclusive benefit of, and be enforceable by, each Secured Debt Representative and each present and future holder of Secured Obligations, each of whom shall be entitled to enforce this Agreement as a third party beneficiary hereof, and all of their respective successors and assigns.

(b) Neither the Company nor any other Obligor may delegate any of its duties or assign any of its rights hereunder, and any attempted delegation or assignment of any such duties or rights shall be null and void. All obligations of the Company and the other Obligors hereunder shall inure to the sole and exclusive benefit of, and be enforceable by, the Collateral Trustee, each Secured Debt Representative and each present and future holder of Secured Obligations, each of whom shall be entitled to enforce this Agreement as a third party beneficiary hereof, and all of their respective successors and assigns.

SECTION 7.4 Delay and Waiver. No failure to exercise, no course of dealing with respect to the exercise of, and no delay in exercising, any right, power or remedy arising under this Agreement or any of the other Security Documents shall impair any such right, power or remedy or operate as a waiver thereof. No single or partial exercise of any such right, power or remedy shall preclude any other or future exercise thereof or the exercise of any other right, power or remedy. The remedies herein are cumulative and are not exclusive of any remedies provided by law.

SECTION 7.5 Notices. Any communications, including notices and instructions, between the parties hereto or notices provided herein to be given may be given to the following addresses:

If to the Collateral Trustee:

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
Mail Stop: NYC60-2710
New York, NY 10005
Attention: Annie Jaghatspanyan
Fax: (212) 797-8614

If to the Company or any other Obligor:

NRG Energy, Inc.
901 Marquette Avenue, Suite 2300
Minneapolis, MN 55402-3265
Attention: Treasurer, Chief Financial Officer and General Counsel
Fax: (612) 373-5312

If to the Administrative Agent:

Credit Suisse First Boston
Eleven Madison Avenue
New York, NY 10010
Attention: Julia Kingsbury
Fax: (212) 325-8304

If to the Trustee:

Law Debenture Trust Company of New York
767 Third Avenue, 31st Floor
New York, NY 10017
Attention: Estelle Lawrence
Fax: (212) 750-1361

and if to any other Secured Debt Representative, to such address as it may specify by written notice to the parties named above.

Each notice hereunder shall be in writing and may be

personally served or sent by facsimile or United States mail or courier service and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt of facsimile, or three business days after depositing it in the United States mail with postage prepaid

and properly addressed. Each party may change its address for notice hereunder to any other location within the continental United States by giving written notice thereof to the other parties as set forth in this Section 7.5.

Promptly following any Discharge of Priority Lien Obligation each Priority Debt Representative with respect to each applicable Series of Priority Lien Debt that is so discharged shall provide written notice of such discharge to the Collateral Trustee and to each other Secured Debt Representative.

SECTION 7.6 Entire Agreement. This Agreement states the complete agreement of the parties relating to the undertaking of the Collateral Trustee set forth herein and supersedes all oral negotiations and prior writings in respect of such undertaking.

SECTION 7.7 Compensation; Expenses.

The Obligors jointly and severally agree to pay, promptly upon demand:

(a) such compensation to the Collateral Trustee and its agents, co-agents and sub-agents as the Company and the Collateral Trustee shall agree in writing from time to time;

(b) all reasonable costs and expenses incurred in the preparation, execution, delivery, filing, recordation, administration or enforcement of this Agreement or any other Security Document or any consent, amendment, waiver or other modification relating thereto;

(c) all reasonable fees, expenses and disbursements of legal counsel and any auditors, accountants, consultants or appraisers or other professional advisors and agents engaged by the Collateral Trustee or any Secured Debt Representative incurred in connection with the negotiation, preparation, closing, administration, performance or enforcement of this Agreement and the other Security Documents or any consent, amendment, waiver or other modification relating thereto and any other document or matter requested by the Company;

(d) all reasonable costs and expenses of creating, perfecting, releasing or enforcing the Collateral Trustee's security interests in the Collateral, including filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees, and title insurance premiums;

(e) all other reasonable costs and expenses incurred by the Collateral Trustee or any Secured Debt Representative in connection with the negotiation, preparation and execution of the Security Documents and any consents, amendments, waivers or other modifications thereto and the transactions contemplated thereby or the exercise of rights or performance of obligations by the Collateral Trustee thereunder; and

(f) after the occurrence of any Secured Debt Default, all costs and expenses incurred by the Collateral Trustee or any Secured Debt Representative in connection with the preservation, collection, foreclosure or enforcement of the Collateral subject to the Security Documents or any interest, right, power or remedy of the Collateral Trustee or in connection with the collection or enforcement of any of the Secured Obligations or the proof, protection, administration or resolution of any claim based upon the Secured Obligations in any Bankruptcy

Case or Insolvency Proceeding, including all fees and disbursements of attorneys, accountants, auditors, consultants, appraisers and other professionals engaged by the Collateral Trustee or the Secured Debt Representatives.

The agreements in this Section 7.7 shall survive repayment of all other Secured Obligations and the removal or resignation of the Collateral Trustee.

SECTION 7.8 Indemnity.

(a) The Obligors jointly and severally agree to defend, indemnify, pay and hold harmless the Collateral Trustee, each Secured Debt Representative, each Secured Debtholder and each of their respective Affiliates and each and all of the directors, officers, partners, trustees, employees, attorneys and agents, and (in each case) their respective heirs, representatives, successors and assigns (each of the foregoing, an "Indemnitee") from and against any and all Indemnified Liabilities; provided, no Indemnitee shall be entitled to indemnification hereunder with respect to any Indemnified Liability to the extent such Indemnified Liability is found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(b) All amounts due under Section 7.8(a) shall be payable upon demand.

(c) To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in Section 7.8(a) may be unenforceable in whole or in part because they are violative of any law or public policy, each of the Obligors shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them.

(d) No Obligor shall ever assert any claim against any Indemnitee, on any theory of liability, for any lost profits or special, indirect or consequential damages or (to the fullest extent a claim for punitive damages may lawfully be waived) any punitive damages arising out of, in connection with, or as a result of, this Agreement or any other Secured Debt Document or any agreement or instrument or transaction contemplated hereby or relating in any respect to any Indemnified Liability, and each of the Obligors hereby forever waives, releases and agrees not to sue upon any claim for any such lost profits or special, indirect, consequential or (to the fullest extent lawful) punitive damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(e) The agreements in this Section 7.8 shall survive repayment of all other Secured Obligations and the removal or resignation of the Collateral Trustee.

SECTION 7.9 Severability. If any provision of this Agreement is invalid, illegal or unenforceable in any respect or in any jurisdiction, the validity, legality and enforceability of such provision in all other respects and of all remaining provisions, and of such provision in all other jurisdictions, shall not in any way be affected or impaired thereby.

SECTION 7.10 Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

SECTION 7.11 Obligations Secured. All obligations of the Obligors set forth in or arising under this Agreement shall be Secured Obligations and are secured by all Liens granted by the Security Documents.

SECTION 7.12 Governing Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of New York without regard to conflicts of law principles.

SECTION 7.13 Consent to Jurisdiction. All judicial proceedings brought against any party hereto arising out of or relating to this Agreement or any of the other Security Documents may be brought in any state or federal court of competent jurisdiction in the State, County and City of New York. By executing and delivering this Agreement, each Obligor, for itself and in connection with its properties, irrevocably (a) accepts generally and unconditionally the nonexclusive jurisdiction and venue of such courts, (b) waives any defense of forum non conveniens, (c) agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to such party at its address provided in accordance with Section 7.5, (d) agrees that service as provided in clause (c) above is sufficient to confer personal jurisdiction over such party in any such proceeding in any such court and otherwise constitutes effective and binding service in every respect and (e) agrees each party hereto retains the right to serve process in any other manner permitted by law or to bring proceedings against any party in the courts of any other jurisdiction.

SECTION 7.14 Waiver of Jury Trial. Each party hereto hereby agrees to waive its respective rights to a jury trial of any claim or cause of action based upon or arising under this Agreement or any of the other Security Documents or any dealings between them relating to the subject matter of this Agreement or the intents and purposes of the other Security Documents. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this Agreement and the other Security Documents, including contract claims, tort claims, breach of duty claims and all other common law and statutory claims. Each party hereto acknowledges that this waiver is a material inducement to enter into a business relationship, that each party hereto has already relied on this waiver in entering into this Agreement, and that each party hereto will continue to rely on this waiver in its related future dealings. Each party hereto further warrants and represents that it has reviewed this waiver with its legal counsel and that it knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable, meaning that it may not be modified either orally or in writing (other than by a mutual written waiver specifically referring to this Section 7.14 and executed by each of the parties hereto), and this waiver shall apply to any subsequent amendments, renewals, supplements or modifications of or to this Agreement or any of the other Security Documents or to any other documents or agreements relating thereto. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

SECTION 7.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

SECTION 7.16 Effectiveness. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by each party of written notification of such execution and written or telephonic authorization of delivery thereof.

SECTION 7.17 Additional Obligors. The Company shall cause each Subsidiary that becomes an Obligor or is required by any Secured Debt Document to become a party to this Agreement to become a party to this Agreement, for all purposes of this Agreement, by causing such subsidiary to execute and deliver to

the parties hereto a Collateral Trust Joinder, whereupon such subsidiary shall be bound by the terms hereof to the same extent as if it had executed and delivered this Agreement as of the date hereof. The Company agrees to provide each Secured Debt Representative with a copy of each Collateral Trust Joinder executed and delivered pursuant to this Section.

SECTION 7.18 Continuing Nature of this Agreement. This Agreement, including the subordination provisions hereof, shall be reinstated if at any time any payment or distribution in respect of any of the Priority Lien Obligations is rescinded or must otherwise be returned in an Insolvency Proceeding or a Bankruptcy Case or otherwise by any of the Priority Lien Secured Parties or any representative of any such party (whether by demand, settlement, litigation or otherwise). In the event that all or any part of a payment or distribution made with respect to the Priority Lien Obligations is recovered from any of the Priority Lien Secured Parties in an Insolvency Proceeding or a Bankruptcy Case or otherwise (and whether by demand, settlement, litigation or otherwise), any payment or distribution received by any of the Parity Lien Secured Parties with respect to the Parity Lien Obligations from the proceeds of any Collateral or any title insurance policy required by any real property mortgage at any time after the date of the payment or distribution that is so recovered, whether pursuant to a right of subrogation or otherwise, shall be deemed to have been received by the Parity Lien Secured Parties in trust as property for the Priority Lien Secured Parties and the Parity Lien Secured Parties shall forthwith deliver such payment or distribution to the Collateral Trustee, for the benefit of the Priority Lien Secured Parties, for application to the Priority Lien Obligations until such Priority Lien Obligations shall have been paid in full in cash and all commitments in respect of Priority Lien Obligations shall have been terminated.

SECTION 7.19 Insolvency. This Agreement shall be applicable both before and after the commencement of any Insolvency Proceeding or Bankruptcy Case by or against any Obligor. The relative rights, as provided for in this Agreement, shall continue after the commencement of any such Insolvency Proceeding or Bankruptcy Case on the same basis as prior to the date of the commencement of any such case, as provided in this Agreement.

SECTION 7.20 Rights and Immunities of Secured Debt Representatives. The Administrative Agent shall be entitled to all of the rights, protections, immunities and indemnities set forth in the Credit Agreement, the Trustee shall be entitled to all of the rights, protections, immunities and indemnities set forth in the Indenture and any future Secured Debt Representative shall be entitled to all of the rights, protections, immunities and indemnities set forth in the credit agreement, indenture or other agreement governing the applicable Secured Debt with respect to which such person shall act as representative, in each case as if specifically set forth herein. In no event shall any Secured Debt Representative be liable for any act or omission on the part of the Obligors or the Collateral Trustee hereunder.

ARTICLE 8. CREDIT AGREEMENT PARALLEL DEBT FOR DUTCH AND SWISS SECURITY INTERESTS

Without prejudice to the provisions of the Credit Agreement, and for the purpose of ensuring and preserving the validity and continuity of the security interests granted and to be granted under or pursuant to the Dutch Security Documents and the Swiss Security Documents, the Credit Agreement Borrowers hereby irrevocably and unconditionally undertake to pay to the Collateral Trustee amounts equal to and in the currency of the total amount of the Secured Obligations (as defined in the Credit Agreement), which from time to time are due in accordance with and under the same terms and conditions as each of the Secured Obligations (such payment undertakings and the obligations and liabilities which are the result thereof hereinafter referred to as the "Credit Agreement Parallel Debt").

The Credit Agreement Borrowers and the Collateral Trustee

acknowledge that (i) for this purpose the Credit Agreement Parallel Debt constitutes undertakings, obligations and liabilities of the Credit Agreement Borrowers to the Collateral Trustee which are separate and independent from, and without prejudice to, the corresponding Secured Obligations which exist between the Credit Agreement Borrowers and the Secured Parties (as defined in the Credit Agreement) and (ii) the Credit Agreement Parallel Debt represents the Collateral Trustee's own claims (vorderingen op naam) (Forderung in eigenem Namen) to receive payment of the Credit Agreement Parallel Debt, provided that the total amount of the Credit Agreement Parallel Debt shall never exceed the total amount of the Secured Obligations.

Every payment of monies made by the Credit Agreement Borrowers or the applicable Guarantors to the Administrative Agent (as defined in the Credit Agreement) regarding the Credit Agreement shall, conditionally upon such payment not subsequently being voided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, liquidation or similar laws of general application, be in satisfaction pro tanto of the covenant by the Credit Agreement Borrowers contained in the first paragraph of this Article 8, provided that, if any such payment as is mentioned above is subsequently voided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, liquidation or similar laws of general application, the Collateral Trustee shall be entitled to receive a corresponding amount as Credit Agreement Parallel Debt under the first paragraph under this Article 8 from the Credit Agreement Borrowers and the Credit Agreement Borrowers shall remain liable to satisfy such Credit Agreement Parallel Debt and such Credit Agreement Parallel Debt shall be deemed not to have been discharged.

Subject to the provisions of the first paragraph of this Article 8, but notwithstanding any of the other provisions of this Article 8:

(a) the total amount due and payable as Credit Agreement Parallel Debt under this Article 8 shall be decreased to the extent the Credit Agreement Borrowers or the applicable Guarantors shall have paid any amounts to the Secured Parties or any of them to reduce the outstanding Secured Obligations or any of the Secured Parties otherwise receives any amount in payment of the Secured Obligations; and

(b) to the extent that the Credit Agreement Borrowers or the applicable Guarantors shall have paid any amounts to the Collateral Trustee under the Credit Agreement Parallel Debt or the Collateral Trustee otherwise shall have received monies in payment of the Credit Agreement Parallel Debt, the total amount due and payable under the Secured Obligations shall be decreased as if said amounts were received directly in payment of the Secured Obligations.

For the avoidance of doubt, in the event that the Credit Agreement Borrowers are in default in respect of the Secured Obligations, as set forth in the Credit Agreement, the Credit Agreement Borrowers shall, at the same time, be deemed in default in respect of their obligations under the Credit Agreement Parallel Debt.

ARTICLE 9. INDENTURE PARALLEL DEBT FOR DUTCH AND SWISS SECURITY INTERESTS

Without prejudice to the provisions of the Indenture, and for the purpose of ensuring and preserving the validity and continuity of the security interests granted under or pursuant to the Dutch Security Documents and the Swiss Security Documents, the Company hereby irrevocably and unconditionally undertakes to pay to the Collateral Trustee amounts equal to and in the currency of the total amount of the Parity Lien Obligations in respect of the Notes, which from time to time are due in accordance with and under the same terms and conditions as each of the Notes and the Indenture (such payment undertakings and the obligations and liabilities which are the result thereof hereinafter referred to as the "Indenture Parallel Debt").

The Company and the Collateral Trustee acknowledge that (i)

for this purpose the Indenture Parallel Debt constitutes undertakings, obligations and liabilities of the Company to the Collateral Trustee which are separate and independent from, and without prejudice to, the corresponding Parity Lien Obligations in respect of the Notes that are issued by the Company to the holders of the Notes and (ii) that the Indenture Parallel Debt represents the Collateral Trustee's own claims (vorderingen op naam) (Forderung in eigenem Namen) to receive payment of the Indenture Parallel Debt, provided that the total amount of the Indenture Parallel Debt shall never exceed the total amount of the Parity Lien Obligations in respect of the Notes.

Every payment of monies made by the Company or the applicable Guarantors to the Trustee regarding the Parity Lien Obligations in respect of the Notes shall, conditionally upon such payment not subsequently being voided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, liquidation or similar laws of general application, be in satisfaction pro tanto of the covenant by the Company contained in the first paragraph of this Article 9, provided that, if any such payment as is mentioned above is subsequently voided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, liquidation or similar laws of general application, the Collateral Trustee shall be entitled to receive a corresponding amount as Indenture Parallel Debt under the first paragraph of this Article 9 from the Company and the Company shall remain liable to satisfy such Indenture Parallel Debt and such Indenture Parallel Debt shall be deemed not to have been discharged.

Subject to the provision in the first paragraph in this Article 9, but notwithstanding any of the other provisions of this Article 9:

(a) the total amount due and payable as Indenture Parallel Debt under this Article 9 shall be decreased to the extent the Company or the applicable Guarantors shall have paid any amounts to the holders or any of them to reduce the outstanding Parity Lien Obligations in respect of the Notes or any of the holders otherwise receives any amount in payment of the Parity Lien Obligations in respect of the Notes; and

(b) to the extent that the Company shall have paid any amounts to the Collateral Trustee under the Indenture Parallel Debt or the Collateral Trustee otherwise shall have received monies in payment of the Indenture Parallel Debt, the total amount due and payable under the Parity Lien Obligations in respect of the Notes shall be decreased as if said amounts were received directly in payment of the Parity Lien Obligations in respect of the Notes.

For the avoidance of doubt, in the event that the Company is in default in respect of the Parity Lien Obligations in respect of the Notes, as set forth in the Indenture, the Company shall, at the same time, be deemed in default in respect of its obligations under the Indenture Parallel Debt.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Collateral Trust Agreement to be executed by their respective officers or representatives hereunto duly authorized as of the day and year first above written.

The Borrowers:

NRG ENERGY, INC.,

By: _____

Name:
Title:

NRG POWER MARKETING INC.,

By: _____
Name:
Title:

The Guarantors:

[INSERT AS APPLICABLE]

By: _____
Name:
Title:

The Administrative Agent:

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch,

By: _____
Name:
Title:

By: _____
Name:
Title:

The Trustee:

LAW DEBENTURE TRUST COMPANY OF
NEW YORK, not in its individual capacity
but as Trustee under the Indenture,

By: _____
Name:
Title:

The Collateral Trustee:

DEUTSCHE BANK TRUST COMPANY AMERICAS,

By: _____
Name:
Title:

Exhibit A to
Collateral Trust Agreement

Collateral Trust Joinder

The undersigned, _____, a _____, hereby agrees to become party as [an Obligor] [a Parity Debt Representative] [a Priority Debt Representative] under the Collateral Trust Agreement dated as of December 23, 2003, by and among NRG Energy, Inc., a Delaware corporation, NRG Power Marketing Inc., Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent under the Credit Agreement (as defined therein), Law Debenture Company of New York, as Trustee under the Indenture (as

defined therein), and Deutsche Bank Trust Company Americas, as Collateral Trustee, for all purposes thereof on the terms set forth therein, and to be bound by the terms of said Collateral Trust Agreement as fully as if the undersigned had executed and delivered said Collateral Trust Agreement as of the date thereof.

The provisions of Article 7 of said Collateral Trust Agreement shall apply with like effect to this Joinder.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Joinder as of _____, 20____.

[_____]

By: _____
Name:
Title:

EXHIBIT 4.9

EXECUTION COPY

AMENDED AND RESTATED COMMON AGREEMENT

among

XL CAPITAL ASSURANCE INC.
(XLCA)

GOLDMAN SACHS MITSUI MARINE DERIVATIVE PRODUCTS, L.P.
(Swap Counterparty)

LAW DEBENTURE TRUST COMPANY OF NEW YORK
(Trustee)

THE BANK OF NEW YORK
(Collateral Agent)

NRG PEAKER FINANCE COMPANY LLC
(Issuer)

and

EACH PROJECT COMPANY PARTY HERETO
(Project Companies)

DATED AS OF JANUARY 6, 2004

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INDEX OF ANNEXES AND EXHIBITS

This AMENDED AND RESTATED COMMON AGREEMENT (as amended, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), dated as of January 6, 2004, is entered into among (1) XL Capital Assurance Inc., a New York stock insurance company ("XLCA"), (2) Goldman Sachs Mitsui Marine Derivative Products, L.P., a Delaware limited partnership (the "Swap Counterparty"), (3) Law Debenture Trust Company of New York, a New York limited purpose trust company, not in its individual capacity but solely as successor trustee to The Bank of New York for the benefit of the holders of the Bonds (the "Bondholders") (in such capacity, the "Trustee"), (4) The Bank of New York, as collateral agent for the benefit of the Secured Parties (in such capacity, the "Collateral Agent"), (5) NRG Peaker Finance Company LLC, a

Delaware limited liability company, as Issuer (the "Issuer"), and (6) each party hereto identified as a Project Company on the signature pages hereto (each a "Project Company" and, collectively, the "Project Companies").

RECITALS

WHEREAS:

A. The Projects comprise five natural gas-fired electric generation facilities located in Louisiana and Illinois. The electric generation facilities comprising the Projects are peaker facilities designed to generate electricity during periods of peak demand for electricity.

B. Each Project is owned by an indirect wholly-owned subsidiary of NRG Energy. The Issuer is an indirect wholly-owned subsidiary of NRG Energy.

C. The Issuer issued and sold its Series A Bonds in an offering in reliance on Rule 144A and Regulation S under the Securities Act. All proceeds from the sale of the Series A Bonds were used by the Issuer to loan specified amounts to the Bayou Cove Project Company, the Rockford I Project Company and the Rockford II Project Company in exchange for the Project Loan Agreements such Project Companies executed and delivered to the Issuer.

D. The Project Companies used the proceeds from their respective loans to (i) reimburse NRG Energy for NRG Energy's costs of having constructed and/or acquired the Projects (including interest incurred during construction), (ii) pay the Premium and all additional amounts required to be paid to XLCA pursuant to the Policy and the Insurance and Reimbursement Agreement (iii) deposit $11,279,588 in a designated account pursuant to the original Depositary Agreement, dated as of the Original Closing Date, among the Issuer, each Project Company, the Collateral Agent and the Depository Agent (the "Original Depositary Agreement") and (iv) pay transaction fees and costs.

E. The Issuer will pay the principal of and interest on the Series A Bonds in accordance with the terms of the Indenture.

F. The Issuer has entered into the Swap Agreement with the Swap Counterparty pursuant to which the Issuer will make fixed rate interest rate payments to

the Swap Counterparty and the Swap Counterparty will make floating rate interest payments to the Issuer.

G. Regularly scheduled payments of principal of and interest on the Series A Bonds are unconditionally and irrevocably guaranteed by XLCA pursuant to, and subject to, the Policy and the Insurance and Reimbursement Agreement in exchange for the payment of the Premium by the Issuer to XLCA as set forth in the Premium Letter.

H. Regularly scheduled payments of Swap Payment Amounts are unconditionally and irrevocably guaranteed by XLCA pursuant to, and subject to, the Swap Policy and the Insurance and Reimbursement Agreement in exchange for the payment of the Swap Policy Premium by the Issuer to XLCA as set forth in the Premium Letter.

I. Pursuant to and in accordance with the now terminated Contingent Guaranty Agreement, dated as of the Original Closing Date by NRG Energy in favor of the Collateral Agent (the "Contingent Guaranty Agreement"), NRG Energy was obligated to make certain payments under circumstances specified in the Contingent Guaranty Agreement.

J. Pursuant to and in accordance with the Insurance and

Reimbursement Agreement, the Issuer is obligated to reimburse XLCA in respect of payments (if any) made by XLCA pursuant to the Policy and/or the Swap Policy and in respect of other amounts specified in the Insurance and Reimbursement Agreement.

K. Pursuant to the Issuer Collateral Documents, the Issuer's obligations owed to the Secured Parties are secured by a first priority lien for the benefit of the Secured Parties on the membership interests in the Issuer and all of the property and assets of the Issuer (including the Project Loan Notes).

L. Pursuant to the Guaranties, each of the Project Companies guarantees unconditionally and irrevocably the obligations and indebtedness of the Issuer in respect of the Guaranteed Obligations, which Guaranties are, pursuant to the Project Company Collateral Documents, secured by a first priority lien for the benefit of the Secured Parties on the membership interests in each Project Company (other than the Big Cajun Project Company and the Sterlington Project Company) and on all or substantially all of the property and assets of each Project Company.

M. As a condition precedent to the issuance of the Series A Bonds, the Policy and the Swap Policy and the execution of the Swap Agreement by the Swap Counterparty, the Parties hereto executed and delivered the original Common Agreement, dated as of June 18, 2002, among XLCA, the Swap Counterparty, the Original Trustee, the Collateral Agent, the Issuer and each Project Company (the "Original Common Agreement").

N. On May 12, 2003, as a consequence of certain Issuer Events of Default under the Original Common Agreement, XLCA, as Controlling Party, declared and made all sums of accrued and outstanding principal, accrued

but unpaid interest and accrued but unpaid premium remaining under the Financing Documents, together with all unpaid amounts, fees, costs and charges due under any Financing Documents, immediately due and payable (the "Acceleration").

O. On May 14, 2003, NRG Energy and certain of its subsidiaries filed voluntary petitions for bankruptcy under Chapter 11 of the United States Bankruptcy Code (the "NRG Bankruptcy").

P. Following the Acceleration and the NRG Bankruptcy, NRG Energy, NRG Power Marketing, the Issuer, the Project Companies and XLCA agreed to implement a financial restructuring of the Obligations (the "Restructuring") substantially on the terms set forth in a Restructuring Agreement, dated as of September 18, 2003, by and among NRG Energy, NRG Power Marketing, the Issuer, the Project Companies and XLCA (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Restructuring Agreement").

Q. On October 1, 2003, the United States District Court for the Southern District of New York entered an order (the "Approval Order") in the NRG Bankruptcy authorizing and approving the transactions provided in the Restructuring Agreement including the execution and delivery of this Agreement by the parties hereto. The Approval Order became a Final Order on October 11, 2003.

R. It is a condition precedent to the consummation of the Restructuring that the parties hereto shall have executed and delivered this Agreement.

NOW THEREFORE, in consideration of the premises contained

herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and as an inducement to the consummation of the Restructuring, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS AND RULES OF INTERPRETATION

1.1 Definitions. Capitalized terms defined in the preamble of this Agreement shall have the meanings given to them in the preamble of this Agreement and, except as otherwise expressly provided in this Agreement, capitalized terms used in the preamble, the recitals and in this Agreement shall have the meanings given in Annex A hereto.

1.2 Rules of Interpretation. Except as otherwise expressly provided in this Agreement, the rules of interpretation set forth in Annex A hereto shall apply to this Agreement.

1.3 Accounting Principles and Terms. Except as otherwise provided in this Agreement, (a) all computations and determinations as to financial matters, and all financial statements to be delivered under this Agreement, shall be made or prepared in accordance with GAAP (including principles of consolidation where appropriate but excluding footnote disclosure on interim financial statements) and on a consistent basis (except to the extent approved or required by the independent public accountants certifying such statements and

disclosed therein), and (b) all accounting terms used in this Agreement shall have the meanings respectively ascribed to such terms by GAAP.

ARTICLE 2
AFFIRMATIVE COVENANTS OF ISSUER

The Issuer covenants and agrees that it shall perform the covenants set forth in this Article 2 (unless waived in accordance with Section 9.2 of this Agreement).

2.1 Use of Proceeds and Revenues.

(a) Proceeds. Unless otherwise expressly provided herein or in the Depositary Agreement, the Issuer shall use all the proceeds from the sale of the Series A Bonds to lend to each of the Bayou Cove Project Company, the Rockford I Project Company and the Rockford II Project Company such Project Company's Project Loan Amount pursuant to the Project Loan Agreement to which such Project Company is a party.

(b) Revenues. Unless otherwise expressly provided herein or in the Depositary Agreement, the Issuer shall deposit, or cause to be deposited, all Project Revenues paid to or otherwise received by the Issuer in the applicable Account in accordance with the terms of the Depositary Agreement.

2.2 Notices. The Issuer shall promptly, upon acquiring notice or giving notice, as the case may be, or obtaining knowledge thereof, give written notice (together with copies of any underlying notices or other documentation) to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any such written notice received by it to any other Person) of:

(a) any action, suit, arbitration or litigation pending or threatened against the Issuer and (i) involving claims against the Issuer or (ii) involving any injunctive, declaratory or other equitable relief that, if determined adversely to the Issuer, could reasonably be expected to have an Issuer Material Adverse Effect, such notice to include, if reasonably requested by the Controlling Party, copies of all material papers filed in such litigation involving the Issuer, and, if reasonably requested by the Controlling Party,

such notice to be given monthly if any such papers have been filed since the last notice given;

(b) (i) any action, suit, arbitration or litigation pending or threatened against the Issuer involving any Governmental Authority or (ii) any dispute or disputes which may exist between the Issuer and any Governmental Authority and which involve (A) claims against the Issuer, or (B) injunctive or declaratory relief that, if adversely determined, could reasonably be expected to have an Issuer Material Adverse Effect;

(c) any Issuer Event of Default or Issuer Inchoate Default, together with a description of any action being taken or proposed to be taken with respect thereto;

(d) any matter which has had or, in the Issuer's reasonable judgment, could reasonably be expected to have, an Issuer Material Adverse Effect;

(e) any change in ratings given to the Issuer by Moody's or S&P, including the placement of the Issuer on "credit watch negative" or a similar status, and, to the extent the Issuer, any Project Company or NRG Energy has been notified in writing by any Rating Agency, any change in the Shadow Ratings; and

(f) any other documentation or other information reasonably requested by XLCA (if XLCA is the Controlling Party).

Notwithstanding the foregoing, the Issuer shall not be required to give notice of any matter described in this Section 2.2 that is described in any Form 10-K, 10-Q or 8-K or other form or document filed by the Issuer or any of its Affiliates with the Securities and Exchange Commission and available on the Securities and Exchange Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system.

2.3 Financial Statements; Reports. The Issuer shall deliver or cause to be delivered to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any financial statements or other information provided to it under this Section 2.3 to any other Person):

(a) as soon as available and in any event within 120 days after the end of each fiscal year of the Issuer, an audited combined and combining balance sheet of the Issuer and each of the Project Companies as of the end of such fiscal year and the related audited combined and combining statements of income, retained earnings and cash flow for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, to the extent available, all reported on by an independent public accountant of nationally recognized standing;

(b) as soon as available and in any event within 45 days after the end of each fiscal quarter, unaudited combined and combining statement of cash flow of the Issuer and each of the Project Companies as of and for such fiscal quarter in reasonable detail and prepared in accordance with GAAP applied on a consistent basis;

(c) on or before the last Business Day of each month, unaudited combined and combining financial statements of the Issuer and each of the Project Companies as of and for the preceding month, which shall include a combined and combining balance sheet, a combined and combining statement of income and an EBITDA Statement, each in reasonable detail and prepared in accordance with GAAP applied on a consistent basis;

Each time financial statements are delivered under this Section 2.3, along with such financial statements, the Issuer or the Project

Companies, as applicable, shall also deliver a certificate signed by a Responsible Officer of the Issuer or the Project Companies, as applicable, certifying, in such Responsible Officer's capacity as an officer of the Issuer or the Project Companies, as applicable, that such officer has made or caused to be made a review of the transactions and financial conditions of the Issuer or each of the Project Companies during the relevant fiscal period and that such review has not, to the best of such Responsible Officer's knowledge disclosed the existence of any event or condition which constitutes an Issuer Event of Default, an Issuer Inchoate Default, a Project Event of Default and/or a Fundamental Project Event of Default and if any such event or condition existed or exists, the certificate shall describe

the nature thereof and the corrective actions that the Issuer and/or any of the Project Companies, as applicable, has taken or proposes to take with respect thereto. The Responsible Officer shall also certify, in such Responsible Officer's capacity as an officer of the Issuer or the Project Companies, as applicable, in such certificate that the Issuer or each of the Project Companies is in compliance with all applicable material provisions of each Financing Document to which the Issuer and/or any of the Project Companies are a party or, if such is not the case, such certificates shall state the nature of such non-compliance and the corrective actions which the Issuer and/or any of the Project Companies, as applicable, has taken or proposes to take with respect thereto.

(d) on or before the last Business Day of each month, the following reports:

(i) a Monthly Affiliated Transaction Report for the Issuer and each Project Company substantially in the form of Exhibit A attached hereto;

(ii) a Monthly Operations Report for each Project Company setting forth the information required under Exhibit B attached hereto and any additional information reasonably requested by the Independent Engineer;

(iii) a Monthly O&M Expense Report for each Project Company substantially in the form of Exhibit C attached hereto;

(iv) a Monthly Power Marketing Performance Tracking Report for each Project Company substantially in the form of Exhibit D attached hereto;

(v) a Monthly Power Marketing Report for each Project Company substantially in the form of Exhibit E attached hereto;

(vi) copies of all invoices for the month immediately preceding such month delivered by, the provider(s) of services under the O&M Agreements for the Big Cajun Project Company, the Sterlington Project Company and the Bayou Cove Project Company;

(vii) copies of all invoices for the month immediately preceding such month delivered by Indeck Operations, Inc. with respect to the Indeck OMA; and

(viii) copies of all invoices for the preceding month delivered under the Energy Marketing Services Agreement.

(e) promptly upon receipt by the applicable Project Company, any statement or documentation relating to the calculation of bonus or penalty of, and any notice of amendment or modification to the methodology for such calculation, delivered by the provider(s) of services under the O&M Agreements for the Big Cajun Project Company, the Sterlington Project Company or the Bayou Cove Project Company.

2.4 Inspection of Books and Records. The Issuer shall keep proper books of accounts and records in accordance with GAAP and in compliance in all material respects with all applicable Legal Requirements and make the same available for inspection by the Controlling Party.

2.5 Compliance with Laws. The Issuer shall comply with all applicable Legal Requirements, except where non-compliance could not reasonably be expected to have an Issuer Material Adverse Effect.

2.6 Existence, Conduct of Business, etc. The Issuer shall (a) maintain and preserve (i) its existence as a limited liability company formed under the laws of the State of Delaware (other than as permitted by Section 9.01 of the Indenture), and (ii) all rights, privileges and franchises necessary or desirable in the normal conduct of its business, (b) perform all of its contractual obligations under the Financing Documents and (c) engage only in the businesses (i) contemplated by the Financing Documents as represented in Section 2.1(o)(ii)(C) of the Insurance and Reimbursement Agreement or (ii) otherwise expressly permitted by the Financing Documents. Without limiting the generality of clause (c) in the preceding sentence, the Issuer shall not (A) enter into any Project Document or any Additional Project Document (other than in connection with activities expressly permitted by the Financing Documents), (B) hold any equity, voting or other interest in any Person, or (C) have any employees.

2.7 Calculation of Ratios and Other Compliance Calculations.

(a) Within 20 days after each Determination Date, the Issuer shall deliver to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any such certificate received by it to any other Person) a certificate in the form of Exhibit F providing the calculation of the Debt Service Coverage Ratio for the Determination Period ending on such Determination Date. If XLCA is the Controlling Party, XLCA shall notify the Issuer of any errors in the calculation of the Debt Service Coverage Ratio within 10 days after receipt of the Issuer's certificate and the Issuer and XLCA shall diligently work to agree on the correction of any such errors. If the Issuer and XLCA are unable to agree on the correction of any such errors within 5 days after notification by XLCA to the Issuer of any such errors, such dispute shall be resolved by the Power and Fuel Market Consultant within 3 days after submission of the dispute to the Power and Fuel Market Consultant. The Issuer shall deliver a corrected certificate to the Collateral Agent and XLCA within 3 days after agreement by the Issuer and XLCA, or resolution by the Power and Fuel Market Consultant, on the correction of any such errors. If XLCA is not the Controlling Party, the certificate originally delivered by the Issuer to the Collateral Agent shall be final and conclusive.

(b) Within 20 days after each Determination Date, the Issuer shall deliver to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any such certificate received by it to any other Person) a certificate in the form of Exhibit G with the calculation of the Experience Amount Percentage for each Project Company for the Determination Period ending on such Determination Date. If XLCA is the Controlling Party, XLCA shall notify the Issuer of any errors in the calculation of the Experience Amount Percentage within 10 days after receipt of the Issuer's certificate and the Issuer and XLCA shall diligently work to agree on the correction of any such errors. If the Issuer and XLCA are unable to agree on the correction of any such errors within 5 days after notification by XLCA to the Issuer of any such errors, such dispute shall be resolved by the Power and Fuel Market Consultant within 3 days after submission of the dispute to the Power and Fuel Market Consultant. The Issuer shall deliver a

corrected certificate to the Collateral Agent and XLCA within 3 days after agreement by the Issuer and XLCA, or resolution by the Power and Fuel Market Consultant, on the correction of any such errors. If XLCA is not the Controlling Party, the certificate originally delivered by the Issuer tot he Collateral Agent shall be final and conclusive.

(c) Within 20 days after each Determination Date, the Issuer shall deliver to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any such certificate received by it to any other Person) a certificate in the form of Exhibit O providing the calculation of the Major Maintenance Reserve Amount for the Determination Period ending on such Determination Date. If XLCA is the Controlling Party, XLCA shall notify the Issuer of any errors in the calculation of the Major Maintenance Reserve Amount within 10 days after receipt of the Issuer's certificate and the Issuer and XLCA shall diligently work to agree on the correction of any such errors. If the Issuer and XLCA are unable to agree on the correction of any such errors within 5 days after notification by XLCA to the Issuer of any such errors, such dispute shall be resolved by the Independent Engineer within 10 days after submission of the dispute to the Independent Engineer. The Issuer shall deliver a corrected certificate to the Collateral Agent and XLCA within 3 days after agreement by the Issuer and XLCA, or resolution by the Independent Engineer, on the correction of any such errors. If XLCA is not the Controlling Party, the certificate originally delivered by the Issuer to the Collateral Agent shall be final and conclusive.

(d) Commencing on the third anniversary of the Closing Date, the Issuer may, no more than once in any three year period, request the Independent Engineer to determine, in consultation with the Power and Fuel Market Consultant, whether the Major Maintenance Reserve Account is overfunded or underfunded to provide for the Major Maintenance Payment for all Projects. If the Independent Engineer determines that the Major Maintenance Reserve Account is materially underfunded, the Issuer shall amend the Major Maintenance Reserve Account Funding Guideline attached to the Major Maintenance Reserve Certificate only with respect to the amount of Major Maintenance Reserve Account funding required for each Project per Factored Start, Equivalent Operating Hour or Equivalent Start (as such terms are defined in the Major Maintenance Reserve Account Funding Guideline) on a going forward basis as reasonably determined by the Independent Engineer. If the Independent Engineer determines that the Major Maintenance Reserve Account is overfunded and such over funding is greater than $500,000 as of such determination date, such excess amount shall be transferred from the Major Maintenance Reserve Account to the Revenue Account in accordance with the Depositary Agreement.

2.8 Further Assurances.

(a) The Issuer shall preserve the security interests in the Issuer Collateral and shall undertake all actions which are necessary or advisable under applicable law in such manner and in such jurisdictions to (i) perfect and maintain the Collateral Agent's security interest in the Issuer Collateral in full force and effect at all times (including the priority thereof) and (ii) preserve and protect the Issuer Collateral and protect and enforce the Issuer's rights and title and the rights of the Collateral Agent to the Issuer Collateral, including the preparation, making

or delivery of all filings and recordations, the payment of fees and other charges and the issuance of supplemental documentation.

(b) The Issuer shall perform such reasonable acts as may be necessary to carry out the intent of this Agreement and the other Financing Documents.

(c) The Issuer shall cause its equity interests to be

"certificated securities" as defined in Article 8 of the UCC and include in its limited liability company agreement language (consistent with Section 8-103(c) of the UCC) to the effect that such equity interests are "securities" (as such term is defined in Article 8 of the UCC) governed by Article 8 of the UCC.

2.9 Taxes. The Issuer shall pay and discharge promptly when due all material Taxes and governmental charges imposed upon it or upon its income or profits or in respect of its property, in each case before the same shall become delinquent or in default and before penalties accrue thereon, unless and to the extent the same are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside, and failure to pay or comply with the contested item could not reasonably be expected to have an Issuer Material Adverse Effect.

2.10 Notice of Redemption. The Issuer shall give notice to XLCA of any redemption for any reason of any Bonds no later than the time a redemption notice in respect of the redemption of such Bonds is given by the Issuer or the Trustee in accordance with the Indenture.

2.11 Swap Agreement. The Issuer shall at all times be a party to an interest rate swap agreement in respect of the Series A Bonds on the same or similar terms (with adjustments to the aggregate notional amount as appropriate) as the Swap Agreement and if for any reason the Issuer is not a party to the Swap Agreement or if the Swap Agreement terminates, the Issuer shall ensure that it is party to a Replacement Swap Agreement such that at no time shall the Issuer not be a party to such an interest rate swap agreement, provided, however, that the Issuer's obligations to enter into a Replacement Swap Agreement pursuant to this Section 2.11 shall be expressly conditioned upon XLCA's agreement to provide a financial guaranty to the replacement swap provider on the same or similar terms as the Swap Policy. The Issuer shall be required to apply any amounts received from any replacement swap provider in connection with the Issuer's entry into a Replacement Swap Agreement (a) first, toward the satisfaction of any Swap Breakage Costs due and owing to the original Swap Counterparty under the Swap Agreement, and (b) second, to reimburse XLCA for any payments made under the Swap Policy constituting termination payments in connection with an early termination of the Swap Agreement to the extent not previously reimbursed. The Issuer shall terminate or partially terminate the Swap Agreement, in each case subject to its terms and conditions, such that at no time shall the aggregate notional amount under the Swap Agreement exceed the then outstanding aggregate principal amount of the Series A Bonds.

2.12 Corporate Services Agreement.

(a) The Issuer shall terminate the Corporate Services Agreement pursuant to its terms upon any material default or material breach by NRG Energy thereunder, if XLCA (as long as XLCA is the Controlling Party) so directs.

(b) The Issuer agrees that in the event of a termination pursuant to Section 2.12(a), XLCA (if XLCA is the Controlling Party) shall have the right to consent to the selection of a replacement corporate service provider, which consent shall not be unreasonably withheld.

2.13 Annual Operations Budget; Request for Expenditures.

(a) As soon as available and in any event no later than 45 days prior to the end of each fiscal year, the Issuer shall deliver, or cause to be delivered, to the Independent Engineer and XLCA (if XLCA is the Controlling Party) an Annual Operations Budget in the form of Exhibit P. The Independent Engineer shall have 15 days to review the Annual Operations Budget and shall notify the Issuer of any modifications required to be made to any item or amount shown or reflected on such Annual Operations Budget (the "Required Modifications"). If the Issuer disagrees in any respect with the Required

Modifications, it shall deliver, within 10 days of receipt of the Required Modifications, to the Independent Engineer a notice setting forth, in reasonable detail, each disputed item or amount and the basis for such disagreement (the "Dispute Notice"). If no Dispute Notice is received by the Independent Engineer, the Annual Operations Budget, as so modified, shall be deemed to be final. If a Dispute Notice is delivered pursuant to this Section 2.13(a), the Issuer and the Independent Engineer, during the 15 days following such delivery, shall use their commercially reasonable efforts to reach agreement on the disputed items or amounts and to finalize the Annual Operations Budget. The Issuer shall deliver the final Annual Operations Budget to the Collateral Agent, the Trustee, the Swap Counterparty, the Independent Engineer and XLCA (it being acknowledged that XLCA shall have no obligation to provide any information provided to it under this Section 2.13(a) to any other Person).

(b) As soon as available and in any event no later than 45 days prior to the end of each fiscal year, the Issuer shall deliver, or cause to be delivered, to the Independent Engineer and XLCA (if XLCA is the Controlling Party) the Request For Expenditures in the form of Exhibit Q. The Independent Engineer shall have 15 days to review the Request For Expenditures and shall notify the Issuer of any modifications required to be made to any item or amount shown or reflected on such Request For Expenditures (the "Expenditures Required Modifications"). The Independent Engineer shall review the Request For Expenditures with respect to the Issuer's designation of such Request For Expenditures as a Major Maintenance Operating Expenditure. If the Issuer disagrees in any respect with the Expenditures Required Modifications, it shall deliver, within 10 days of receipt of the Expenditures Required Modifications, to the Independent Engineer a notice setting forth, in reasonable detail, each disputed item or amount and the basis for such disagreement (the "Expenditures Dispute Notice"). If no Dispute Notice is received by the Independent Engineer, the Request For Expenditures, as so modified, shall be deemed to be final. If a Expenditures Dispute Notice is delivered pursuant to this Section 2.13(b), the Issuer and the Independent Engineer, during the 15 days following such delivery, shall use their commercially reasonable efforts to reach agreement on the disputed items or amounts and to finalize the Request For Expenditures. The Issuer shall deliver the final Request For Expenditures to the Collateral Agent, the Trustee, the Swap Counterparty, the Independent Engineer and XLCA (it being acknowledged that XLCA shall have no obligation to provide any information provided to it under this Section 2.13(b) to any other Person).

2.14 Excluded Project Subsidiary. The Issuer shall maintain at all times its designation as an "Excluded Project Subsidiary" (as such term is defined in the NRG Credit Agreement and the Second Priority Senior Notes Indenture or a similar defined term under any replacement or refinancing thereof).

ARTICLE 3
AFFIRMATIVE COVENANTS OF THE PROJECT COMPANIES

Each Project Company covenants and agrees that it shall perform the covenants set forth in this Article 3, only with respect to itself and its Project (unless waived in accordance with Section 9.2 of this Agreement). The covenants set forth in this Article 3 that expressly require performance only by a specified Project Company shall be required to be performed only by such Project Company (unless such performance is waived in accordance with Section 9.2 of this Agreement).

3.1 Use of Proceeds and Revenues.

(a) Proceeds. Unless otherwise expressly provided herein or in the Depositary Agreement, each Project Company party to a Project Loan Agreement applied on the Original Closing Date, the proceeds from the sale of the Series A Bonds borrowed from the Issuer pursuant to the Project Loan Agreement to which such Project Company is a party to (i) reimburse NRG Energy for NRG Energy's costs of having constructed and/or acquired the Projects

(including interest incurred during construction), (ii) pay the Premium and all additional amounts required to be paid to XLCA pursuant to the Policy and the Insurance and Reimbursement Agreement on the Original Closing Date, (iii) deposit $11,279,588 in a designated account in accordance with Section 4.3.1 of the Original Depositary Agreement, and (iv) pay the transaction fees and costs due on the Original Closing Date in connection with the Transaction to the relevant Persons.

(b) Revenues. Each Project Company shall deposit all Project Revenues, Loss Proceeds and any other amounts due to it directly into the applicable Accounts as required pursuant to the Depositary Agreement and the other Financing Documents. Each Project Company shall use its good faith reasonable efforts to cause all Project Revenues, Loss Proceeds and any other amounts due to it to be paid or otherwise delivered by Persons making such payment or delivery directly into the applicable Accounts as required pursuant to the Depositary Agreement and the other Financing Documents.

3.2 Reporting Requirements.

(a) Notice of Material Events. Each Project Company shall promptly, upon acquiring notice or giving notice, as the case may be, or obtaining knowledge thereof, give written notice (together with copies of any underlying notices or other documentation) to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any such written notice received by it to any other Person) of:

(i) any action, suit, arbitration, litigation, investigation or other proceeding or any dispute with any Governmental Authority relating to it or its Project

and that involves (A) claims against it or its Project in excess of $1,000,000 or potential claims against it or its Project in excess of $2,000,000 in each case in the aggregate, (B) any injunctive, declaratory or other equitable relief that, if determined adversely to such Project Company, could reasonably be expected to have a Project Material Adverse Effect, (C) revocation, modification, failure to renew or the like of any material Permit or imposition of additional material conditions with respect thereto, or (D) any Lien (other than a Project Company Permitted Lien) related to its Project for taxes due and payable but not paid;

(ii) any Project Event of Default or Project Inchoate Default, together with a description of any action being taken or proposed to be taken with respect thereto;

(iii) any cancellation or suspension, or receipt of written notice of threatened or potential cancellation or suspension, of any insurance described in Exhibit H;

(iv) any matter which has had or, in such Project Company's reasonable judgment, could reasonably be expected to have, a Project Material Adverse Effect;

(v) any termination of, or delivery or receipt of written notice of any material default under, any of such Project Company's Major Project Documents;

(vi) any written notice received from or given to any party to any of such Project Company's Major Project Documents (A) that an event of force majeure has occurred thereunder or (B) in respect of any claim in connection with an event of force majeure thereunder;

(vii) the scheduled or proposed conduct of any of the performance or other tests listed on Exhibit I (the "Completion Tests"), which notice shall be given at least 10 Business Days prior to the date on which such test is scheduled or proposed to occur, and a copy of which notice shall be given to the Independent Engineer;

(viii) any (A) fact, circumstance, condition or occurrence at, on or arising from, such Project Company's Site, Improvements or other Mortgaged Property that results in material noncompliance with, or material violation of, any Hazardous Substances Law, (B) Release or threatened Release of Hazardous Substances in, on, under or from or in connection with, such Project Company's Site, Improvements or other Mortgaged Property that has resulted or could reasonably be expected to result in material personal injury, material property damage or a Project Material Adverse Effect, and (C) pending or, to the knowledge of such Project Company, threatened Environmental Claim against it or, to the knowledge of such Project Company, any of its Affiliates, contractors, lessees or any other Persons, arising in connection with the development, construction, ownership, leasing, use, operation or maintenance of its Project, or such Project Company's occupying or conducting operations on or at such Project Company's Site, Improvements or other Mortgaged Property that has resulted or

could reasonably be expected to result in material personal injury, material property damage or a Project Material Adverse Effect; and

(ix) any Casualty Event or Condemnation Event, or the commencement of proceedings in connection therewith, with respect to its Project involving a probable loss of $5,000,000 or more.

Notwithstanding the foregoing, such Project Company shall not be required to give notice of any matter described in this Section 3.2(a) that is described in any Form 10-K, 10-Q or 8-K or other form or document filed by such Project Company or any of its Affiliates with the Securities and Exchange Commission and available on the Commission's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system.

(b) Additional Documents, Periodic Reports, etc. Each Project Company shall deliver, or cause to be delivered, to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) (it being acknowledged that XLCA shall have no obligation to provide any notices or other information provided to it pursuant to this Section 3.2(b) to any other Person):

(i) promptly, but in no event later than 10 Business Days after it has knowledge of the execution and delivery thereof, a copy of each of its material Additional Project Documents;

(ii) promptly, but in no event later than 10 Business Days after the effective date thereof, a copy of each material amendment, supplement or other modification to any of its Major Project Documents;

(iii) promptly, but in no event later than 10 Business Days after receipt thereof by it, copies of any Permit listed on Part II of the Permit Schedule and any other material Permit related to its Project obtained by it after the date hereof;

(iv) with respect to the Bayou Cove Project only, promptly, but in no event later than 10 Business Days after the execution and delivery thereof, a copy of the transfer deed for the transfer of a portion of the Site relating to the Bayou Cove Project pursuant to Section 4.2.2 of the Bayou Cove EPC Agreement (Electric

Interconnection Facilities);

(v) within 20 days after each Determination Date, an Annual Operations Report substantially in the form of Exhibit J setting forth the information required therein;

(vi) within 20 days after each Determination Date, a certificate, substantially in the form of Exhibit K certifying that the insurance requirements set forth in Exhibit H have been implemented and are being complied with in all material respects;

(vii) On or before the last Business Day of each month, copies of the invoices for the preceding month issued in connection with any power purchase agreement, tolling agreement or any similar agreement or arrangement with respect to

sale of Power, including, without limitation, copies of invoices delivered to Louisiana Generating under the Big Cajun PPA and the Sterlington PPA and to Exelon under the Rockford I Tolling Agreement; and

(viii) any other documentation or other information reasonably requested by XLCA (if XLCA is the Controlling Party).

3.3 Inspection of Books and Records; Access.

(a) Each Project Company shall keep proper books of accounts and records in accordance with GAAP and in compliance in all material respects with all applicable Legal Requirements and make the same available for inspection by the Controlling Party.

(b) Each Project Company shall permit representatives or agents of XLCA (if XLCA is the Controlling Party) at reasonable times and upon reasonable notice (i) to examine its books, records, accounts and other financial records, (ii) upon reasonable request, to copy and make extracts from the same, (iii) to inspect its Property, Project or Site, and (iv) to discuss its affairs, business, finances and accounts with such Project Company's senior officers.

3.4 Plans and Specifications; Completion Tests.

(a) Plans and Specifications. Each Project Company shall cause a complete set of as-built plans and specifications (and all supplements thereto) related to its Project to be maintained at the corporate office at such Project Company's Site and available for inspection by the Controlling Party and the Independent Engineer; provided that neither the Bayou Cove Project Company nor the Rockford II Project Company shall be required to comply with this covenant until the Completion Date for such Project Company's Project. Without prejudice to the immediately preceding sentence, each of the Bayou Cove Project Company and the Rockford II Project Company shall, not later than 8 months after the Completion Date for its Project, cause an as-built survey to be prepared and delivered to XLCA (if XLCA is the Controlling Party), the Collateral Agent, the Trustee and the Independent Engineer.

(b) Completion Tests. Each Project Company shall permit the Controlling Party and the Independent Engineer to witness the Completion Tests in respect of its Project.

3.5 Compliance with Laws. Each Project Company shall comply with, and shall ensure that its Project is operated in compliance with, and shall make such alterations to its Project as may be required for compliance with, all applicable Legal Requirements, except where non-compliance could not reasonably be expected to have a Project Material Adverse Effect.

3.6 Existence; Conduct of Business, etc. Each Project Company shall at all times maintain and preserve (a) its existence as a limited liability company and its good standing under the laws of (i) in the case of the Bayou Cove Project Company, the Big Cajun Project Company and the Sterlington Project Company, the State of Delaware, or (ii) in the case of the Rockford I Project Company and the Rockford II Project Company, the State of Illinois (other than as permitted by Section 5.10), (b) its qualification to do business in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business as conducted or proposed to be conducted makes such qualification necessary except to the extent

that the failure to do so could not reasonably be expected to have a Project Material Adverse Effect and (c) its other material rights, privileges and franchises necessary or desirable in the normal conduct of its business.

3.7 Project Documents. Each Project Company shall exercise, preserve and defend all of its rights under its Project Documents, except to the extent failure to so exercise, preserve or defend such rights could not reasonably be expected to have a Project Material Adverse Effect.

3.8 Permits. Each Project Company shall obtain all Permits required at any time and from time to time in connection with such Project Company's development, construction, ownership, leasing, operation, maintenance or use of its Project, except to the extent the failure to obtain such Permits could not reasonably be expected to have a Project Material Adverse Effect.

3.9 Further Assurances.

(a) Each Project Company shall preserve the security interests granted or purported to be granted under the Collateral Documents to which it is a party and undertake all actions which are necessary or advisable under applicable law in such manner and in such jurisdictions to (i) perfect and maintain the Collateral Agent's valid and perfected security interests in its Project Company Collateral in full force and effect at all times (including the priority thereof), subject to no Liens other than Project Company Permitted Liens and (ii) preserve and protect its Project Company Collateral and protect and enforce its right, title and interest in and to, and the rights of the Collateral Agent in and to, its Project Company Collateral, including the preparation, making or delivery of all filings and recordations, the payment of fees and other charges and the issuance of supplemental documentation.

(b) If a Project Company obtains any right, title or interest in, to or under any real property (including leasehold interests) that is material to the development, construction, ownership, leasing, operation, maintenance or use of its Project and that is not covered by the Collateral Documents to which it is a party, it shall (i) collaterally assign such right, title or interest to the Collateral Agent for the benefit of the Secured Parties, (ii) record a supplement to the Mortgage to which it is a party in form and substance reasonably satisfactory to Collateral Agent encumbering such right, title or interest by the Lien of such Mortgage, and (iii) obtain a supplement to the applicable Title Policy insuring the first priority (subject to Project Company Permitted Liens) of such Mortgage over such real property.

(c) Each Project Company shall perform such reasonable acts as may be necessary to carry out the intent of this Agreement (including its Guaranty) and the other Financing Documents to which it is a party.

(d) Each Project Company shall cause its equity interests to be "certificated securities" as defined in Article 8 of the UCC and include in its limited liability company agreement language (consistent with Section 8-103(c) of the UCC) to the effect that such equity interests are "securities" (as such term is defined in Article 8 of the UCC) governed by Article 8 of the UCC.

3.10 Maintenance of Insurance. Each Project Company shall maintain or cause to be maintained on its behalf in effect at all times the types of insurance required pursuant to Exhibit H in the amounts and on the terms and conditions specified therein (including paragraph 5 of Exhibit H).

3.11 Taxes. Each Project Company will pay and discharge promptly when due all material Taxes and governmental charges imposed upon it or upon its income or profits or in respect of its property, in each case before the same shall become delinquent or in default and before penalties accrue thereon, unless and to the extent the same are being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP have been set aside, and failure to pay or comply with the contested item could not reasonably be expected to have a Project Material Adverse Effect.

3.12 Title; Maintenance of Properties.

(a) Title. Each Project Company shall preserve and maintain good and, with respect to real property, marketable and insurable, title to its Project and all of its other assets and good, marketable and insurable fee title to, or as applicable, a valid and subsisting leasehold estate in, its Site and the Improvements and Easements related to its Project, in each case free and clear of all Liens other than Project Company Permitted Liens; provided that the covenant set forth in this Section 3.12 shall not serve to prohibit any disposition of assets expressly permitted under Section 5.4 of this Agreement.

(b) Bayou Cove. Specifically, notwithstanding the terms of the Bayou Cove EPC Agreement (Electric Interconnection Facilities), the Bayou Cove Project Company shall preserve and maintain good, marketable and insurable title to its Site and the Improvements and Easements related to its Project, in each case free and clear of all Liens other than its Project Company Permitted Liens; provided that the covenant set forth in this Section 3.12(b) shall not serve to prohibit any disposition of assets expressly permitted under Section 5.4 of this Agreement.

(c) Maintenance of Properties. Each Project Company shall maintain in good repair, working order and condition, all of its material properties used or useful in respect of the conduct of its business and from time to time make all appropriate repairs, renewals and replacements thereof, except to the extent that it shall determine in good faith not to maintain, repair, renew or replace such property if such property is no longer useful in the conduct of its business and the failure to do so could not reasonably be expected to have a Project Material Adverse Effect; provided that the covenant set forth in this Section 3.12(c) shall not serve to prohibit any disposition of assets expressly permitted under Section 5.4 of this Agreement.

3.13 Market Based Rate Authority. To the extent market-based rates are available to similarly situated generators selling Power, Ancillary Services or some combination of the foregoing in the Applicable Markets, each Project Company shall maintain at all times its authority to sell at market-based rates wholesale Power, Ancillary Services and, to the extent permitted as an Exempt Wholesale Generator or under its FERC tariff, Other Energy-Related Products and Services in the Applicable Markets, not subject to any rate caps or mitigation measures other than rate caps and mitigation measures generally applicable to similarly situated

generators selling Power, Ancillary Services or some combination of the foregoing in the Applicable Markets.

3.14 Completion.

(a) If the Completion of the Bayou Cove Project shall not have occurred on or prior to the Closing Date, the Bayou Cove Project Company shall take all actions commercially reasonable for the Completion of the Bayou Cove Project to occur as soon as possible thereafter. In addition, the Bayou Cove Project Company shall (i) up to a maximum aggregate cap of $2,000,000, pay any and all Uncovered Warranty Costs that are incurred or identified during any Warranty Period relating to the Bayou Cove Project, (ii) pay any and all indemnity claims made against it arising out of any Bayou Cove Equipment and Construction Contract relating to any actions or events which occurred or failed to occur prior to Completion and (iii) pay any damages owing to any Bayou Cove Contractor under any Bayou Cove Equipment and Construction Contract or any third party claim made against it arising out of any actions or events related to any work performed to achieve Completion under a Bayou Cove Equipment and Construction Contract (the obligations contained in this Section 3.14(a), the "Bayou Cove Completion Obligations").

(b) If the Completion of the Rockford II Project shall not have occurred on or prior to the Closing Date, the Rockford II Project Company shall take all actions commercially reasonable for the Completion of the Rockford II Project to occur as soon as possible thereafter. In addition, the Rockford II Project Company shall (i) pay any and all indemnity claims made against it arising out of any Rockford II Equipment and Construction Contract relating to any actions or events which occurred or failed to occur prior to Completion, and (ii) pay any damages owing to any Rockford II Contractor under any Rockford II Equipment and Construction Contract or any third party claim made against it arising out of any actions or events related to any work performed to achieve Completion under a Rockford II Equipment and Construction Contract (the obligations contained in this Section 3.14(b), the "Rockford II Completion Obligations").

(c) On or before the third anniversary of the Closing Date, the Rockford II Project Company shall pay in full for, and shall have received all of the Spare Parts. The payment for any Spare Parts shall be in all respects in accordance with Section 4.3.2 of the Depositary Agreement.

3.15 Operation and Maintenance. Each Project Company shall, or shall cause its Operator to, use, operate and maintain its Project in compliance with Prudent Utility Practices, all Legal Requirements and the terms of its Project Documents.

3.16 Condemnation Event. If a Condemnation Event occurs or proceedings therefor commence with respect to a Project Company's Project, such Project Company shall (i) diligently pursue all its rights to compensation against the relevant Governmental Authority in respect of such Condemnation Event except where failure to do so could not reasonably be expected to have a Project Material Adverse Effect, and (ii) not, without the written approval of XLCA (if XLCA is the Controlling Party) (which approval shall be in XLCA's absolute discretion), compromise or settle any claim in excess of $5,000,000 against such Governmental

Authority. Each Project Company consents to the participation of the Controlling Party in any condemnation proceedings, and each Project Company shall from time to time deliver to the Controlling Party all documents and instruments requested by it to permit such participation.

3.17 Sterlington PPA Legal Opinion. The Sterlington Project Company shall deliver a legal opinion to the Secured Parties and the Depositary Agent in respect of the Sterlington PPA within 30 days after its acceptance by FERC and execution by the parties thereto, which legal opinion shall be in form and substance substantially the same as the legal opinions delivered with respect to the other Major Project Documents on the Original Closing Date.

3.18 Energy Marketing Services Parameters. Each Project Company shall comply, in all material respects with the power marketing, fuel supply and transmission and transportation service parameters set forth in Sections 2.8, 2.9, 3.6 and 9.2.6 of the Addendum to the Energy Marketing Services Agreement to which such Project Company is a party.

3.19 Unrestricted Subsidiary; Excluded Project Subsidiary. Each of the Bayou Cove Project Company, the Big Cajun Project Company, the Sterlington Project Company, the Rockford I Project Company and the Rockford II Project Company, respectively, shall maintain at all times its designation as an "Excluded Project Subsidiary" (as such term is defined in the NRG Credit Agreement and the Second Priority Senior Notes Indenture or a similar defined term under any replacement or refinancing thereof).

3.20 Energy Marketing Services Agreements. Each Project Company agrees that if XLCA (as long as XLCA is the Controlling Party), upon Reasonable Cause, so directs, it shall terminate such Project Company's Energy Marketing Services Agreement. Upon the termination of any Energy Marketing Services Agreement, XLCA (if XLCA is the Controlling Party) shall select a new power marketer not affiliated with NRG Energy, provided that if a Power and Fuel Market Consultant is in place, such selection shall be in accordance with the recommendation of the Power and Fuel Market Consultant. Following such selection, the Project Company shall enter into a new Energy Marketing Services Agreement with the new power marketer.

For purposes of this Section 3.20, "Reasonable Cause" shall mean (i) the Project Company's performance falls below the annual performance targets set forth in the Monthly Power Marketing Performance Tracking Report for the applicable Determination Period, but only to the extent that such failure to meet such annual performance targets is for reasons other than the Project Company's ability to meet the Guaranteed Heat Rate, (ii) the reasonable determination of the Power and Fuel Market Consultant that the Energy Marketing Services Agreement should be terminated or (iii) a material default by NRG Power Marketing under the Energy Marketing Services Agreement.

ARTICLE 4
NEGATIVE COVENANTS OF ISSUER

The Issuer covenants and agrees that the Issuer shall perform the covenants set forth in this Article 4 (unless waived in accordance with Section 9.2 of this Agreement).

4.1 Contingent Liabilities. Except for the consummation of the transactions pursuant to this Agreement and the other Financing Documents, the Issuer shall not become liable as a

surety, guarantor, accommodation endorser or otherwise, for or upon the obligation of any other Person; provided, however, that this Section 4.1 shall not be deemed to prohibit the incurrence, creation, assumption or existence of Issuer Permitted Debt or Issuer Permitted Liens.

4.2 Limitations on Liens. The Issuer shall not create, assume or suffer to exist any Lien securing a charge or obligation on any Issuer Collateral, real or personal, whether now owned or hereafter acquired, except Issuer Permitted Liens.

4.3 Indebtedness.

(a) The Issuer shall not incur, create, assume or permit to exist any Debt, except Issuer Permitted Debt.

(b) Notwithstanding anything to the contrary in Section 4.3(a), and in addition to the requirements set forth in Section 3.02 of the Indenture, Additional Bonds shall not be authenticated, delivered or issued

under the Indenture and no Debt shall be incurred by or on behalf of the Issuer in respect of any Additional Bonds unless (i) no Issuer Event of Default or Issuer Inchoate Default has occurred and is continuing or would occur as a result of such authentication, delivery, issuance or incurrence, (ii) each of Moody's and S&P has confirmed in writing that such authentication, delivery, issuance or incurrence will not result in downgrade of (x) the ratings for the Series A Bonds (after giving effect to the Policy) below Aaa by Moody's and AAA by S&P, and (y) the Shadow Ratings for the Series A Bonds below Baa3 by Moody's and BBB- by S&P, and (iii) XLCA shall have agreed, in its absolute discretion, to the issuance of the Additional Bonds and to unconditionally and irrevocably guaranty the scheduled payments of principal of and interest on such Additional Bonds in the same manner and to the same extent as scheduled payments of principal of and interest on the Series A Bonds are guaranteed under the Policy. The Trustee shall execute such documents and take such other actions as reasonably requested by, and at the expense of, the Issuer to effect and evidence the issuance of Additional Bonds pursuant to Section 3.02 of the Indenture.

4.4 Sale of Assets. The Issuer shall not sell, lease (as lessor), assign, transfer or otherwise dispose of any of its material properties or assets, whether now owned or hereafter acquired (other than in accordance with Section 9.01 of the Indenture); provided that this Section 4.4 shall not be deemed to prohibit the grant, creation or assumption of Issuer Permitted Liens. The Issuer shall not sell, assign, transfer or otherwise dispose of any Project Loan Note without XLCA's consent (so long as XLCA is the Controlling Party) other than pursuant to, and in connection with, a Permitted Peaker Buyout.

4.5 Distributions.

(a) The Issuer shall not directly or indirectly (i) make or declare any distribution (in cash, property or obligation) on, or make any other payment on account of, any equity interest in the Issuer, (ii) make any payment in respect of Subordinated Debt or (iii) make any other payment from the Distribution Account (whether to a Project Company, any Affiliate of the Issuer or any Project Company or any other Person) (each such distribution or payment, a "Restricted Payment") unless:

(i) no Issuer Event of Default, Issuer Inchoate Default or Project Event of Default pursuant to Section 7.2(n) of this Agreement (Interconnection Solution) has occurred and is continuing and such Restricted Payment will not result in an Issuer Event of Default or an Issuer Inchoate Default;

(ii) the Equity Documents are in full force and effect, including Section 2.1 of the Parent Agreement and no NRG Event of Default has occurred pursuant to Section 12.1 of the Parent Agreement;

(iii) subject to any reduction in the amount of the Restricted Payment in accordance with Section 4.5(b) of this Agreement, the amount of such Restricted Payment is limited to, and such Restricted Payment is made from, Account Funds in the Distribution Account in accordance with Section 4.6 of the Depositary Agreement;

(iv) the Restricted Payment is made on a Restricted Payment Date;

(v) as of the Determination Date immediately prior to such Restricted Payment Date, the Distribution Test shall have been met;

(vi) as of the Restricted Payment Date, (A) the Available Debt Service Reserve Funds equal or exceed the Debt Service Reserve Amount as of such date and (B) the Available Major Maintenance

Reserve Funds equal or exceed the Major Maintenance Reserve Amount as of such date; and

(vii) the Issuer shall have delivered to Collateral Agent, the Trustee, the Swap Counterparty and XLCA, at least 5 Business Days prior to the proposed Restricted Payment Date, a certificate dated as of the proposed Restricted Payment Date and duly executed by a Responsible Officer of the Issuer, certifying, in such Responsible Officer's capacity as an officer of the Issuer, to the effect that, to the best of such Responsible Officer's knowledge, each of the foregoing conditions and the other applicable conditions of this Section 4.5 shall have been satisfied as of such date and XLCA (if XLCA is the Controlling Party), acting in its absolute discretion, shall have confirmed in writing to the Collateral Agent XLCA's agreement with such certificate (provided that failure by XLCA to make such confirmation prior to the proposed Restricted Payment Date shall be deemed to be such confirmation).

(b) If there shall have occurred and be continuing a Project Event of Default or an Inchoate Project Block Condition in respect of any Project Company, the Issuer shall reduce the Restricted Payment to be made by it pursuant to Section 4.5(a) of this Agreement by an amount equal to the Project Company Blocked Amount for such Project Company. Subject to Section 4.5(d), if such Project Company Blocked Amount in the Distribution Account is not disbursed within 30 days after an Annual Scheduled Payment Date, the Collateral Agent shall direct the Depositary Agent to promptly transfer such Project Company Blocked Amount to the Revenue Account to be applied in accordance with the Depositary Agreement in the same manner as Account Funds in the Distribution Account that are not disbursed in accordance with Section 4.6.2 of the Depositary Agreement by the 30th day following an Annual Scheduled Payment Date.

(c) Notwithstanding anything to the contrary in Section 4.5(a), if the Issuer is not permitted to make a Restricted Payment pursuant to Section 4.5(a) on any Initial Restricted Payment Date solely because of an Inchoate Block Condition:

(i) the amount of the Restricted Payment that the Issuer would have been permitted to make pursuant to Section 4.5(a) had no such Inchoate Block Condition been continuing on such Initial Restricted Payment Date (the "Blocked Restricted Payment Amount") shall not be transferred from the Distribution Account to the Revenue Account until the earlier of the end of the Subsequent Restricted Payment Period and the occurrence of an Issuer Event of Default (at which time the Blocked Restricted Payment Amount or any part thereof not previously applied as permitted by Section 4.5(c)(ii) shall be deemed to be Account Funds in the Distribution Account not disbursed within 30 days after an Annual Scheduled Payment Date and, accordingly, the Collateral Agent shall direct the Depositary Agent to promptly transfer the Blocked Restricted Payment Amount or such part thereof to the Revenue Account to be applied in accordance with the Depositary Agreement in the same manner as Account Funds in the Distribution Account that are not disbursed in accordance with Section 4.6.2 of the Depositary Agreement by the 30th day following an Annual Scheduled Payment Date); and

(ii) prior to the end of the Subsequent Restricted Payment Period, and only if such Inchoate Block Condition shall have been cured by, or on behalf of, the Issuer or shall have been waived by the Controlling Party prior to maturing into or becoming an Issuer Event of Default, the Issuer may use the Blocked Restricted Payment Amount to make a Restricted Payment; provided that the conditions set forth in Section 4.5(a)(i) through (v) are satisfied (the date upon which such payment is made, the "Subsequent Restricted

Payment Date").

(d) Notwithstanding anything to the contrary in Section 4.5(b), if the Issuer is not permitted to make a Restricted Payment pursuant to Section 4.5(b) on any Initial Restricted Payment Date solely because of an Inchoate Project Block Condition:

(i) the Project Company Blocked Amount shall not be transferred from the Distribution Account to the Revenue Account until the earlier of the end of the Subsequent Project Restricted Payment Period and the occurrence of a Project Event of Default (at which time the Project Company Blocked Amount or any part thereof not previously applied as permitted by Section 4.5(d)(ii) shall be deemed to be Account Funds in the Distribution Account not disbursed within 30 days after an Annual Scheduled Payment Date and, accordingly, the Collateral Agent shall direct the Depositary Agent to promptly transfer the Project Company Blocked Amount or such part thereof to the Revenue Account to be applied in accordance with the Depositary Agreement in the same manner as Account Funds in the Distribution Account that are not disbursed in accordance with Section 4.6.2 of the Depositary Agreement by the 30th day following an Annual Scheduled Payment Date); and

(ii) prior to the end of the Subsequent Project Restricted Payment Period, and only if such Inchoate Project Block Condition shall have been cured by, or on behalf of, the relevant Project Company or shall have been waived by the Controlling

Party prior to maturing into or becoming a Project Event of Default, the Issuer may use the Project Company Blocked Amount to make a Restricted Payment; provided that the conditions set forth in Section 4.5(a)(i) through (v) are satisfied (the date upon which such payment is made, the "Subsequent Project Restricted Payment Date").

(e) Even if all of the conditions set forth in Section 4.5(a) or 4.5(b) of this Agreement have not been satisfied as of a proposed Restricted Payment Date, the Issuer may make a Disbursement Request to make distributions to its direct equity owners from the Distribution Account (such distributions, the "Tax Distributions") equal to the currently due and payable aggregate Federal, state or local income tax liability of NRG Energy (or its successor for tax purposes) in respect of items of taxable income, gain, loss, deduction and credit arising from the operations of the Issuer and the Project Companies (together, the "Tax Group" and such liability, the "Tax Group Liability"), which amount for each taxing jurisdiction shall be assumed to equal the product of (i) the net taxable income of the Tax Group for applicable Federal, state or local income tax purposes during the relevant tax period multiplied by (ii) the highest marginal Federal, state or local income tax rate at the time actually applicable to the relevant taxpayer for such period in the applicable jurisdiction with respect to such income; provided that such Tax Group Liability (A) shall be reduced by any taxes that are actually paid by the Issuer or the Project Companies to the relevant taxing authorities and (B) shall be calculated by excluding the items of taxable income, gain, loss, deduction and credit arising from the operations of any entities not included in the Tax Group (such as any income of NRG Energy not derived from the operations of the Tax Group) and by assuming that all of the tax attributes and benefits attributable to the operations of the Tax Group (including, without limitation, deductions, credits, refunds, carryovers and carrybacks) shall be applied solely with respect to the taxable income of the members of the Tax Group; provided, however, that tax attributes of one member of the Tax Group shall not be deemed to offset the income of another member of the Tax Group in a taxing jurisdiction if, under applicable law in such jurisdiction, such attributes of the first member are not in fact permitted to offset such income of the second member; and provided, further, that no Tax Distribution pursuant to this Section 4.5(e) shall be permitted if an Issuer Event of Default or Issuer Inchoate Default has occurred

and is continuing or would result from such Tax Distributions. In the event that (w) any Tax Distribution exceeds (as reasonably determined by the Issuer or NRG Energy) the amount of the actual Tax Group Liability in respect of the relevant tax period, or (x) any entity that is not a member of the Tax Group receives a refund of taxes from a Federal, state or local taxing authority that is attributable (as reasonably determined by the Issuer or NRG Energy) in whole or in part to a prior Tax Distribution, then either (y) the recipient of the relevant Tax Distribution shall promptly return such excessive Tax Distribution or tax refund to the Issuer or (z) future Tax Distributions that would have otherwise been permitted under the preceding sentence of this Section 4.5(e) shall be reduced by the amount of such excess or refund; provided that Issuer or NRG Energy shall promptly make the determination described in (x) above and, after making such determination, shall provide to XLCA a calculation supporting such determination.

(f) Notwithstanding anything to the contrary in Section 4.5(e), if the Issuer is not permitted to make a Tax Distribution pursuant to Section 4.5(e) solely because there shall be continuing an Issuer Inchoate Default:

(i) the amount of the Tax Distribution that the Issuer would have been permitted to make pursuant to Section 4.5(e) had no such Issuer Inchoate Default been continuing (the "Tax Distribution Amount") shall not be transferred from the Distribution Account to the Revenue Account until the earlier of the end of the Subsequent Tax Payment Period and the occurrence of an Issuer Event of Default (at which time the Tax Distribution Amount or any part thereof not previously applied as permitted by Section 4.5(f)(ii) shall be deemed to be Account Funds in the Distribution Account not disbursed within 30 days after an Annual Scheduled Payment Date and, accordingly, the Collateral Agent shall direct the Depositary Agent to promptly transfer the Tax Distribution Amount or such part thereof to the Revenue Account to be applied in accordance with the Depositary Agreement in the same manner as Account Funds in the Distribution Account that are not disbursed in accordance with Section 4.6.2 of the Depositary Agreement by the 30th day following an Annual Scheduled Payment Date); and

(ii) prior to the end of the Subsequent Tax Payment Period, and only if such Issuer Inchoate Default shall have been cured by, or on behalf of, the Issuer or shall have been waived by the Controlling Party prior to maturing into or becoming an Issuer Event of Default, the Issuer may use the Tax Distribution Amount to make a Tax Distribution in the amount set forth, and in the manner contemplated, in Section 4.5(e).

(g) Notwithstanding anything to the contrary herein or in any other Financing Document, neither (i) Excluded Revenues nor (ii) amounts payable to, or permitted to be disbursed to, NRG Energy pursuant to the Depositary Agreement (other than those disbursed from the Distribution Account) shall constitute Restricted Payments subject to this Section 4.5 and such Excluded Revenues and amounts shall be permitted to be disbursed to NRG Energy or any Affiliate thereof without regard for the conditions set forth in this Section 4.5.

4.6 Investments. The Issuer shall not make any investments (whether by purchase of stocks, bonds, notes or other securities, loan, extension of credit, advance or otherwise) other than (a) Permitted Investments made pursuant to Section 5.1 of the Depositary Agreement, and (b) the investments provided for in the Financing Documents.

4.7 Transactions with Affiliates. The Issuer shall not enter into any transaction or agreement (or any transaction under or pursuant to any transaction or agreement) with any of its Affiliates other than (a) transactions provided for in or expressly permitted by the Financing Documents, (b) transactions or agreements certified by a Responsible Officer of the Issuer, in

such Responsible Officer's capacity as an officer of the Issuer, as having terms that are not materially less favorable than the terms the Issuer would obtain in an arm's-length transaction with a person that is not an Affiliate or (c) transactions or agreements between or among only the Issuer and/or the Project Companies not otherwise prohibited by the terms of any Financing Document.

4.8 ERISA. The Issuer shall not establish, maintain, contribute to or become obligated to contribute to any ERISA Plan.

4.9 Liquidation; Amendment of Organizational Documents.

(a) The Issuer shall not liquidate or dissolve itself (or suffer any liquidation or dissolution) or amend its organizational documents in any material respect (except, in respect of such amendment of its organizational documents, (i) as required to comply with the "special purpose entity" requirements or similar criteria of any Rating Agency or (ii) in connection with a Permitted Change of Control).

(b) Section 9.01 of the Indenture shall govern the Issuer's rights in respect of the transactions expressly referred to in such Section 9.01 (and reference is made herein to Section 9.01(4) of the Indenture and the right of XLCA (if XLCA is the Controlling Party) (at any time when there is no Insurer Default) to consent, in its absolute discretion, to any transaction referred to therein prior to its consummation). Upon any consolidation of the Issuer with, or merger of the Issuer into, any other Person in accordance with Section 9.01 of the Indenture, the successor Person formed by such consolidation or into which the Issuer is merged or to which any conveyance, transfer or lease is made in accordance with Section 9.01 of the Indenture shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Agreement and the other Financing Documents with the same effect as if such successor Person had been named as the Issuer in this Agreement and the other Financing Documents, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under the Financing Documents.

4.10 Accounts. The Issuer shall not maintain, establish or use any bank, deposit or securities accounts other than the Accounts.

4.11 Name and Location; Fiscal Year. The Issuer shall not (a) change its name, the location of its principal place of business, the location of the Issuer Collateral, its jurisdiction of organization or its organizational identification number without notice to the Collateral Agent at least 30 days prior to such change, or (b) for so long as XLCA is the Controlling Party, change its fiscal year without XLCA's prior written consent.

4.12 Assignment. The Issuer shall not assign its rights or obligations hereunder or under any other Financing Documents, except as expressly permitted under this Agreement.

4.13 No SEC Registration. The Issuer shall not, and shall not permit any Person acting on its behalf to, subject the offering, issuance or sale of the Series A Bonds to Section 5 of the Securities Act.

4.14 Annual Operations Budget. For any month, (a) the cumulative year-to-date amount of the O&M Expenses, other than the Major Maintenance Payment, made by the Issuer in conjunction with the Project Companies for such month shall not exceed the amount set forth for the O&M Expenses in the Annual Operations Budget from the beginning of the year up to such month by more than 110% and (b) the cumulative year-to-date amount of the Major Maintenance Payment made by the Issuer in conjunction with the Project Companies for such month shall not exceed the amount set forth for the Major Maintenance Payment in the Annual Operations Budget from the beginning of the year up to such month by more than 105%, without XLCA's prior written consent (if XLCA is the Controlling Party) (which consent shall not be

unreasonably withheld by XLCA), or in case XLCA is not the Controlling Party, if such deviation from the Annual Operations Budget could reasonably be expected to have an Issuer Material Adverse Effect.

4.15 Corporate Services Agreement. The Issuer shall not (a) enter into any agreement replacing the existing Corporate Service Agreement without the prior written consent of XLCA, (if XLCA is the Controlling Party), which consent shall not be unreasonably withheld or (b) materially amend, modify or supplement or permit or consent to the material amendment, modification or supplement of, any provision of the Corporate Service Agreement without the prior written consent of XLCA (if XLCA is the Controlling Party), which consent shall not be unreasonable withheld.

ARTICLE 5
NEGATIVE COVENANTS OF PROJECT COMPANIES

Each Project Company covenants and agrees that it shall perform the covenants set forth in this Article 5, only with respect to itself and its Project (unless waived in accordance with Section 9.2 of this Agreement). The covenants set forth in this Article 5 that expressly require performance only by a specified Project Company shall be required to be performed only by such Project Company (unless such performance is waived in accordance with Section 9.2 of this Agreement).

5.1 Contingent Liabilities. Except for the consummation of the transactions pursuant to this Agreement and the other Financing Documents, such Project Company shall not become liable as a surety, guarantor, accommodation endorser or otherwise, for or upon the obligation of any other Person; provided, however, that this Section 5.1 shall not be deemed to prohibit the incurrence, creation, assumption or existence of Project Company Permitted Debt or Project Company Permitted Liens.

5.2 Liens. Such Project Company shall not create, assume or suffer to exist any Lien securing a charge or obligation on any of its Project Company Collateral, whether now owned or hereafter acquired, except Project Company Permitted Liens.

5.3 Indebtedness. Such Project Company shall not incur, create, assume or permit to exist any Debt, except Project Company Permitted Debt.

5.4 Asset Dispositions. Such Project Company shall not sell, lease (as lessor), license (as licensor), assign, pledge, transfer or otherwise dispose of any of its assets (including any Project Company Collateral), whether now owned or hereafter acquired without XLCA's prior written consent (if XLCA is the Controlling Party), other than (a) sales of goods, products and/or services in the ordinary course of business as contemplated by its Project Documents, (b) sales of assets that are replaced with substantially similar assets, (c) sales for fair market value of worn out or obsolete assets, or of surplus assets or land, that are not useful or necessary in connection with the development, construction, ownership, leasing, operation, maintenance or use of its Project, in an aggregate amount (over the entire term of this Agreement) not to exceed $10,000,000 (provided that such aggregate amount shall be increased from time to time by reference to the United States Department of Labor Consumer Price Index), (d) sales or transfers

of assets required by the terms of its Project Documents (provided that the Bayou Cove Project Company shall not be permitted to transfer the entire Site of the Bayou Cove Project pursuant to the Bayou Cove EPC Agreement (Interconnection Facilities)), or (e) in connection with a Permitted Peaker Buyout, provided that

this Section 5.4 shall not be deemed to prohibit the grant or creation of any Project Company Permitted Liens. If a Project Company is permitted to dispose of assets pursuant to this Section 5.4, as certified to the Collateral Agent by a Responsible Officer of such Project Company, in such Responsible Officer's capacity as an Officer of such Project Company, the Collateral Agent shall then take all actions reasonably requested by such Project Company in writing in order to release or subordinate the Liens of the Collateral Agent on such assets (including the execution of UCC-3 termination statements and deeds of reconveyance).

5.5 Business Activities. Such Project Company shall not engage in any activities other than (a) the development, ownership, leasing, construction, operation, maintenance and use of its Project as contemplated by the Operative Documents, (b) other activities expressly permitted by the Financing Documents, and (c) activities reasonably incidental thereto. Such Project Company shall not make any alterations, modifications, renovations or improvements to its Project other than those that (i) are required to comply with Legal Requirements or (ii) are in accordance with Prudent Utility Practices.

5.6 Subsidiaries, etc.; Investments.

(a) Subsidiaries, etc. Such Project Company shall not (a) create or acquire any Subsidiary, (b) become a general or limited partner in any partnership or a member in any limited liability company, (c) become a joint venturer in any joint venture, or (d) create or hold any equity interests in any other Person.

(b) Investments. Such Project Company shall not make any investments (whether by purchase of stocks, bonds, notes or other securities, loan, extension of credit, advance or otherwise) other than (i) Permitted Investments in accordance with Article V of the Depositary Agreement and (ii) other investments expressly permitted in the Financing Documents.

5.7 Distributions. Such Project Company shall not directly or indirectly (a) make or declare any distribution (in cash, property or obligation) on, or make any other payment on account of, any equity interest in Project Company, (b) make any payment in respect of Subordinated Debt, or (c) make any other payment from the Distribution Account (whether to a Project Company, any Affiliate of the Issuer or any Project Company or any other Person) other than distributions or payments from the Distribution Account in accordance with Section 4.6.2 of the Depositary Agreement and Section 4.5 of this Agreement.

5.8 Transactions with Affiliates. Such Project Company shall not enter into any transaction or agreement with any of its Affiliates, other than (a) transactions provided for in or expressly permitted by the Operative Documents, (b) transactions or agreements between or among only the Issuer and/or the other Project Companies not otherwise prohibited by the terms of any Financing Document, or (c) transactions or agreements certified to the Controlling Party by a Responsible Officer of such Project Company, in such Responsible Officer's capacity as an

officer of such Project Company, as having terms that are not materially less favorable to such Project Company than the terms such Project Company would obtain in an arm's-length transaction with a Person that is not its Affiliate; provided that, in respect of each transaction or agreement permitted pursuant to paragraph (c) of this Section 5.8, Project Company shall perform its obligations and exercise its rights under any such transaction or agreement as if such transaction or agreement was an arm's-length transaction with a Person that is not its Affiliate.

5.9 ERISA. Such Project Company shall not establish, maintain, contribute to or become obligated to contribute to any ERISA Plan.

5.10 Merger or Consolidation; Liquidation; Amendment of Organizational Documents.

(a) Such Project Company shall not consolidate with or merge into any other Person or permit any Person to consolidate with or merge into such Project Company or convey, transfer or lease its properties and assets substantially as an entirety to such Project Company, unless:

(i) immediately after giving effect to such transaction, no Project Company Event of Default or Project Inchoate Default with respect to such Project Company shall have occurred and be continuing;

(ii) if, as a result of any such consolidation, merger or conveyance, transfer or lease, properties or assets of such Project Company other than the Collateral would become subject to a mortgage, pledge, lien, security interest or other encumbrance that would not be permitted by this Agreement, such Project Company or such successor Person, as the case may be, shall take such steps as shall be necessary effectively to secure the Bonds of each series equally and ratably with (or prior to) all indebtedness secured thereby;

(iii) such Project Company has delivered to the Trustee, with a copy to XLCA, an Officer's Certificate (as such term is defined in the Indenture) and an Opinion of Counsel (as such term is defined in the Indenture), each stating that such consolidation, merger, conveyance, transfer or lease and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture complies with Article Nine of the Indenture and that all conditions precedent in this Agreement and the Indenture provided for relating to such transaction have been complied with; and

(iv) at any time when XLCA is the Controlling Party, XLCA consents in writing, in its absolute discretion, to such transaction prior to the consummation thereof.

(b) Upon any consolidation of such Project Company with, or merger of the Project Company into, any other Person in accordance with Section 5.10(a), the successor Person formed by such consolidation or into which such Project Company is merged shall succeed to, and be substituted for, and may exercise every right and power of, such Project Company under this Agreement and the other Financing Documents with the same effect as if such successor Person had been named as such Project Company in this Agreement and the other Financing

Documents, and thereafter the predecessor Person shall be relieved of all obligations and covenants under the Financing Documents.

(c) Such Project Company shall not liquidate or dissolve itself (or suffer any liquidation or dissolution) or amend its organizational documents in any material respect (except, in respect of such amendment of its organizational documents, (i) as required to comply with the "special purpose entity" requirements or similar criteria of any Rating Agency and (ii) in connection with a Permitted Change of Control).

(d) Nothing in this Section 5.10 shall be deemed to prohibit any Permitted Peaker Buyout or Permitted Change of Control.

5.11 Amendments to Project Documents; New Project Documents.

(a) Such Project Company shall not terminate, assign its rights under, amend, modify, supplement or waive, or permit or consent to the termination, amendment, modification, supplement or waiver of, any provision of, or give any consent under (any such action, a "Project Document Action") (i) Sections 2.8, 2.9, 3.6 or 9.2.6 of the Addendum to the Energy Marketing Services

Agreement to which such Project Company is a party or any requirement under such Energy Marketing Services Agreement that such Project Company or NRG Power Marketing comply with the sections specified above (x) if XLCA is the Controlling Party, without the written consent of XLCA (which consent shall be given or withheld in XLCA's absolute discretion), or (y) if XLCA is not the Controlling Party, if such Project Document Action could reasonably be expected to have a Project Material Adverse Effect, and (ii) any of its other Major Project Documents if such Project Document Action could reasonably be expected to have a Project Material Adverse Effect.

(b) Such Project Company shall not materially amend, modify or supplement or permit or consent to the material amendment, modification or supplement of, any provision of any Major Project Document and the Corporate Services Agreement, without the prior written consent of XLCA (if XLCA is the Controlling Party) (which consent shall not be unreasonable withheld by XLCA).

(c) Such Project Company shall not enter into any agreement replacing any of the existing Corporate Services Agreement, Energy Marketing Services Agreement, or O&M Agreement (i) if XLCA is the Controlling Party, without the prior written consent of XLCA (which consent shall not be unreasonably withheld) or (ii) if XLCA is not the Controlling Party, if entering into such agreement could reasonably be expected to have a Project Material Adverse Effect.

5.12 Accounts. Project Company shall not maintain, establish or use any bank, deposit or securities accounts other than the Accounts.

5.13 Name and Location; Fiscal Year. Such Project Company shall not (a) change its name, the location of its principal place of business, the location of its Project Company Collateral, its jurisdiction of organization or its organizational identification number without notice to the Collateral Agent at least 30 days prior to such change or (b) for so long as XLCA is the Controlling Party, change its fiscal year without XLCA's written consent.

5.14 Assignment. Such Project Company shall not assign its rights or obligations hereunder or under any of the other Financing Documents to which it is a party, except as expressly permitted under this Agreement.

5.15 Acquisition of Real Property. Such Project Company shall not acquire or lease any real property or other interest in real property (excluding (x) the acquisition (but not the exercise) of any options to acquire any such interests in real property and (y) the acquisition of any Easements related thereto) unless: (a) it shall have delivered to the Collateral Agent (i) an environmental indemnity agreement, in form and substance reasonably satisfactory to XLCA (or if XLCA shall not be the Controlling Party, an independent environmental consultant) on which the Collateral Agent may rely, pursuant to which, among other things, an indemnitor reasonably satisfactory to XLCA (or if XLCA shall not be the Controlling Party, an independent environmental consultant)) indemnifies the Issuer, such Project Company and the Secured Parties from any and all claims, losses, diminutions in value of such real property, damages or other liabilities related to or arising from Hazardous Substances then in, on or under such real property or otherwise caused by or attributable to such indemnitor; or (ii) an environmental insurance policy, in form and substance, and from an insurance carrier, reasonably satisfactory to XLCA (or, if XLCA is not the Controlling Party, an independent environmental consultant), which provides the same protection as described for the environmental indemnity agreement above or (b) (i) it shall have delivered to the Collateral Agent a Phase I environmental report prepared by an environmental consultant reasonably satisfactory to XLCA (or if XLCA shall not be the Controlling Party, an independent environmental consultant) on which the Collateral Agent may rely with respect to such real property in accordance with ASTM standards, (along with a corresponding reliance letter from the environmental consultant in form and substance reasonably satisfactory to XLCA

(or if XLCA shall not be the Controlling Party, an independent environmental consultant)), stating that there is no evidence of a Release or threatened Release that could reasonably be expected to result in a future Release of any Hazardous Substance in, on, under or at such real property and that no additional investigation (including a Phase II environmental assessment) is recommended, and (ii) if evidence was found of a Release or threatened Release that could reasonably be expected to result in a future Release of any Hazardous Substance in, on, under or at such real property or an additional investigation (including a Phase II environmental assessment) is recommended in such Phase I environmental report, it shall have delivered to the Collateral Agent a Phase II environmental report (or other recommended investigation) with respect to such real property, pursuant to a scope of work reasonably satisfactory to XLCA (or if XLCA shall not be the Controlling Party, an independent environmental consultant) (along with a corresponding reliance letter from the environmental consultant in form and substance reasonably satisfactory to XLCA (or if XLCA shall not be the Controlling Party, an independent environmental consultant)), confirming, to the reasonable satisfaction of XLCA (or if XLCA shall not be the Controlling Party, an independent environmental consultant)), either (A) that no Release or threatened Release of any Hazardous Substance has occurred in, on, under or at such real property, or (B) if a Release or threatened Release that could reasonably be expected to result in a future Release of any Hazardous Substance has occurred in, on, under or at such real property, that such Release or threatened Release that could reasonably be expected to result in a future Release of any Hazardous Substances either does not trigger any reporting or remediation obligations under Hazardous Substances Law or has been remediated to acceptable levels under Hazardous Substances Law.

5.16 Additional Project Documents.

(a) Such Project Company shall not enter into or become a party to any Additional Project Document to the extent that the execution, delivery or performance of such Additional Project Document could reasonably be expected to have a Project Material Adverse Effect.

(b) If such Project Company enters into any Major Project Document, such Project Company shall deliver to the Collateral Agent a Consent from the third party under such Major Project Document in substantially the form of Exhibit 3.1(f)(ii) to the Insurance and Reimbursement Agreement.

(c) The Rockford I Project Company and the Rockford II Project Company shall not enter into or become a party to any O&M Agreement without XLCA's prior written consent (If XLCA is the Controlling Party), which consent shall not be unreasonably withheld.

5.17 Use of Project Site. Such Project Company shall not use, or permit to be used, its Site for any purpose other than as contemplated by the Operative Documents to which it is a party.

5.18 Hazardous Substances. Such Project Company shall not, and shall not allow any of its Affiliates, contractors or agents, or any other Person with the consent, or under the control of, such Project Company or any of its Affiliates, contractors or agents, to Release any Hazardous Substances in violation of any Hazardous Substances Law or other Legal Requirement if such Release could reasonably be expected to have a Project Material Adverse Effect.

5.19 Annual Operations Budget. For any month, (a) the cumulative year-to-date amount of the O&M Expenses, other than the Major Maintenance Payment, made by all Project Companies in conjunction with the Issuer for such month shall not exceed the amount set forth for the O&M Expenses in the Annual Operations Budget from the beginning of the year up to such month by more than 110% and (b) the cumulative year-to-date amount of the Major Maintenance Payment made by all Project Companies in conjunction with the Issuer for such month shall not exceed the amount set forth for the Major Maintenance Payment in the Annual Operations Budget from the beginning of the year up to such month by more

than 105%, without XLCA's prior written consent (if XLCA is the Controlling Party) (which consent shall not be unreasonably withheld by XLCA), or in case XLCA is not the Controlling Party, if such deviation from the Annual Operations Budget could reasonably be expected to have a Project Material Adverse Effect.

5.20 Operating Services Budget. All Project Companies shall approve their respective Operating Services Budget under their respective O&M Agreements only in accordance with the Annual Operations Budget and the Financing Documents.

ARTICLE 6
GUARANTY

6.1 Guaranty.

(a) Each Project Company, as primary obligor and not merely as surety, absolutely, unconditionally and irrevocably and jointly and severally with each other Project Company guarantees to the Secured Parties the full and punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all of the Bond Obligations, the Reimbursement Obligations, the Depositary Obligations and the Swap Obligations of the Issuer under the Financing Documents, together with the payment in full of all fees and expenses incurred by the Collateral Agent or any other Secured Party in enforcing any such Obligations or the terms hereof, including reasonable fees and expenses of its legal counsel and agents (collectively, the "Guaranteed Obligations"), and agrees that if, for any reason, the Issuer shall fail to pay when due any of the Guaranteed Obligations, such Project Company will pay the same forthwith. Each Project Company waives notice of acceptance of its Guaranty and of any obligation to which it applies or may apply under the terms hereof, and waives promptness, diligence, presentment, demand of payment or performance, notice of dishonor or non-payment or non-performance, protest, or notice of protest, of any such obligations, suit or taking other action by any Secured Party against, and giving any notice of default or other notice to, or making any demand on, any party liable thereon (including any Project Company).

(b) If, notwithstanding the representation and warranty set forth in Section 2.2(aa) of the Insurance and Reimbursement Agreement or anything to the contrary herein, enforcement of the liability of any Project Company under its Guaranty for the full amount of the Guaranteed Obligations would be an unlawful or voidable transfer under any applicable fraudulent conveyance or fraudulent transfer law or any comparable law, then the liability of such Project Company hereunder shall be reduced to the highest amount for which such liability may then be enforced without giving rise to an unlawful or voidable transfer under any such law.

6.2 Guaranty Absolute. The Guaranty of each Project Company is a primary obligation of such Project Company and is an absolute, unconditional, continuing and irrevocable guaranty of payment in full in cash of the Guaranteed Obligations and not of collectibility, and is in no way conditioned on or contingent upon any attempt to enforce in whole or in part the Issuer's liabilities and obligations to the Secured Parties. If the Issuer shall fail to pay in full in cash any of the Guaranteed Obligations to any Secured Party as and when they are due, the Project Companies shall forthwith pay such Guaranteed Obligations immediately (in immediately available funds in Dollars) to an account designated by the Collateral Agent. Each failure by the Issuer to pay any Guaranteed Obligation strictly in accordance with the terms of each Financing Document under which such Guaranteed Obligation arises, regardless of any Legal Requirement now or hereafter in effect in any jurisdiction, shall give rise to a separate cause of action herewith, and separate suits may be brought hereunder as each cause of action arises.

6.3 Rights and Obligations Absolute and Unconditional. All rights of the Secured Parties and all obligations of each Project Company in respect of its Guaranty hereunder shall be absolute and unconditional irrespective of:

(a) any lack of validity, legality or enforceability of any Financing Document;

(b) the failure of any Secured Party:

(i) to assert any claim or demand or to enforce any right or remedy against the Issuer, any Project Company or any other Person (including any other guarantor) under the provisions of any Financing Document or otherwise, or

(ii) to exercise any right or remedy against any other guarantor of, or collateral securing, any of the Obligations;

(c) any change in the time, manner or place of payment of, or in any other term of, any of the Obligations, or any other extension or renewal of any obligation of the Issuer or any Project Company;

(d) any reduction, limitation, impairment or termination of any of the Obligations for any reason (other than the written agreement of all of the Secured Parties to terminate the Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to, and Project Company hereby waives any right to or claim of, any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any obligation of the Issuer, any Project Company or otherwise, other than Project Company's indefeasible payment in full of the Guaranteed Obligations;

(e) any amendment to, rescission, waiver or other modification of, or any consent to departure from, any of the terms of any Financing Document other than its Guaranty;

(f) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to departure from, any other security interest held by any Secured Party securing any of the Obligations;

(g) any sale, exchange, release or surrender of, realization upon or other manner or order of dealing with any property by whomsoever pledged or mortgaged to secure or howsoever securing the Obligations or any liabilities or obligations (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof and/or any offset there against;

(h) the application of any sums by whomsoever paid or howsoever realized to any obligations and liabilities of the Issuer or any Project Company to the Secured Parties under the Financing Documents in the manner provided therein regardless of what obligations and liabilities remain unpaid;

(i) any action or failure to act in any manner referred to in this Guaranty which may deprive Project Company of its right to subrogation against the Issuer or any other Project Company to recover full indemnity for any payments or performances made pursuant to its Guaranty or of its right of contribution against any other party; or

(j) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, the Issuer, any Project Company, any surety or any guarantor.

6.4 Guaranty Continuing. Each Project Company's Guaranty is a continuing Guaranty and all obligations to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. In the event that, notwithstanding the provisions of Section 6.1, any Project Company's Guaranty shall be deemed revocable in accordance with applicable Legal Requirements, then any such revocation shall become effective only upon receipt by the Collateral Agent of written notice of revocation signed by a Responsible Officer of such Project Company. No revocation or termination hereof shall affect in any manner rights arising under any Project Company's Guaranty with respect to Guaranteed Obligations arising prior to receipt by the Collateral Agent of written notice of such revocation or termination.

6.5 Waivers. Each Project Company hereby waives and relinquishes all rights and remedies accorded by applicable law to sureties or guarantors and agrees not to assert or take advantage of any such rights or remedies, including (a) any right to require the Collateral Agent or any other Secured Party to proceed against the Issuer, any Project Company or any other Person or to proceed against or exhaust any security held by the Collateral Agent or any other Secured Party at any time or to pursue any other remedy in the Collateral Agent's or any other Secured Party's power before proceeding against such Project Company, (b) any defense that may arise by reason of the incapacity, lack of power or authority, dissolution, merger, termination or disability of the Issuer, any Project Company or any other Person or the failure of the Collateral Agent or any other Secured Party to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of the Issuer, any Project Company or any other Person, (c) demand, presentment, protest and notice of any kind except as provided herein, including notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of the Issuer, any Project Company, the Collateral Agent, any other Secured Party, any endorser or creditor of the Issuer, any Project Company or on the part of any other Person under this or any other instrument in connection with any obligation or evidence of indebtedness held by the Collateral Agent or any other Secured Party as collateral or in connection with any Guaranteed Obligation, (d) any defense based upon an election of remedies by the Collateral Agent or any other Secured Party, including an election to proceed by non-judicial rather than judicial foreclosure, which destroys or otherwise impairs the subrogation rights of any Project Company, the right of any Project Company to proceed against the Issuer or any other Project Company for reimbursement, or both, (e) any defense based on any offset against any amounts which may be owed by any Person to any Project Company for any reason whatsoever, (f) any defense based on any act, failure to act, delay or omission whatsoever on the part of the Issuer or any Project Company or the failure by the Issuer or any Project Company to do any act or thing or to observe or perform any covenant, condition or agreement to be observed or performed by it under the Financing

Documents, (g) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; provided that, upon payment or performance in full of the Guaranteed Obligations, a Project Company's Guaranty shall no longer be of any force or effect, (h) any defense, setoff or counterclaim which may at any time be available to or asserted by the Issuer or any Project Company against the Collateral Agent, any other Secured Party or any other Person under the Financing Documents, (i) any duty on the part of the Collateral Agent or any other Secured Party to disclose to any Project Company any facts the Collateral Agent or any other Secured Party may now or hereafter know about the Issuer or any Project Company, regardless of whether the Collateral Agent or such Secured Party have reason to believe that any such facts materially increase the risk beyond that which any Project Company intends to assume, or have reason to believe that such facts are unknown to any Project Company, or have a reasonable opportunity to communicate such facts to any Project Company, since each Project Company acknowledges that it is fully responsible for being and keeping informed of the financial condition of the

Issuer and the Project Companies and of all circumstances bearing on the risk of non-payment or non-performance of any obligations and liabilities hereby guaranteed, (j) any defense based on any change in the time, manner or place of any payment or performance under, or in any other term of, the Financing Documents or any other amendment, renewal, extension, acceleration, compromise or waiver of or any consent or departure from the terms of the Financing Documents, (k) any defense arising because of the Collateral Agent's or any other Secured Party's election, in any proceeding instituted under the Federal Bankruptcy Code, of the application of Section 1111(b)(2) of the Federal Bankruptcy Code, and (l) any defense based upon any borrowing or grant of a security interest under Section 364 of the Federal Bankruptcy Code.

6.6 Acknowledgments. Each Project Company acknowledges that it has been provided with a copy of each of the Financing Documents and has read and is familiar with the provisions of each of the Financing Documents.

6.7 Subordination. All existing and future indebtedness of, or other obligation owed by, the Issuer or any Project Company to any other Project Company is hereby subordinated to all of the Guaranteed Obligations on the same terms as required in respect of subordinated Debt of the Issuer and the Project Companies pursuant to this Agreement as set forth in Exhibit M to this Agreement.

6.8 Subrogation. So long as the Financing Documents remain in effect and until all of the Guaranteed Obligations have been paid in full, (a) no Project Company shall have any right of subrogation and each Project Company waives all rights to enforce any remedy which the Secured Parties now have or may hereafter have against the Issuer or any other Project Company, and waives the benefit of, and all rights to participate in, any security now or hereafter held by the Collateral Agent or any other Secured Party from the Issuer or any of the Project Companies, and (b) each Project Company waives any claim, right or remedy which it may now have or hereafter acquire against the Issuer or any other Project Company that arises hereunder and/or from the performance by it hereunder, including any claim, remedy or right of subrogation, reimbursement, exoneration, contribution, indemnification, or participation in any claim, right or remedy of the Secured Parties against the Issuer or any Project Company, or any security which the Secured Parties now have or hereafter acquire, whether or not such claim,

right or remedy arises in equity, under contract, by statute, under common law or otherwise. Any amount paid to any Project Company on account of any such subrogation rights prior to the indefeasible payment in full in cash of the Obligations (including the Guaranteed Obligations) and the termination of all other obligations of the Secured Parties under the Financing Documents shall be held in trust for the benefit of the Collateral Agent and shall immediately thereafter be paid to the Collateral Agent for the benefit of the Secured Parties.

6.9 Bankruptcy.

(a) So long as the Financing Documents remain in effect and until all of the Obligations have been paid in full, none of the Project Companies shall, without the prior written approval of the Controlling Party, commence, or join with any other Person in commencing, any bankruptcy, reorganization, or insolvency proceeding against the Issuer or any other Project Company. The obligations of each Project Company under its Guaranty shall not be altered, limited or affected by any proceeding, voluntary or involuntary, involving the bankruptcy, reorganization, insolvency, receivership, liquidation or arrangement of the Issuer, NRG Energy or any Project Company, or by any defense which the Issuer or any other Project Company may have by reason of any order, decree or decision of any court or the administrative body resulting from any such proceeding.

(b) So long as the Financing Documents remain in effect

and until all of the Guaranteed Obligations have been paid in full, to the extent of any Guaranteed Obligation, each Project Company shall file, in any bankruptcy or other proceeding in which the filing of claims is required or permitted by Legal Requirements, all claims which such Project Company may have against the Issuer or any other Project Company related to any indebtedness of the Issuer or any Project Company to such Project Company, and hereby assigns to the Collateral Agent, on behalf of the Secured Parties, all rights of such Guarantor thereunder. If any Project Company fails to file any such claim, the Collateral Agent, as attorney-in-fact for such Project Company, is hereby authorized to do so in the name of such Project Company or, in the Collateral Agent's discretion, to assign the claim to a nominee and to cause proofs of claim to be filed in the name of the Collateral Agent's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The Collateral Agent or its nominee shall have the sole right to accept or reject any plan proposed in any such proceeding and to take any other action which a party filing a claim is entitled to take. In all such cases, whether in administration, bankruptcy or otherwise, the person authorized to pay such a claim shall pay the same to the Collateral Agent to the extent of any Guaranteed Obligation which then remain unpaid, and, to the full extent necessary for that purpose, each Project Company hereby assigns to the Collateral Agent all of such Project Company's rights to all such payments or distributions to which such Project Company would otherwise be entitled; provided, however, that such Project Company's obligations hereunder shall not be satisfied except to the extent that the Collateral Agent receives cash by reason of any such payment or distribution. If the Collateral Agent receives anything hereunder other than cash, the same shall be held as collateral for amounts due under this Guaranty.

6.10 Interest; Collection Expenses. Any amount required to be paid by any Project Company pursuant to the terms of its Guaranty shall bear interest at the Late Payment Rate or the maximum rate permitted by Legal Requirements, whichever is less, from the date due until paid in full. If the Collateral Agent or any other Secured Party is required to pursue any remedy

against any Project Company, such Project Company shall pay to the Collateral Agent or such Secured Party, as the case may be, upon demand, all reasonable attorneys' fees and expenses all other costs and expenses incurred by the Collateral Agent or such Secured Party in enforcing its Guaranty.

6.11 Reinstatement of Guaranty. Each Project Company's Guaranty and its obligations of the Guarantors shall automatically be reinstated if and to the extent that for any reason any payment made pursuant to its Guaranty is rescinded or otherwise restored to it, whether as a result of any proceedings in bankruptcy or reorganization or otherwise with respect to the Issuer or any other Person or as a result of any settlement or compromise with any Person (including any Project Company) in respect of such payment, and such Project Company shall pay the Collateral Agent on demand all of its reasonable costs and expenses (including reasonable fees of counsel) incurred by the Collateral Agent in connection with such rescission or restoration.

6.12 Termination of Guaranty. The Guaranty of a Project Company shall terminate in its entirety upon the occurrence of a Project Release Event with respect to such Project Company.

6.13 Survival. The provisions of this Article 6 shall survive satisfaction, discharge and/or termination of this Agreement and the other Financing Documents.

6.14 Contribution Obligations Among Project Companies. In order to provide for just and equitable contribution among the Project Companies, each Project Company agrees that if any payment or distribution is made by a Project Company (a "Funding Project Company") under its Guaranty, such Funding Project Company shall be entitled to a contribution from the other Project Companies for all such payments or distributions, or damages and expenses incurred by such Funding Project Company in discharging any Guaranteed Obligations. Each Project

Company which is not a Funding Project Company (a "Non-Funding Project Company") shall be liable to a Funding Project Company with respect to any such payments or distributions, or damages and expenses, in an aggregate amount equal to (a) the ratio of (i) the net worth of such Non-Funding Project Company, as determined in accordance with the most recent balance sheet of such Non-Funding Project Company at the time of such payment by a Funding Project Company, to (ii) the aggregate net worth of all Project Companies, similarly determined, multiplied by (b) the amount which the Funding Project Company paid on account of the Guaranteed Obligations. If at any time there exists more than one Funding Project Company, then payment from the other Non-Funding Project Companies pursuant to this Section 6.14 shall be in an aggregate amount equal in proportion to the total amount of money paid for or on account of the Guaranteed Obligations by the Funding Project Companies pursuant to their Guaranties. If the Funding Project Company is required to make any payment hereunder, such Funding Project Company shall also be entitled to a right of subrogation in respect of such payment from the other Project Companies. Notwithstanding anything in this Section 6.14 to the contrary, the agreements in this Section 6.14 are to establish the relative rights of contribution of the Project Companies and shall not modify the joint and several nature of the obligations of each Project Company owed to or for the benefit of the Secured Parties or impair the rights of the Collateral Agent for the benefit of the Secured Parties to hold any of the Project Companies liable for payment of the full amount of all Guaranteed Obligations.

ARTICLE 7
EVENTS OF DEFAULT; REMEDIES

7.1 Issuer Events of Default. The occurrence of any of the following events shall constitute an "Issuer Events of Default" hereunder:

(a) Failure to Make Payments. The Issuer shall fail to pay, in accordance with the terms of the Financing Documents, (i) any principal of any Bond Obligation on the date that such principal is due, (ii) any amount in respect of any Reimbursement Obligation on the date that such amount is due, (iii) any Swap Payment Amount in accordance with the Swap Agreement, (iv) any interest on any Bond Obligation, Reimbursement Obligation, Swap Payment Amount or any scheduled fee, cost, charge or sum due hereunder or under the other Financing Documents within 3 Business Days after the date that such sum is due, or (v) any other fee, cost, charge or other sum due hereunder or under the other Financing Documents within 10 Business Days after the date that such sum is due; provided that any such failure of the Issuer to pay the amounts described in this Section 7.1(a) shall not be an Issuer Event of Default if such amounts are paid (i) by one or more of the Project Companies pursuant to, and in accordance with, their respective Guaranties, (ii) by NRG Energy (or any other Equity Party) pursuant to, and in accordance with, the Parent Agreement (or other Equity Document), or (iii) otherwise with Account Funds from the Debt Payment Account in accordance with the terms of the Depositary Agreement.

(b) Judgments. One or more final judgments for the payment of money (if such payments are not fully covered by insurance) in excess of $5,000,000 in the aggregate shall be rendered against the Issuer, and the Issuer shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within 60 days after the date of entry thereof; provided, however, that any such judgment shall not be (and shall not constitute part of) an Issuer Event of Default under this Section 7.1(b) if and for so long as (i) the amount of such judgment is fully covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer has been notified of, and has not disputed the claim made for payment of, the amount of such judgment.

(c) Misstatements; Omissions. Any representation or warranty by the Issuer set forth in any Financing Document or in any document entered into in connection therewith in favor of or for the benefit of any Secured Party or in any certificate, financial statement or other document

delivered in connection therewith for the benefit of any Secured Party shall prove to have been incorrect in any material respect when made (or deemed made) and the facts or events underlying such incorrect representation or warranty shall not be changed so as to correct such representation or warranty in all material respects for a period of 30 days (or so long as the facts or events underlying such incorrect representation or warranty are capable of being changed so as to correct such incorrect representation or warranty in all material respects and the Issuer is diligently proceeding to change such events or facts, such longer period but in no event for an aggregate period in excess of 90 days) after a Responsible Officer of the Issuer becomes aware thereof or the Issuer first received a notice from or on behalf of the Controlling Party (or XLCA if the proviso to this Section 7.1(c) applies) specifying such material inaccuracy and requiring that the facts or events underlying such incorrect representation or warranty be changed so as to correct such incorrect representation or warranty in all material respects; provided, however, that

any Issuer Event of Default pursuant to this Section 7.1(c) arising solely from any representation or warranty made by the Issuer for the benefit of XLCA under the Insurance and Reimbursement Agreement shall be an Issuer Event of Default in respect of which no Person other than XLCA shall have the rights given to the parties to this Agreement in respect of Issuer Events of Default generally.

(d) Bankruptcy; Insolvency. The Issuer shall become subject to a Bankruptcy Event.

(e) Debt Cross Default. The Issuer shall default for a period beyond any applicable grace period (i) in the payment of any principal, interest or other amount due on any Debt for Borrowed Money of the Issuer (other than the Obligations) and such defaulted amount, together with any other principal, interest or other amount due and unpaid on any Debt for Borrowed Money of the Issuer (other than the Obligations) equals or exceeds $5,000,000 in the aggregate, or (ii) in the payment of any amount then due or performance of any obligation then required under any agreement evidencing Debt of the Issuer (other than the Financing Documents) if, because of such default, the holder of such Debt accelerates the payment thereof and such accelerated amount, together with the amount of any other Debt of the Issuer then so accelerated (other than the Obligations), equals or exceeds $5,000,000 in the aggregate.

(f) ERISA. With respect to any ERISA Plan which a member of the Controlled Group sponsors, maintains, administers, contributes to, participates in, or has any obligation to contribute to or any liability under, an event has occurred or a condition exists which, together with all other such events or conditions, would reasonably be expected to have an Issuer Material Adverse Effect.

(g) Breach of Terms of Financing Documents.

(i) The Issuer shall fail to perform or observe any of the covenants or other agreements set forth in Sections 2.1 (Use of Proceeds and Revenues), 2.6(a)(i) and (c) (Existence, Conduct of Business, etc.), or Article 4 (other than Section 4.6 (Investments), 4.8 (ERISA), 4.10 (Accounts) and 4.11 (Name and Location; Fiscal Year)).

(ii) The Issuer shall fail to perform or observe any of the covenants or other agreements set forth in the Financing Documents which are not otherwise specifically provided for in Section 7.1(g)(i) or elsewhere in this Section 7.1 and such failure shall continue unremedied for a period of 30 days after the Issuer becomes aware thereof or receives written notice thereof from the Controlling Party; provided, however, if (A) such failure does not consist of a failure to pay money and cannot be cured within such 30 day period, (B) such failure is susceptible of cure within 90 days, (C) the Issuer is proceeding with diligence and in good faith to cure such failure, (D)

the existence of such failure has not had and, after considering the nature of the cure, could not reasonably be expected to have an Issuer Material Adverse Effect, and (E) the Controlling Party and the Collateral Agent shall have received an officer's certificate signed by a Responsible Officer of the Issuer, in such Responsible Officer's capacity as an officer of the Issuer, to the effect of clauses (A), (B), (C) and (D) above and stating

what action the Issuer is taking to cure such failure, then such 30 day cure period shall be extended to such date, not to exceed a total of 90 days, as shall be necessary for the Issuer diligently to cure such failure.

(h) Loss of Exemption. The Issuer shall become subject to, or not exempt from, regulation under the FPA or PUHCA, other than Section 9(a)(2) of PUHCA, and such regulation, or loss of exemption from regulation, shall have an Issuer Material Adverse Effect; provided that the Issuer shall have 60 days after a Responsible Officer of the Issuer obtains knowledge of such event to cure such event before it becomes an Issuer Event of Default so long as the extension of time to cure such event could not reasonably be expected to have an Issuer Material Adverse Effect.

(i) Issuer Collateral. (i) The grant of the Lien of any of the Issuer Collateral Documents shall fail in any material respect to provide a perfected Lien in favor of the Collateral Agent for the benefit of the Secured Parties on any of the Issuer Collateral with the priority purported to be created thereby, and the Issuer shall fail to cure any such failure within 15 days after the Issuer becomes aware thereof or receives written notice thereof from the Collateral Agent, or (ii) the Collateral Agent shall receive a Secretary of State report indicating that the Collateral Agent's security interest in any of the Issuer Collateral is not prior to all other security interests or other interests reflected in such report, other than Issuer Permitted Liens, and the Issuer shall fail to cure such condition within 15 days after the Issuer becomes aware thereof or receives written notice thereof from the Collateral Agent.

(j) Loss of Control. (a) All or substantially all of the assets of a Project Company shall be sold, leased, licensed, assigned, pledged, transferred or otherwise disposed of by such Project Company without XLCA's prior written consent (if XLCA is the Controlling Party), other than pursuant to a Permitted Peaker Buyout, or (b) NRG Energy shall fail to directly or indirectly own 100% of the membership interests in the Issuer or any Project Company and control the fundamental management decisions of the Issuer or any Project Company other than in connection with (i) a Permitted Peaker Buyout or (ii) a Permitted Change of Control.

(k) Project Events of Default.

(i) A Fundamental Project Event of Default shall have occurred and be continuing.

(ii) Any Project Event of Default shall have occurred and be continuing and (A) has resulted in an Issuer Material Adverse Effect, or (B) could reasonably be expected to result in an Issuer Material Adverse Effect, provided that there shall be no Issuer Event of Default under this Section 7.1(k)(ii) if the Issuer consummates a Permitted Peaker Buyout (Peaker Sale/Project Event of Default) or Peaker Collateralization in respect of the applicable Project Company and/or its Project.

(l) Unenforceability of Financing Documents. At any time after the execution and delivery thereof, any material provision of any Financing Document shall cease to be in full force and effect (other than by reason of a release of Collateral thereunder in accordance with the terms hereof

or thereof, the satisfaction in full of the Obligations or any

other termination of a Financing Document in accordance with the terms hereof and thereof) or any Financing Document shall be declared null and void by a Governmental Authority of competent jurisdiction.

(m) Equity Documents and Equity Parties.

(i) Any Equity Document shall fail to be in full force and effect (other than due to a termination thereof in accordance with the terms hereof and thereof) or any Equity Party shall repudiate in writing any of its obligations thereunder.

(ii) Any Equity Party shall fail to make any payment as and when due under any Equity Document to which it is a party.

(iii) There shall have occurred and be continuing an NRG Event of Default (other than pursuant to the matters referred to in Section 7.1 (m)(i) or Section 7.1(m)(ii)).

(n) Intentionally Omitted.

(o) Significant Casualty Event or Significant Condemnation Event.

(i) There shall have occurred a Significant Casualty Event in respect of a Project or the Issuer shall not have delivered to the Collateral Agent the Responsible Officer's certificate required in respect of such Project under Section 4.7.2(a)(ii) of the Depositary Agreement or XLCA (if XLCA is the Controlling Party) (or the Independent Engineer) shall not have consented to, or confirmed the statements set forth in, as the case may be, such certificate as required by Section 4.7.2(a)(ii) of the Depositary Agreement, provided that there shall be no Issuer Event of Default under this Section 7.1(o)(i) if the Issuer consummates a Permitted Peaker Buyout (Completion/Loss Event) or Peaker Collateralization in respect of such Project.

(ii) There shall have occurred a Significant Condemnation Event in respect of a Project or the Issuer shall not have delivered to the Collateral Agent the Responsible Officer's certificate required in respect of such Project under Section 4.7.2(b)(ii) of the Depositary Agreement or XLCA (if XLCA is the Controlling Party) (or the Independent Engineer) shall not have consented to, or confirmed the statements set forth in, as the case may be, such certificate as required by Section 4.7.2(b)(ii) of the Depositary Agreement, provided that there shall be no Issuer Event of Default under this Section 7.1(o)(ii) if the Issuer consummates a Permitted Peaker Buyout (Completion / Loss Event) or Peaker Collateralization in respect of such Project.

7.2 Project Events of Default. The occurrence of any of the following events in respect of a Project Company shall constitute a "Project Event of Default" with respect to such Project Company hereunder:

(a) Failure to Make Payments. Such Project Company shall fail to pay, in accordance with the terms of its Guaranty, any amount due thereunder on the date that such amount is due.

(b) Judgments. One or more final judgments for the payment of money (if such payments are not fully covered by insurance) in excess of $5,000,000 in the aggregate shall be rendered against such Project Company, and such Project Company shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within 60 days after the day of entry thereof; provided, however, that any such judgment shall not be (and shall not constitute part of) a Project Event of Default under this Section 7.2(b) if and for so long as (i) the amount of such judgment is fully covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (i) such insurer has been notified of, and has not disputed the claim made for payment of, the amount of such judgment.

(c) Misstatements; Omissions. Any representation or warranty by such Project Company set forth in any Financing Document or in any document entered into in connection therewith in favor of or for the benefit of any Secured Party or in any certificate, financial statement or other document delivered in connection therewith for the benefit of any Secured Party shall prove to have been incorrect in any material respect when made (or deemed made) and the facts or events underlying such incorrect representation or warranty shall not be changed so as to correct such representation or warranty in all material respects for a period of 30 days (or so long as the facts or events underlying such incorrect representation or warranty are capable of being changed so as to correct such incorrect representation or warranty in all material respects and such Project Company is diligently proceeding to change such events or facts, such longer period but in no event for an aggregate period in excess of 90 days) after a Responsible Officer of such Project Company becomes aware thereof or receives written notice thereof from or on behalf of the Controlling Party (or XLCA if the proviso to this Section 7.2(c) applies) specifying such material inaccuracy and requiring that the facts or events underlying such incorrect representation or warranty be changed so as to correct such incorrect representation or warranty in all material respects; provided, however, that any Project Event of Default pursuant to this Section 7.2(c) arising solely from any representation or warranty made by a Project Company for the benefit of XLCA under the Insurance and Reimbursement Agreement shall be an Issuer Event of Default in respect of which no Person other than XLCA shall have the rights given to parties to this Agreement in respect of Issuer Events of Default generally.

(d) Bankruptcy.

(i) Such Project Company shall become subject to a Bankruptcy Event.

(ii) Any Major Project Participant (other than such Project Company) in such Project Company's Project (so long as such Major Project Participant has any remaining obligations (other than indemnification obligations) under the Major Project Documents related to such Project to which it is a party) shall become subject to a Bankruptcy Event; provided that no Project Event of Default shall occur as a result of such Bankruptcy Event if: (A) with respect to any such Major Project Participant that is the only Person able to provide the services that are being provided under the Major Project Document to which it is a party on a commercially reasonable basis, (x) such Major Project Participant is continuing to perform all of its obligations under such Major Project Document in accordance with the terms thereof and (y) the Controlling Party does

not, within 60 days after the occurrence of such Bankruptcy Event, declare a Project Event of Default with respect thereto; and (B) with respect to any Major Project Participant in such Project Company's Project, (t) within 30 days after the occurrence of such Bankruptcy Event, such Project Company notifies the Controlling Party and the Collateral Agent in writing that it intends to replace the affected

Person in accordance with this clause (B), (u) within 135 days after the occurrence of such Bankruptcy Event, such Project Company replaces the affected Person with a Person that is reasonably satisfactory to XLCA (if XLCA is then the Controlling Party) or whose replacement of the affected Person could not reasonably be expected to have a Project Material Adverse Effect (if XLCA is not then the Controlling Party) pursuant to documentation that is reasonably satisfactory to XLCA (if XLCA is then the Controlling Party) or that could not reasonably be expected to have a Project Material Adverse Effect (if XLCA is not then the Controlling Party), and (v) such Bankruptcy Event does not have a Project Material Adverse Effect.

(e) Debt Cross Default. Such Project Company shall default for a period beyond any applicable grace period (i) in the payment of any principal, interest or other amount due on any Debt for Borrowed Money of such Project Company (other than the Obligations) and such defaulted amount, together with any other principal, interest or other amount due and unpaid on any Debt for Borrowed Money of such Project Company (other than the Obligations) equals or exceeds $5,000,000 in the aggregate, or (ii) in the payment of any amount then due or performance of any obligation then required under any agreement evidencing Debt of such Project Company (other than the Financing Documents) if, because of such default, the holder of such Debt accelerates the payment thereof and such accelerated amount, together with the amount of any other Debt of such Project Company then so accelerated (other than the Obligations), equals or exceeds $5,000,000 in the aggregate.

(f) Breach of Terms of Financing Documents.

(i) Such Project Company shall fail to perform or observe any of the covenants set forth in Section 3.1 (Use of Proceeds and Revenues), 3.6(a) (Maintenance of Existence and Business), 3.10 (Insurance), 3.18 (Energy Marketing Services Parameter) or Article 5 (other than Section 5.6(b) (Investments), 5.9 (ERISA), 5.13 (Name Change, etc.) or 5.18 (Hazardous Substances)); provided that in the case where such Project Company's failure to perform or observe the covenants set forth in Section 3.1 is not an intentional failure, such failure shall not become a Project Event of Default unless such Project Company does not cure such failure within three Business Days after the occurrence of such failure.

(ii) Such Project Company shall fail to perform or observe any of the covenants or other agreements set forth hereunder or in any other Financing Document which are not otherwise specifically provided for in Section 7.2(f)(i) or elsewhere in this Section 7.2 and such failure shall not be susceptible of cure or, if susceptible of cure, shall continue unremedied for a period of 30 days after such Project Company becomes aware thereof or receives written notice thereof from, or on behalf of, the Controlling Party; provided, however, if (A) such failure does not consist of a failure to pay money and cannot be cured within such 30-day period, (B) such failure is susceptible of cure

within 90 days, (C) such Project Company is proceeding with diligence and in good faith to cure such failure, (D) the existence of such failure has not had and, after considering the nature of the cure, could not be reasonably expected to have, a Project Material Adverse Effect, and (E) the Controlling Party and the Collateral Agent shall have received an officer's certificate signed by a Responsible Officer of such Project Company, in such Responsible Officer's capacity as an officer of such Project Company, to the effect of clauses (A), (B), (C) and (D) above and stating what action such Project Company is taking to cure such failure, then such 30-day cure period shall be extended to such date, not to exceed a total of 90 days, as shall be necessary for such Project Company diligently to cure such failure.

(g) Major Project Documents.

(i) Any Person (other than a Secured Party) shall be in breach of, or in default under, (A) a Major Project Document relating to such Project Company's Project (after giving effect to any applicable grace period set forth in such Major Project Document), or (B) any Consent related to such Major Project Document, and in each case such breach or default could reasonably be expected to have a Project Material Adverse Effect, and such breach or default shall not be susceptible of cure or, if susceptible of cure, shall continue unremedied for a period of 45 days; provided that if (A) such breach or default does not consist of a failure to pay money and cannot be cured within such 45-day period, (B) such breach or default is susceptible of cure within 90 days, (C) the breaching party is proceeding with diligence and in good faith to cure such breach, and (D) the existence of such breach or default does not have a Project Material Adverse Effect and the extension of time to cure such breach or default could not, after considering the nature of the cure, be reasonably expected to have a Project Material Adverse Effect, then such 45-day cure period shall be extended to such date, not to exceed a total of 90 days, as shall be necessary for the breaching party diligently to cure such breach or default; provided, further, that no Project Event of Default shall be declared or deemed to exist as a result of any such breach or default if: (y) within the 90-day cure period referred to in this Section 7.2(g)(i) (or within the 45-day cure period, if no extension is given), such Project Company replaces the affected Person (other than such Project Company) with a Person that is reasonably satisfactory to XLCA (if XLCA is the Controlling Party) or whose replacement of the affected Person could not reasonably be expected to have a Project Material Adverse Effect (if XLCA is not the Controlling Party) pursuant to documentation that is reasonably satisfactory to XLCA (if XLCA is the Controlling Party) or that could not reasonably be expected to have a Project Material Adverse Effect (if XLCA is not the Controlling Party), and (z) the existence of such breach or default does not have a Project Material Adverse Effect and the extension of time (if any) to obtain a replacement Person could not reasonably be expected to have a Project Material Adverse Effect.

(ii) Any Major Project Document relating to such Project Company's Project shall terminate, any material provision in any such Major Project Document shall for any reason cease to be valid and binding on any Person party thereto except upon fulfillment of such Person's obligations thereunder (or any such Person shall so state in writing), or shall be declared null and void, or the validity or enforceability thereof shall

be contested by any party thereto or any Governmental Authority, or any such Person shall deny in writing that it has any liability or obligation thereunder, except upon fulfillment of its obligations thereunder, and in each case such occurrence could reasonably be expected to have a Project Material Adverse Effect; provided that no Project Event of Default shall be declared or deemed to exist as a result of the occurrence of such event if: (A) within 30 days after the occurrence of such event, such Project Company notifies the Controlling Party and the Collateral Agent in writing that it intends to cure such event, (B) within 135 days after the occurrence of such event, such Project Company (x) replaces the affected Person (other than Project Company) with a Person that is reasonably satisfactory to XLCA (if XLCA is then the Controlling Party) or whose replacement of the affected Person could not reasonably be expected to have a Project Material Adverse Effect (if XLCA is not then the Controlling Party) pursuant to documentation that is reasonably satisfactory to XLCA (if XLCA is the Controlling Party) or that could not reasonably be expected to have a

Project Material Adverse Effect (if XLCA is not the Controlling Party) or (y) replaces the affected Major Project Document with a Project Document that is reasonably satisfactory to XLCA (if XLCA is the Controlling Party) or that could not reasonably be expected to have a Project Material Adverse Effect (if XLCA is not then the Controlling Party); and (C) the occurrence of such event does not have a Project Material Adverse Effect and the extension of time to cure such event could not reasonably be expected to have a Project Material Adverse Effect.

(h) Loss of EWG Status. Such Project Company shall cease to be an Exempt Wholesale Generator or its Project shall cease to be an Eligible Facility, or such Project Company shall fail to take all actions required to maintain such status (except if such Project Company or such Project, as the case may be, is no longer required to hold such status in order to be exempt from PUHCA), and such cessation or failure shall have a Project Material Adverse Effect; provided that such Project Company shall have 60 days after a Responsible Officer of such Project Company obtains knowledge of such cessation or failure to cure such cessation or failure before it becomes a Project Event of Default so long as the extension of time to cure such cessation or failure could not reasonably be expected to have a Project Material Adverse Effect.

(i) Abandonment. At any time following the Completion Date for its Project, such Project Company shall announce that it is abandoning such Project or such Project shall be abandoned or operation thereof shall substantially cease for a continuous period of more than 2 years for any reason.

(j) Permits. Any Permit shall be revoked, canceled, not renewed or materially modified by the issuing agency or other Governmental Authority having jurisdiction (excluding any revocation, cancellation, non-renewal, or material modification at the request of the relevant Project Company and with the prior written consent of the Controlling Party) and within 90 days thereafter the relevant Project Company is not able to demonstrate to the reasonable satisfaction of XLCA (if XLCA is the Controlling Party) acting in consultation with the Independent Engineer (or a Responsible Officer of such Project Company is not able to certify to the Trustee (if XLCA is not then the Controlling Party) that such revocation, cancellation or material modification of, or failure to renew, such Permit could not reasonably be expected to have a Project Material Adverse Effect.

(k) ERISA. With respect to any ERISA Plan which a member of the Controlled Group sponsors, maintains, administers, contributes to, participates in, or has any obligation to contribute to or any liability under, an event has occurred or a condition exists which, together with all other such events or conditions, could reasonably be expected to have a Project Material Adverse Effect.

(l) Project Company Collateral. (i) The grant of the Lien of such Project Company's Project Company Collateral Documents shall fail in any material respect to provide a perfected Lien in favor of the Collateral Agent for the benefit of the Secured Parties on any of such Project Company's Project Company Collateral with the priority purported to be created thereby, and such Project Company shall fail to cure any such failure within 15 days after it becomes aware thereof or receives written notice thereof from the Collateral Agent, or (ii) Collateral Agent shall receive a Secretary of State report indicating that the Collateral Agent's security interest in any of such Project Company Collateral is not prior to all other security interests or other interests reflected in such report, other than Project Company Permitted Liens, and such Project Company shall fail to cure such condition within 15 days after it becomes aware thereof or receives written notice thereof from the Collateral Agent.

(m) Liens of Certain Equity Interests. The membership interests in the Big Cajun Project Company or the Sterlington Project Company

shall be, or shall become, subject to any Lien (whether or not existing before or after the Closing Date but other than (i) a Lien in favor of the Secured Parties pursuant to which any such membership interests become part of the Collateral, or (ii) Project Company Permitted Liens as described in paragraphs (b) and (d) of the definition of Project Company Permitted Liens) and such Lien shall not be discharged within 15 days after such Project Company becomes aware thereof or receives written notice thereof from the Collateral Agent.

(n) Interconnection Solution. The Interconnection Solution shall fail to be in full force and effect prior to May 31, 2004.

7.3 Fundamental Project Event of Default. The occurrence of any of the following Project Events of Default with respect to a Project Company shall constitute a "Fundamental Project Event of Default" with respect to such Project Company (provided that any such Project Event of Default shall not be a Fundamental Project Event of Default with respect to a Project Company if the Issuer consummates a Permitted Peaker Buyout (Peaker Sale / Project Event of Default) or a Peaker Collateralization in respect of such Project Company and/or its Project):

(a) the occurrence of a Project Event of Default under Section 7.2(a) (Failure to Make Payments) with respect to such Project Company with respect to amounts of $5,000,000 or more;

(b) the occurrence of a Project Event of Default under Section 7.2(b) (Judgments) with respect to such Project Company with respect to judgments in the aggregate amount of $10,000,000 or more;

(c) the occurrence of a Project Event of Default under Section 7.2(d)(i) (Bankruptcy of Project Company) with respect to such Project Company;

(d) the occurrence of a Project Event of Default under Section 7.2(e) (Debt Cross Default) with respect to such Project Company with respects to amounts of $10,000,000 or more;

(e) the occurrence of a Project Event of Default under Section 7.2(f)(i) (Breach of Terms of Financing Documents) with respect to such Project Company's failure to perform or observe the covenants set forth in:

(i) Section 3.1 (Use of Proceeds and Revenues), if such failure shall continue unremedied for a period of 30 days;

(ii) Section 3.6(a) (Maintenance of Existence);

(iii) Section 3.10 (Insurance), if such failure shall continue unremedied for a period of 30 days;

(iv) Section 3.12(a) (Title), if such failure is in respect of all or substantially all of such Project Company's assets;

(v) Section 3.18 (Energy Marketing Services Parameter), if such failure shall continue unremedied for a period of 30 days;

(vi) Section 5.2 (Liens), in respect of Liens in excess of $5,000,000, if such failure shall continue unremedied for a period of 30 days;

(vii) Section 5.3 (Indebtedness);

(viii) Sections 5.4(a), (b), (c) or (d) (Asset Dispositions), in respect of any asset that is material to the

ownership, leasing, operation, maintenance or use of such Project Company's Project;

(ix) Section 5.7 (Distributions), if such failure shall continue unremedied for a period of 30 days;

(x) Section 5.10 (Merger or Consolidation; Liquidation), in respect of a merger, consolidation, liquidation or dissolution; and

(xi) Section 5.12 (Accounts), if such failure shall continue unremedied for a period of 30 days;

(xii) Section 5.14 (Assignment).

(f) the occurrence of a Project Event of Default under Section 7.2(g) (Major Project Documents) with respect to such Project Company, if such failure continues after all relevant cure periods provided for in Section 7.2 shall have lapsed.

(g) the occurrence of a Project Event of Default under Section 7.2(i) (Abandonment) with respect to such Project Company's Project;

(h) the occurrence of a Project Event of Default under Section 7.2(h) (Loss of Exemption) with respect to such Project Company or its Project;

(i) the occurrence of a Project Event of Default under Section 7.2(j) (Permits) with respect to a Permit that is necessary to operate such Project Company's Project on a commercially feasible basis, if such Project Event of Default continues unremedied for a period of 90 days;

(j) the occurrence of a Project Event of Default under Section 7.2(l) (Project Company Collateral) with respect to all or substantially all of the Project Company Collateral of such Project Company; and

(k) the occurrence or continuation of a Project Event of Default under Section 7.2(n) (Interconnection Solution).

7.4 Controlling Party Agreement.

(a) Each party to this Agreement agrees that the Controlling Party shall, subject to Section 9.2 (b) as to matters referred to in the proviso to Section 9.2(b), have the exclusive power to determine, control and direct any request, demand, authorization, direction, notice, consent, waiver or other action to be given, made or taken by any party to any Financing Document. Notwithstanding anything to the contrary in any Financing Document, each of the Swap Counterparty, the Collateral Agent and the Trustee (on behalf of itself and the Bondholders) agrees not to give, make or take any such request, demand, authorization, direction, notice, consent, waiver or other action for so long as XLCA is the Controlling Party (unless, in each such case, it is directed to do so by XLCA). Without prejudice to Section 2.11 of this Agreement, this Section 7.4(a) shall not prohibit (a) notices by the Issuer to the Swap Counterparty under the Swap Agreement from becoming effective if, pursuant to the express terms of the Swap Agreement, such notices are to be effective without XLCA's consent upon being given to XLCA, or (b) the Swap Counterparty from designating an early termination of the Swap Agreement (as expressly permitted by its terms) without XLCA's consent.

(b) Each party to this Agreement agrees that the Controlling Party shall have the exclusive power to determine the exercise of all rights and remedies in respect of any Issuer Event of Default or any other default or event of default under any Financing Document howsoever arising. Notwithstanding anything to the contrary in any Financing Document, each of the

Swap Counterparty, the Collateral Agent and the Trustee (on behalf itself and the Bondholders) agrees not to exercise any rights or remedies granted in, or pursuant to or in respect of any, Financing Document or available to it at law or in equity in respect of any default or event of default under any Financing Document for so long as XLCA is the Controlling Party (unless, in each such case, it is directed to exercise such rights and remedies by XLCA). Without prejudice to Section 2.11 of this Agreement, this Section 7.4(b) shall not prohibit the Swap Counterparty from designating an early termination of the Swap Agreement (as expressly permitted by its terms) without XLCA's consent.

(c) Without prejudice to the generality of Section 7.4(a) or 7.4(b) of this Agreement, each of the Trustee, on behalf of itself and the Bondholders, and the Swap

Counterparty, hereby assigns to XLCA the respective rights of the Trustee, the Bondholders and the Swap Counterparty with respect to the Obligations to the extent of any payments under the Policy or the Swap Policy. The foregoing assignment is in addition to, and not in limitation of, rights of subrogation otherwise available to XLCA in respect of the Policies (including pursuant to Section 4.2 of the Insurance and Reimbursement Agreement), which subrogation rights are acknowledged, and agreed to, by the other Secured Parties. Payments to XLCA in respect of the foregoing assignment shall in all cases be subject to and subordinate to the rights of the Bondholders to receive all scheduled payments of interest and principal under the Bond Obligations. The Controlling Party is hereby appointed agent and attorney-in-fact for each other Secured Party in any legal proceeding in respect of the Obligations. Each Secured Party agrees that the Controlling Party may at any time during the continuation of any proceeding by or against any debtor with respect to which a claim seeking the avoidance as a preferential transfer of any payment made with respect to the Obligations (a "Preference Claim"), or other claim with respect to the Obligations is asserted under any proceeding in connection with a Bankruptcy Event, direct all matters relating to such proceeding, including, without limitation, (i) all matters relating to any Preference Claim, (ii) the direction of any appeal of any order relating to any Preference Claim and (iii) the posting of any surety or performance bond pending any such appeal. The Trustee, on behalf of itself and the Bondholders, and the Swap Counterparty each hereby agrees that XLCA shall be subrogated to, and the Trustee, on behalf of itself and the Bondholders, and the Swap Counterparty each hereby delegates and assigns, to the fullest extent permitted by law, the respective rights of the Trustee, the Bondholders and the Swap Counterparty in the conduct of any proceeding in connection with a Bankruptcy Event, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such proceeding.

(d) Each party to this Agreement agrees that in respect of the matters set forth or contemplated in Sections 7.4, 7.5, 7.6 and 7.7 and in respect of related matters set forth or contemplated in the Financing Documents, the Swap Counterparty shall abide by the decisions, and follow and comply with the requests, of the Controlling Party and shall have no voting or other related rights in respect of any such matters.

7.5 Remedies. Upon the occurrence and during the continuation of an Issuer Event of Default, the Controlling Party may, without any obligation to do so and without further notice of default, presentment or demand for payment, protest or notice of non-payment or dishonor, or other notices or demands of any kind (all such notices and demands being waived), exercise any or all of the following rights and remedies, in any combination or order, in addition (but without prejudice to its rights as Controlling Party pursuant to Section 7.4) to such other rights or remedies as the Secured Parties may have hereunder or under the Collateral Documents or at law or in equity:

(a) Cure. Make disbursements to or on behalf of the Issuer to cure any Issuer Event of Default hereunder and to cure any default or render any performance under any Project Document as XLCA in its absolute

discretion may consider necessary or appropriate, whether to preserve and protect the Collateral or the Secured Parties' interests therein or for any other reason, and all sums so expended, together with interest on such total amount at the Late Payment Rate (but in no event shall the rate exceed the maximum lawful rate), shall be repaid by

the Issuer to Collateral Agent promptly upon demand therefor and shall be secured by the Financing Documents.

(b) Acceleration. Declare and make all sums of accrued and outstanding principal, accrued but unpaid interest and accrued but unpaid premium remaining under the Financing Documents, together with all unpaid amounts, fees, costs and charges due hereunder or under any other Financing Document (including in respect of any Reimbursement Obligation, Depositary Obligation or Bond Obligation) immediately due and payable, and require the Issuer immediately, without presentment, demand, protest or other notice of any kind, all of which the Issuer hereby expressly waives, to pay to the Collateral Agent an amount in immediately available funds equal to the aggregate amount of any such outstanding accelerated obligations; provided that XLCA, so long as it shall be the Controlling Party, shall not cause such an acceleration upon the occurrence and during the continuation of an Issuer Event of Default pursuant to Section 7.1(a) (Failure to Make Payments) if at such time (i) the discounted present value of the aggregate amount of all payments made under the Policies for which XLCA has not been reimbursed under the Insurance and Reimbursement Agreement (or otherwise) is less than $25,000,000 (such discounted present value being calculated by discounting the value of such aggregate amount back to the Closing Date at a discount rate of 6.672826%), and (ii) no Issuer Event of Default or Issuer Inchoate Default shall have occurred or be continuing (other than pursuant to or in respect of Section 7.1(a) of this Agreement); and provided, further, that in the event of an Issuer Event of Default occurring under Section 7.1(d) (Bankruptcy), all such amounts, notwithstanding anything to the contrary in this Agreement, shall become immediately due and payable without further act of any Secured Party.

(c) Cash Collateral. Apply to any Obligation then due any amounts on deposit in any Account, any funds on deposit in any Cash Collateral Account, any drawings made under any Acceptable Letter of Credit or any proceeds or any other monies of the Issuer on deposit with Depositary Agent or any Secured Party in the manner provided in this Agreement or in the Uniform Commercial Code and other relevant statutes and decisions and interpretations thereunder with respect to cash collateral.

(d) Possession of Projects. Enter into possession of any Project and perform any and all work and labor necessary to complete such Project or to operate and maintain such Project, and all sums expended in so doing, together with interest on such total amount at the Late Payment Rate, shall be repaid by the Issuer to the Secured Party or Parties expending such sums promptly upon demand and shall be secured by the Financing Documents to the extent provided herein.

(e) Remedies Under Collateral Documents. Exercise any and all rights and remedies available to the Secured Parties under any of the Collateral Documents, including judicial or non-judicial foreclosure or public or private sale of any of the Collateral pursuant to the Collateral Documents.

7.6 Notice to Trustee and Collateral Agent and Project Events of Default. In exercising its rights as Controlling Party in respect of remedies under Section 7.5 under this Agreement, XLCA (if XLCA is the Controlling Party) shall give the Trustee and the Collateral Agent notice of XLCA's exercise of such remedies (provided that failure by XLCA to give such

notice shall in no way limit, prejudice or affect XLCA's ability to exercise any remedies and XLCA shall have no liability of any kind to any Person for failure to give such notice). Without limiting anything set forth in this Article 7, upon the occurrence of a Project Event of Default hereunder, the remedies available to the Controlling Party and the other Secured Parties shall not include the remedies set forth in Section 7.5 unless an Issuer Event of Default has also occurred and is continuing.

7.7 Application of Proceeds. If there shall have occurred an Issuer Event of Default and such Issuer Event of Default is continuing, all money, proceeds and other property received or held by the Collateral Agent comprising Collateral or pursuant to the exercise by the Collateral Agent of rights and remedies of the Secured Parties under any Financing Document in respect of the Collateral shall be applied by the Collateral Agent as follows (and if any Secured Party receives any such money, proceeds or property other than as distributed pursuant to this Section 7.7, such Secured Party shall promptly pay or transfer the same to the Collateral Agent for distribution in accordance with this Section 7.7):

first: to the payment of all and any fees, costs and expenses owed to the Collateral Agent and the Trustee in their respective trust capacities pursuant to any Financing Document;

second: to the payment of fees costs, expenses or expenditures approved for payment in writing by the Controlling Party and (i) accrued and unpaid in connection with the management and operation of the Project Companies or any Collateral or (ii) subject to reimbursement under any Financing Document;

third: to the payment of the whole amount then outstanding of all Scheduled Debt Service and in case such proceeds are not sufficient to pay in full the whole amount so outstanding, then to make pro rata payment without any preference or priority, to each Secured Party (to which such Scheduled Debt Service is payable) in respect of such Obligations;

fourth: to the payment of such remaining amount then outstanding (including accrued interest, principal and premium (if any)) of the Obligations (or if the Obligations shall only have been accelerated in part, the whole amount then outstanding of such part) as the Controlling Party shall direct; and

fifth: after the payment in full of the Obligations, the remainder, if any, shall be paid to the Issuer or as a court of competent jurisdiction may direct.

ARTICLE 8
SCOPE OF LIABILITY

Except as set forth in this Article 8, notwithstanding anything in this Agreement or the other Financing Documents to the contrary, the Secured Parties shall have no claims with respect to the transactions contemplated by the Operative Documents against NRG Energy or any of its Affiliates (other than the Financing Parties), shareholders, officers, directors or employees (collectively, the "Nonrecourse Persons"); provided that the foregoing provision of this Article 8 shall not (a) constitute a waiver, release or discharge of any of the indebtedness, or of any of the terms, covenants, conditions, or provisions of this Agreement or any other Financing Document and the same shall continue (but without personal liability to any

Nonrecourse Person except as provided herein and therein) until fully paid, discharged, observed, or performed, (b) limit or restrict the right of any Secured Party (or any assignee, beneficiary or successor to any of them) to name the Issuer, any Project Company or any other Person as a defendant in any action or suit for a judicial foreclosure or for the exercise of any other remedy under or with respect to this Agreement or any other Financing Document, or for

injunction or specific performance, so long as no judgment in the nature of a deficiency judgment shall be enforced against any Nonrecourse Person, except as set forth in this Article 8, (c) limit or restrict any right or remedy of any Secured Party (or any assignee or beneficiary thereof or successor thereto) with respect to, and each of the Nonrecourse Persons shall remain fully liable to the extent that such Person would otherwise be liable for its own actions with respect to, any fraud (which shall not include innocent or negligent misrepresentation), willful misrepresentation, or misappropriation of Project Revenues or any other earnings, revenues, rents, issues, profits or proceeds from or of the Collateral that should or would have been paid as provided herein or paid or delivered to any Secured Party (or any assignee or beneficiary thereof or successor thereto) towards any payment required under this Agreement or any other Financing Document, (d) affect or diminish or constitute a waiver, release or discharge of any specific written obligation, covenant, or agreement made by any of the Nonrecourse Persons or any security granted by the Nonrecourse Persons in support of the obligations of such Persons under any Financing Document or as security for the obligations of the Issuer and the Project Companies, and (e) limit the liability of (i) any Person who is a party to any Project Document and has issued any certificate or other statement in connection therewith with respect to such liability as may arise by reason of the terms and conditions of such Project Document (but subject to any limitation of liability in such Project Document), certificate or statement, (ii) any Person rendering a legal opinion pursuant to this Agreement or (iii) NRG Energy or any Acceptable Assignee under or pursuant to the Parent Agreement, in each case under this clause (e) relating solely to such liability of such Person as may arise under such referenced agreement, instrument or opinion. The limitations on recourse set forth in this Article 8 shall survive the termination of this Agreement and the full payment and performance of the Obligations hereunder and under the other Financing Documents.

ARTICLE 9
INDEMNIFICATION, AMENDMENTS AND WAIVERS

9.1 Indemnification.

(a) The Issuer and each Project Company shall, on an after-tax basis, jointly and severally indemnify, defend and hold harmless XLCA and the Collateral Agent, and in their capacities as such, their respective officers, directors, shareholders, controlling Persons, affiliates, employees, agents, attorneys and servants (collectively, the "Indemnitees") from and against any and all claims, obligations, liabilities, losses, costs or expenses (including reasonable attorneys' fees and disbursements and reasonable fees and disbursements of consultants and auditors and reasonable costs of investigations), penalties, actions and suits which any of them incur or which are claimed against any of them (collectively, "General Subject Claims"), in any way arising out of or in connection with this Agreement (including the enforcement of this Agreement), the other Operative Documents, any of the transactions contemplated hereby or thereby, any Project, the actual or proposed use of proceeds of the Bonds or any refund or

adjustment of any amount paid or payable to the Collateral Agent in respect of any Collateral or any interest thereon which may be ordered by or otherwise required by any Person.

(b) Without limiting the generality of clause (a) above, the Issuer and each Project Company further agree to jointly and severally indemnify, on an after-tax basis, and hold harmless each Indemnitee from and against any and all claims, losses, liabilities, suits, obligations, fines, damages, judgments, penalties, charges, costs and expenses (including reasonable attorneys' fees and disbursements and reasonable fees and disbursements of consultants and auditors and reasonable costs of investigations) (whether civil or criminal, arising under a theory of negligence or strict liability, or otherwise) which are imposed on, incurred or paid by or asserted against such Indemnitee (collectively, "Environmental Subject Claims" and, together with

General Subject Claims, "Subject Claims") and (i) arising out of or resulting from the development, construction, ownership, leasing, use, operation or maintenance of any Site, Improvement or other Mortgaged Property, or (ii) arising in connection with the Release or threatened Release or presence of any Hazardous Substances in, on, under or at any Site of any Project, Improvement or other Mortgaged Property.

(c) The foregoing indemnities shall not apply with respect to an Indemnitee to the extent that any Subject Claim is found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee, but shall continue to apply to other Indemnitees.

(d) The Issuer and each Project Company agree that no Indemnitee shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the Issuer, any Project Company or any of their respective shareholders, affiliates or creditors for or in connection with this Agreement, the other Operative Documents or any of the transactions contemplated hereby or thereby, except to the extent such liability is found in a final, non-appealable court of competent jurisdiction to have resulted from such Indemnitee's gross negligence or willful misconduct.

(e) The provisions of this Section 9.1 shall survive foreclosure of the Collateral Documents and satisfaction or discharge of the Issuer's or each Project Company's obligations hereunder and under the other Financing Documents, and shall be in addition to any other rights and remedies of the Secured Parties.

(f) In case any action, suit or proceeding shall be brought against any Indemnitee, such Indemnitee shall notify the Issuer and the Project Companies of the commencement thereof, and the Issuer and the Project Companies shall be entitled, at their expense, acting through counsel reasonably acceptable to such Indemnitee, to participate in, and, to the extent that the Issuer and the Project Companies desire, to assume and control the defense thereof; provided, however, that the Issuer or any Project Company shall not settle or compromise any Subject Claim on behalf of such Indemnitee without such Indemnitee's prior written consent unless such settlement or compromise includes an unconditional release of such Indemnitee from, and holds such Indemnitee harmless against, all liability arising out of such claim, action, proceeding or investigation. Such Indemnitee shall be entitled, at its expense, to participate in any action, suit or proceeding the defense of which has been assumed by the Issuer or the Project Companies. Notwithstanding the foregoing, neither the Issuer nor any Project

Company shall be entitled to assume and control the defense of any such action, suit or proceedings if and to the extent that, in the opinion of such Indemnitee and its counsel, such action, suit or proceeding involves the potential imposition of criminal liability upon such Indemnitee or a conflict of interest between such Indemnitee and the Issuer or any Project Company or between such Indemnitee and another Indemnitee (unless such conflict of interest is waived in writing by the affected Indemnitees), and in such event (other than with respect to disputes between such Indemnitee and another Indemnitee) the Issuer and each Project Company shall pay the expenses of such Indemnitee in such defense and be jointly and severally liable for such expenses.

(g) Upon payment of any Subject Claim by the Issuer or any Project Company pursuant to this Section 9.1 or other similar indemnity provisions contained herein to or on behalf of an Indemnitee, the Issuer or such Project Company, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto, and such Indemnitee shall cooperate with the Issuer and the Project Companies and give such further assurances as are necessary or advisable to enable the Issuer and the Project Companies vigorously to pursue such claims.

(h) Notwithstanding anything to the contrary set forth herein, the Issuer shall not, in connection with any one legal proceeding or claim, or separate but related proceedings or claims arising out of the same general allegations or circumstances, in which the interests of the Indemnitees do not materially differ, be liable to the Indemnitees (or any of them) under any of the provisions set forth in this Section 9.1 for the fees and expenses of more than one separate firm of attorneys (which firm shall be selected by the affected Indemnitees or, upon failure to do so, by XLCA (if XLCA is the Controlling Party) or the Collateral Agent (if XLCA is not the Controlling Party)), exclusive of any appropriate local counsel; provided that this Section 9.1(h) shall not apply in respect of XLCA or the Collateral Agent if it demonstrates to the reasonable satisfaction of the Issuer that there exists a conflict of any sort with any other Indemnitee or that XLCA or the Collateral Agent, as the case may be, is prejudiced by such representation of XLCA or the Collateral Agent, as the case may be, and, accordingly, Issuer shall be liable to XLCA and the Collateral Agent under the provisions of this Section 9.1 for the fees and expenses of XLCA's and the Collateral Agent's separate legal counsel (and any appropriate local counsel).

(i) Any amounts payable by the Issuer or any Project Company pursuant to this Section 9.1 shall be regularly payable within 30 days after the Issuer or any Project Company receives an invoice for such amounts from any applicable Indemnitee, and if not paid within such 30-day period shall bear interest at the Late Payment Rate.

(j) If, for any reason whatsoever, the indemnification provided under this Section 9.1 is unavailable to any Indemnitee or is insufficient to hold it harmless to the extent provided in this Section 9.1, then provided such payment is not prohibited by or contrary to any applicable Legal Requirement or public policy, the Issuer and each Project Company shall contribute to the amount paid or payable by such Indemnitee as a result of the Subject Claim in such proportion as is appropriate to reflect the relative economic interests of the Issuer and each Project Company and their respective Affiliates on the one hand, and such Indemnitee on the other hand, in the matters contemplated by this Agreement as well as the relative fault of the

Issuer and each Project Company (and their respective Affiliates) and such Indemnitee with respect to such Subject Claim, and any other relevant equitable considerations.

9.2 Amendments and Waivers.

(a) In addition to, and subject to, the requirements set forth in Section 9.2(b) below, neither this Agreement (including the Guaranties) nor any of the terms hereof may be amended, supplemented, modified or waived, other than in a writing signed by the Issuer, each Project Company and the Controlling Party (and the consent of the other Secured Parties shall not be required).

(b) Subject to the provisions of this Section 9.2(b), unless otherwise specified in this Agreement or in any other Financing Document, the Controlling Party (without the consent of any other Secured Party) may approve in writing any amendment, supplement or other modification of, or waiver, consent, approval, agreement or other action under or with respect to, any Financing Document; provided, however, that no such amendment, supplement, modification, waiver, consent, approval, agreement or action shall result in any of the modifications described in Section 10.02(2) of the Indenture without the consent of the Bondholders of each Outstanding (as such term is defined in the Indenture) Bond affected thereby; and provided, further, that no such amendment or supplement that results in the Swap Counterparty no longer being designated a Secured Party or changes its rights to receive payments in respect of the Swap Obligations in accordance with Section 2.11 of the Common Agreement or Section 4.1.2 of the Depository Agreement shall be made without the consent of the Swap Counterparty; provided, however, that no such amendment, supplement,

modification, waiver, consent, approval, agreement or action that adversely affects the rights of the Collateral Agent provided in Article 11 of the Common Agreement in any material respect or its compensation or indemnity in any material respect shall be made without the consent of the Collateral Agent.

ARTICLE 10
INDEPENDENT CONSULTANTS

10.1 Removal and Fees.

(a) Independent Engineer. For purposes of this Agreement, the "Independent Engineer" shall be R.W. Beck, Inc. or such other replacement engineering consulting firm selected in accordance with this Section 10.1(a). The Independent Engineer may be removed by XLCA (if XLCA is the Controlling Party) or the Issuer. If the Independent Engineer is removed or resigns and thereby ceases to act as Independent Engineer for purposes of this Agreement, the Issuer and XLCA (if XLCA is the Controlling Party) shall, within 30 days of such removal or resignation, together (or the Issuer alone if XLCA is not the Controlling Party) designate a replacement engineering consulting firm of recognized national standing as Independent Engineer and, thereafter, the Issuer shall promptly notify the Trustee and the Collateral Agent in writing of such designation. If an Issuer Event of Default shall have occurred and be continuing and XLCA is the Controlling Party, XLCA alone shall have the right to remove or appoint an Independent Engineer pursuant to this Section 10.1(a).

At any time while the Obligations are outstanding, the Controlling Party and the other Secured Parties shall have the right, but shall not be obligated (other than as expressly provided herein or in the other Financing Documents), to consult with the Independent Engineer on matters related to this Agreement or any other Operative Document. All reasonable fees and expenses of the Independent Engineer (whether the original one or replacements) shall be paid by the Issuer; provided that any such fee or expense, or related group of fees or expenses, in excess of $10,000 shall be approved by the Issuer.

(b) Insurance Consultant. For purposes of this Agreement, the "Insurance Consultant" shall be Marsh McLennan USA Inc. or such other replacement insurance consulting firm selected in accordance with this Section 10.1(b). The Insurance Consultant may be removed by XLCA (if XLCA is the Controlling Party) or the Issuer. If the Insurance Consultant is removed or resigns and thereby ceases to act as Insurance Consultant for purposes of this Agreement, the Issuer and XLCA (if XLCA is the Controlling Party) shall, within 30 days of such removal or resignation, together (or the Issuer alone if XLCA is not the Controlling Party) designate a replacement insurance consulting firm of recognized national standing as Insurance Consultant and, thereafter, the Issuer shall promptly notify the Trustee and the Collateral Agent in writing of such designation. If an Issuer Event of Default shall have occurred and be continuing and XLCA is the Controlling Party, XLCA alone shall have the right to remove or appoint an Insurance Consultant pursuant to this Section 10.1(b).

At any time while the Obligations are outstanding, the Controlling Party and the other Secured Parties shall have the right, but shall not be obligated (other than as expressly provided herein or in the other Financing Documents), to consult with the Insurance Consultant on matters related to this Agreement or any other Operative Document. All reasonable fees and expenses of the Insurance Consultant (whether the original one or replacements) shall be paid by the Issuer; provided that any such fee or expense, or related group of fees or expenses, in excess of $10,000 shall be approved by the Issuer.

(c) Power and Fuel Market Consultant. For purposes of this Agreement, the "Power and Fuel Market Consultant" shall be R.W. Beck, Inc. or such other replacement power market consulting firm selected in accordance with this Section 10.1(c). The Power and Fuel Market Consultant may be removed

by XLCA (if XLCA is the Controlling Party) or the Issuer. If the Power and Fuel Market Consultant is removed or resigns and thereby ceases to act as Power and Fuel Market Consultant for purposes of this Agreement, the Issuer and XLCA (if XLCA is the Controlling Party) shall, within 30 days of such removal or resignation, designate a replacement power and fuel market consulting firm of recognized national standing as Power and Fuel Market Consultant and, thereafter, the Issuer shall promptly notify the Trustee and the Collateral in writing of such designation. If an Issuer Event of Default shall have occurred and be continuing and XLCA is the Controlling Party, XLCA alone shall have the right to remove or appoint a Power and Fuel Market Consultant pursuant to this Section 10.1(c).

At any time while the Obligations are outstanding, the Controlling Party and the other Secured Parties shall have the right, but shall not be obligated (other than as expressly provided herein or in the other Financing Documents), to consult with the Power and Fuel Market Consultant on matters related to this Agreement or any other Operative Document. All reasonable fees and expenses of the Power and Fuel Market Consultant (whether the original one

or replacements) shall be paid by the Issuer; provided that any such fee or expense, or related group of fees or expenses, in excess of $10,000 shall be approved by the Issuer.

10.2 Duties. Each Independent Consultant shall be contractually obligated to the Controlling Party to carry out the activities required of it in this Agreement and as otherwise requested by the Controlling Party and shall be responsible solely to the Controlling Party. The Issuer acknowledges that it will not have any cause of action or claim against any Independent Consultant resulting from any decision made or not made, any action taken or not taken or any advice given by such Independent Consultant in the due performance in good faith of its duties to the Controlling Party, except to the extent arising from such Independent Consultant's gross negligence or willful misconduct.

10.3 Certification of Dates. The Controlling Party will request that the Independent Consultants act diligently in the issuance of all certificates required to be delivered by the Independent Consultants hereunder, if their issuance is appropriate. The Issuer shall provide the Independent Consultants with reasonable notice of the expected occurrence of any such dates or events requiring any such certification.

ARTICLE 11
THE COLLATERAL AGENT

11.1 Appointment and Duties of Collateral Agent.

(a) Appointment and Duties of Collateral Agent. Each of XLCA, the Swap Counterparty and the Trustee hereby designates and appoints The Bank of New York to act as the Collateral Agent for the Transaction, and XLCA, the Swap Counterparty and the Trustee hereby authorize The Bank of New York, as the Collateral Agent, to take such actions on its behalf under the provisions of the Collateral Documents to which it is a party and to exercise such powers and perform such duties as are expressly delegated to the Collateral Agent by the terms thereof and this Agreement and each of the other Financing Documents to which it is a party, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement and the other Financing Documents, the Collateral Agent shall not have any duties or responsibilities, except those expressly set forth in this Agreement and the other Financing Documents to which it is a party, or any fiduciary relationship with XLCA, the Swap Counterparty or the Trustee, and no implied covenants, functions or responsibilities shall be read into this Agreement, the other Financing Documents or otherwise exist against the Collateral Agent. The Collateral Agent shall not be liable for any action taken or omitted to be taken by it hereunder or under any other Financing Document, or

in connection herewith or therewith, or in connection with the Collateral, unless caused by its gross negligence or willful misconduct as determined by a court of competent jurisdiction.

Anything in this Agreement to the contrary notwithstanding, in no event shall the Collateral Agent or the Trustee be liable under or in connection with this Agreement for indirect, special, incidental, punitive or consequential losses or damages of any kind whatsoever, including but not limited to lost profits, whether or not foreseeable, even if the Collateral Agent or the Trustee (in any of its capacities hereunder) has been advised of the possibility thereof and regardless of the form of action in which such damages are sought.

(b) Notices to XLCA, the Swap Counterparty, the Trustee and the Issuer. The Collateral Agent will give notice to XLCA, the Swap Counterparty, the Trustee and the Issuer of any action taken by the Collateral Agent or any Person acting at the direction of the Collateral Agent hereunder or under any other Financing Document; such notice shall be given prior to the taking of such action, and such action will be binding upon and deemed to be taken at the direction of XLCA, the Swap Counterparty and the Trustee.

(c) Direction of Collateral Agent by the Controlling Party. Notwithstanding anything to the contrary in this Agreement, the Collateral Agent shall not be required to exercise any rights or remedies under any of the Financing Documents, take or refrain from taking any discretionary action thereunder or give any consent under any of the Financing Documents or enter into any agreement amending, modifying, supplementing or waiving any provision of any Financing Document unless it shall have been directed to do so by the Controlling Party.

11.2 Rights of Collateral Agent.

(a) Collateral Agent May Act Through Agents. Each of the Collateral Agent and the Trustee may execute or perform any of its duties or powers hereunder either directly or by or through agents or attorneys, and neither the Trustee nor the Collateral Agent shall be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(b) Limitation of Liability. Neither the Collateral Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it under or in connection with any Financing Document (except for its gross negligence or willful misconduct as determined by a court of competent jurisdiction), or (ii) responsible in any manner to XLCA, the Swap Counterparty or the Trustee for any recitals, statements, representations or warranties made by the Issuer, any Project Company or any representative thereof contained in any Financing Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Collateral Agent under or in connection with, any Financing Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Financing Documents or for any failure of the Issuer or any Project Company to perform its obligations thereunder. The Collateral Agent shall not be under any obligation to XLCA, the Swap Counterparty or the Trustee to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, any Financing Document, or to inspect the properties, books or records of the Issuer.

(c) Reliance by the Collateral Agent. The Collateral Agent shall be entitled to rely conclusively, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, report (environmental or otherwise), letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and to have been signed, sent or made by the proper Person or

Persons and upon advice and statements of legal counsel (including counsel to the Issuer), independent accountants and other experts selected by the Collateral Agent. In connection with any request of the Controlling Party, the Collateral Agent shall be fully protected in relying conclusively on a certificate of such Person, signed by an Responsible Officer of such Person. The Collateral Agent shall be fully

justified in failing or refusing to take any action under any Financing Document (i) if such action would, in the opinion of the Collateral Agent, be contrary to law or the terms of this Agreement or the other Financing Documents, (ii) if such action is not specifically provided for in such Financing Document and it shall not have received any such advice or concurrence of the Controlling Party, as it deems appropriate, or (iii) if, in connection with the taking of any such action that would constitute an exercise of remedies under such Financing Document, it shall not first be indemnified to its satisfaction by the Issuer and the Controlling Party against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under any Financing Document in accordance with a request of the Controlling Party, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Secured Parties.

(d) Ambiguity or Inconsistency in Financing Documents with Proposed Actions. If, with respect to a proposed action to be taken by it, the Collateral Agent shall determine in good faith that the provisions of this Agreement or any other Financing Document relating to the functions, responsibilities or powers of the Collateral Agent are or may be ambiguous or inconsistent, the Collateral Agent shall notify the Controlling Party and the Issuer, identifying the proposed action and the provisions that it considers are or may be ambiguous or inconsistent, and may decline either to perform such function or responsibility or to exercise such power unless it has received written confirmation that the Controlling Party and, if no Issuer Event of Default has occurred and is continuing, the Issuer concur in the circumstances that the action proposed to be taken by the Collateral Agent is consistent with the terms of this Agreement or is otherwise appropriate. The Collateral Agent shall be fully protected in acting or refraining from acting upon, or from omitting to act prior to, the confirmation of the Controlling Party, in this respect, and such confirmation shall be binding upon the Collateral Agent.

(e) Knowledge of Event of Default. The Collateral Agent shall not be deemed to have actual, constructive, direct or indirect knowledge or notice of the occurrence of any Issuer Event of Default unless and until the Collateral Agent has received a notice or a certificate from the Controlling Party or the Issuer stating that an Issuer Event of Default has occurred. The Collateral Agent shall have no obligation whatsoever either prior to or after receiving such notice or certificate to inquire whether an Issuer Event of Default has in fact occurred and shall be entitled to rely conclusively, and shall be fully protected in so relying, on any notice or certificate so furnished to a Responsible Officer of the Collateral Agent. No provision of this Agreement shall require the Collateral Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it. In the event that the Collateral Agent receives such a notice of the occurrence of any Issuer Event of Default, the Collateral Agent shall give notice thereof to the Issuer, the Swap Counterparty, XLCA and the Trustee. Subject to the provisions of this Agreement, the Collateral Agent shall take such action with respect to such Issuer Event of Default as so directed pursuant to Section 11.1(c).

(f) No Liability for Clean-up of Hazardous Materials. In the event the Collateral Agent (or the Trustee, if it is required to acquire title for any reason) is required to take

any managerial action of any kind with respect to the Collateral, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Collateral Agent's or the Trustee's sole discretion may cause the Collateral Agent or the Trustee to be considered an "owner or Operator" under the provisions of CERCLA, or otherwise cause the Collateral Agent or Trustee to incur liability under CERCLA or any other federal, state or local law, each of the Collateral Agent and the Trustee reserves the right to, instead of taking such action, either resign or arrange for the transfer of the title or control of the asset to a court appointed receiver.

Neither the Collateral Agent nor the Trustee shall be liable to the Issuer or any Project Company or any other Person for any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of the Collateral Agent's or the Trustee's actions and conduct as authorized, empowered and directed hereunder or relating to the discharge, release or threatened release of hazardous materials into the environment, except in each case to the extent such claims or contribution actions arise from the gross negligence, bad faith or willful misconduct on the part of the Collateral Agent or the Trustee.

11.3 Lack of Reliance on the Agents.

(a) Each of XLCA and the Swap Counterparty expressly acknowledges that neither the Collateral Agent nor any of its respective officers, directors, employees, agents or attorneys-in-fact has made any representations or warranties to it and that no act by the Collateral Agent hereinafter taken, including any review of the Projects or of the affairs of the Issuer, shall be deemed to constitute any representation or warranty by the Collateral Agent to XLCA or the Swap Counterparty. Each of XLCA and the Swap Counterparty represents to the Collateral Agent that it has, independently and without reliance upon XLCA or the Swap Counterparty, based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Projects and the Issuer. Each of XLCA and the Swap Counterparty also represents that it will, independently and without reliance upon the Collateral Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Projects and the Issuer. Except for notices, reports and other documents expressly required to be furnished to XLCA, the Swap Counterparty and the Trustee by the Collateral Agent hereunder, the Collateral Agent shall not have any duty or responsibility to provide XLCA, the Swap Counterparty or the Trustee with any credit or other information concerning the business, operations, property, financial and other condition or creditworthiness of the Projects and the Issuer which may come into the possession of the Collateral Agent or any of its officers, directors, employees, agents or attorneys-in-fact.

(b) Beyond the exercise of reasonable care in the custody thereof or as otherwise provided for in the Financing Documents, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral

Agent accords its own property, and the Collateral Agent shall not be liable or responsible for any loss or diminution in the value of any of the Collateral by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Agent in good faith.

(c) The Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Collateral Agent, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Issuer to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Collateral Agent shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time.

11.4 Indemnification. The Controlling Party agrees to indemnify and hold harmless each of the Collateral Agent, and its officers, directors, agents and attorneys, in their respective capacities as such (to the extent not reimbursed by the Issuer and without limiting the obligation, if any, of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against the Collateral Agent in its capacity as such in any way relating to or arising out of any Financing Document, or the performance of its duties as Collateral Agent thereunder or any action taken or omitted by such Collateral Agent in its capacity as such under or in connection with any of the foregoing; provided that the Controlling Party shall not be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent that any of the foregoing result from the Collateral Agent's gross negligence or willful misconduct as determined by a court of competent jurisdiction. The agreements in this Section 11.4 shall survive the payment or satisfaction in full of the Obligations.

11.5 Resignation or Removal of the Collateral Agent. The Collateral Agent may resign as Collateral Agent upon thirty (30) days' prior written notice to XLCA, the Swap Counterparty, the Trustee and the Issuer. The Collateral Agent may be removed at any time following such notice with or without cause by the Controlling Party, with any such resignation or removal to become effective only upon the appointment by the Controlling Party of a successor Collateral Agent under this Section 11.5. If the Collateral Agent shall resign or be removed as Collateral Agent, then the Controlling Party shall (and if no such successor shall have been appointed within thirty (30) days of such Collateral Agent's resignation or removal, such Collateral Agent may) appoint a successor collateral agent, which successor collateral agent shall be reasonably acceptable to the Issuer (and shall be deemed acceptable to the Controlling Party and the Trustee), whereupon such successor collateral agent shall succeed to the rights, powers and duties of the "Collateral Agent" and the term "Collateral Agent" shall mean such successor collateral agent effective upon its appointment, and the former Collateral Agent's rights, powers and duties as Collateral Agent shall be terminated, without any other or further act

or deed on the part of such former Collateral Agent (except that the resigning Collateral Agent shall deliver all Collateral, subject to Section 12.4, then in its possession to the successor Collateral Agent) or the Controlling Party. If the Issuer withholds its acceptance of such successor Collateral Agent or if an instrument of acceptance by a successor Collateral Agent shall not have been delivered to the Collateral Agent within 30 days after: (i) the giving by the resigning Collateral Agent of such notice of resignation or (ii) the giving of such notice of removal to the removed Collateral Agent, then the retiring

Collateral Agent may petition, at the expense of the Issuer, any court of competent jurisdiction for the appointment of a successor Collateral Agent. After any retiring Collateral Agent's resignation or removal hereunder as Collateral Agent, the provisions of this Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent.

11.6 Release of Collateral. Notwithstanding anything to the contrary contained herein, the Collateral Agent is authorized (without any further action by any Secured Party) to release the Lien of the Collateral Documents from any portion of the Collateral that is expressly permitted to be sold, assigned, transferred or otherwise disposed of in accordance with the terms of this Agreement and the other Financing Documents. The Collateral Agent shall execute such documents and take such actions as reasonably requested by, and at the expense of, the Issuer to effect or evidence such release. The Collateral Agent shall be entitled to receive an Opinion of Counsel (as defined in the Indenture) in connection with any such release to the effect that the conditions precedent to such release under the Financing Documents have been satisfied. Except as otherwise provided in this Agreement or in the other Financing Documents, neither the Collateral Agent nor any Co-Collateral Agent shall release any of the Collateral without the prior written consent of the Controlling Party.

11.7 Assignment of Rights, Not Assumption of Duties. Anything herein contained to the contrary notwithstanding, (a) the Issuer shall remain liable under each of the Financing Documents to which it is a party to the extent set forth therein to perform all of its duties and obligations thereunder, (b) the exercise by the Collateral Agent or the Trustee of any of their rights, remedies or powers hereunder shall not release the Issuer from any of its duties or obligations under each of the Financing Documents to which it is a party, and (c) neither the Collateral Agent nor the Trustee shall be obligated to perform any of the obligations or duties of the Issuer thereunder or, except as expressly provided herein, to take any action to collect or enforce any claim for payment assigned hereunder or otherwise.

11.8 Appointment of Co-Collateral Agent. Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any Collateral may at the time be located, the Collateral Agent shall have the power and may execute and deliver all instruments to appoint one or more persons to act as its Co-Collateral Agent of all or any part of the Collateral, and to vest in such persons, in such capacity and for the benefit or on behalf of the Secured Parties, such title to the Collateral, or any part thereof, and subject to the other provisions of this Section 11.8, such powers, duties, obligations, rights and trusts as the Collateral Agent may consider necessary or desirable, provided that the appointment of such Co-Collateral Agent shall be subject to the approval of the Issuer and the Controlling Party, which approval shall not be unreasonably withheld, and provided further, that any Co-Collateral Agent shall agree to be liable to the Secured Parties to the extent the Collateral Agent is so liable pursuant to this Agreement.

All rights and powers, conferred or imposed upon the Collateral Agent may be conferred or imposed upon and may be exercised or performed by a Co-Collateral Agent.

Any notice, request or other writing given to the Collateral Agent shall be deemed to have been given to the Co-Collateral Agent, as effectively as if given to such Co-Collateral Agent. Every instrument appointing any Co-Collateral Agent shall refer to this Agreement and the conditions of this section.

If any Co-Collateral Agent shall become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Collateral Agent to the extent permitted by law.

The appointment of a Co-Collateral Agent shall not relieve the Collateral Agent from any of its obligations hereunder.

The Collateral Agent shall not be responsible for any willful misconduct or negligence on the part of any Co-Collateral Agent appointed with due care and in good faith pursuant to this Section 11.8.

Delivery to the Collateral Agent and/or Trustee of the financial statements and reports is for informational purposes only and the Collateral Agent's and/or the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Collateral Agent and/or the Trustee is entitle to rely exclusively on officers' certificates).

11.9 XLCA Confirmation Before Release of Certain Funds. Notwithstanding anything to the contrary in any Financing Document, if XLCA is the Controlling Party, any funds, cash or obligations to be released in accordance with the terms of the Depositary Agreement to any Financing Party or any other Person upon the cure of any Funds Block Condition shall not be so released (and the Collateral Agent shall not direct the Depositary Agent to release such funds, cash or obligations) unless XLCA shall have confirmed, in its absolute discretion, in writing to the Collateral Agent that such Funds Block Condition has been cured; provided that if a certificate as to the cure of a Funds Block Condition is delivered to the Collateral Agent and to XLCA in accordance with the terms of the Financing Documents and requests a release of funds, cash or obligations as of a specified date, the failure of XLCA to confirm the cure of such Funds Block Condition on or prior to such specified date shall, if (notwithstanding anything to the contrary in any Financing Document) such certificate shall have been received by XLCA at least 5 Business Days prior to such specified date, be deemed to be such confirmation.

ARTICLE 12
MISCELLANEOUS

12.1 Addresses. Any communications between the parties hereto or notices provided herein to be given may be given to the following addresses:

To XLCA:

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020
Attention: Surveillance
Telecopy: (212) 478-3587
Confirmation: (212) 478-3400

(IN EACH CASE IN WHICH NOTICE OR OTHER COMMUNICATION TO XLCA REFERS TO AN ISSUER EVENT OF DEFAULT OR A PROJECT EVENT OF DEFAULT, A CLAIM ON THE POLICY OR THE SWAP POLICY OR WITH RESPECT TO WHICH FAILURE ON THE PART OF XLCA TO RESPOND SHALL BE DEEMED TO CONSTITUTE CONSENT OR ACCEPTANCE, THEN A COPY OF SUCH NOTICE OR OTHER COMMUNICATION SHOULD ALSO BE SENT TO THE ATTENTION OF EACH OF THE GENERAL COUNSEL AND SURVEILLANCE AND SHALL BE MARKED TO INDICATE "URGENT MATERIAL ENCLOSED.")

To the Trustee:

Law Debenture Trust Company of New York
767 Third Avenue, 31st Floor
New York, New York 10017

Attention: Daniel R. Fisher
Telephone: (212) 750-6474
Telecopy: (212) 750-1361

To the Collateral Agent:

The Bank of New York
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department
Telephone: (212) 815-4816
Telecopy: (212) 815-5707

To the Swap Counterparty:

Goldman Sachs Mitsui Marine Derivatives Products, L.P.
85 Broad Street
New York, New York 10004
Attention: Swap Operations (with a copy to Treasury Operations)
Telephone: (212) 902-1000
Telecopy: (212) 902-5692

To the Issuer:

NRG Peaker Finance Company LLC
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3266
Attention: General Counsel
Telephone: (612) 373-5300
Telecopy: (612) 373-5392

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos, Esq.
Telephone: 212-446-4800
Telecopy: 212-446-4900

To the Project Companies:

To Big Cajun Project Company:

Big Cajun I Peaking Power LLC
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3266
Attention: General Counsel
Telephone: (612) 373-5300
Telecopy: (612) 373-5392

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos, Esq.

Telephone: 212-446-4800
Telecopy: 212-446-4900

To Bayou Cove Project Company:

Bayou Cove Peaking Power, LLC
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3266
Attention: General Counsel
Telephone: (612) 373-5300
Telecopy: (612) 373-5392

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos, Esq.
Telephone: 212-446-4800
Telecopy: 212-446-4900

To Rockford I Project Company:

NRG Rockford LLC
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3266
Attention: General Counsel
Telephone: (612) 373-5300
Telecopy: (612) 373-5392

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos, Esq.
Telephone: 212-446-4800
Telecopy: 212-446-4900

To Rockford II Project Company:

NRG Rockford II LLC
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3266
Attention: General Counsel
Telephone: (612) 373-5300
Telecopy: (612) 373-5392

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos, Esq.
Telephone: 212-446-4800
Telecopy: 212-446-4900

To Sterlington Project Company:

NRG Sterlington Power LLC
901 Marquette Avenue

Suite 2300
Minneapolis, MN 55402-3266
Attention: General Counsel
Telephone: (612) 373-5300
Telecopy: (612) 373-5392

with a copy to (which shall not constitute notice):

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos, Esq.
Telephone: 212-446-4800
Telecopy: 212-446-4900

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery service (including Federal Express, UPS, ETA, Emery, DHL, AirBorne and other similar overnight delivery services), (c) in the event overnight delivery services are not readily available, if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, (d) if sent by prepaid telegram or by facsimile or (e) other electronic means (including electronic mail) confirmed by facsimile or telephone (except to the Collateral Agent). Notice so given shall be effective upon receipt by the addressee, except that communication or notice so transmitted by facsimile or other direct electronic means shall be deemed to have been validly and effectively given on the day (if a Business Day and, if not, on the next following Business Day) on which it is transmitted if transmitted before 4:00 p.m., recipient's time, and if transmitted after that time, on the next following Business Day; provided, however, that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by giving of 30 days' notice to the other parties in the manner set forth above.

12.2 Additional Security; Right to Set-Off. Any deposits or other sums at any time credited or due and any Project Revenues, securities or other property of the Issuer in the possession of the Collateral Agent may at all times be treated as collateral security for the payment of the Issuer's obligations under the Insurance and Reimbursement Agreement, the Bonds, the Swap Agreement and all other obligations of the Issuer under this Agreement and the other Financing Documents, and the Issuer hereby pledges to the Collateral Agent, for the benefit of the Secured Parties, and grants the Collateral Agent a first priority security interest in and to all such deposits, sums, securities or other property (subject to Issuer Permitted Liens). Regardless of the adequacy of any other collateral, the Collateral Agent may execute or realize on its security interest in any such deposits or other sums credited by or due from the Collateral Agent to the Issuer, may apply any such deposits or other sums to or set them off against Obligations at any time after the occurrence and during the continuation of any Issuer Event of Default.

12.3 Delay and Waiver. No delay or omission to exercise any right, power or remedy accruing to XLCA, the Swap Counterparty or the Trustee or any other Secured Party upon the occurrence of any Issuer Event of Default or Issuer Inchoate Default or any Project Event of Default or Project Inchoate Default or any breach or default of any other Party under this Agreement or any other Financing Document shall impair any such right, power or remedy of any Secured Party, nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring, nor shall any

waiver of any single Issuer Event of Default, Issuer Inchoate Default, Project Event of Default or Project Inchoate Default or other breach or default be deemed a waiver of any other Issuer Event of Default, Issuer Inchoate Default, Project Event of Default or Project Inchoate Default or other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of the Collateral Agent, XLCA, the Swap Counterparty and/or the Trustee of any Issuer Event of Default, Issuer Inchoate Default, Project Event of Default or Project Inchoate Default or other breach or default under this Agreement or any other Financing Document, or any waiver on the part of the Collateral Agent, XLCA, the Swap Counterparty and/or the Trustee of any provision or condition of this Agreement or any other Financing Document, must be in writing and shall be effective only to the extent in such writing specifically set forth. All remedies, either under this Agreement or any other Financing Document or by law or otherwise afforded to the Collateral Agent, XLCA, the Swap Counterparty or the Trustee and the other Secured Parties shall be cumulative and not alternative.

12.4 Costs, Expenses and Attorneys' Fees. Without duplication of any other provision of any Financing Document regarding the payment of fees, costs and/or expenses, the Issuer will pay to each of XLCA, the Swap Counterparty, the Trustee and the Collateral Agent (a) all of their reasonable costs and expenses in connection with the preparation, negotiation, closing and administering of this Agreement and the other Financing Documents, and the documents contemplated hereby or thereby, including the reasonable fees, expenses and disbursements of attorneys and agents retained by such Persons in connection with the preparation of such documents and any amendments hereof or thereof, or the preparation, negotiation, closing, administration or enforcement of any Financing Document or any rescission or restriction thereof, (b) the reasonable fees, expenses and disbursements of the Independent Consultants and any other engineering or insurance consultants to XLCA, the Swap Counterparty and the Trustee and incurred in connection with the Financing Documents or the Transaction prior to the Closing Date, and (c) the travel and out-of-pocket costs incurred by such Persons following the Closing Date (provided that any such costs described in this clause (c), or related group of such costs, in excess of $10,000 shall be approved by the Issuer). Without limiting the foregoing, the Issuer will reimburse XLCA, the Swap Counterparty, the Trustee and the Collateral Agent for all costs and expenses, including reasonable attorneys' fees and those of their agents, expended or incurred by such Persons in enforcing this Agreement or the other Financing Documents in connection with an Issuer Event of Default, in actions for declaratory relief in any way related to this Agreement or in collecting any sum which becomes due to such Persons on the Policy, the Swap Policy, the Bonds or otherwise under the Financing Documents. The provisions of this Section 12.4 shall survive the termination of this Agreement.

12.5 Entire Agreement. This Agreement and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect to the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Agreement and any such other agreement, document or instrument, the terms, conditions and provisions of this Agreement shall prevail.

12.6 Governing Law. This Agreement, and any instrument or agreement required hereunder (to the extent not otherwise expressly provided for therein), shall be governed by, and

construed under, the laws of the State of New York, without reference to conflicts of laws (other than Section 5-1401 of the New York General Obligations Law).

12.7 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any

respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

12.8 Headings. Headings have been inserted in this Agreement as a matter of convenience for reference only and such article and section headings shall not be used in the interpretation of any provision of this Agreement.

12.9 No Partnership, etc. XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Issuer and the Project Companies intend that the relationship between them shall be solely that of independent contracting parties. Nothing contained in this Agreement, the Policy, the Swap Policy, the Insurance and Reimbursement Agreement, the Bonds, the Indenture or any other Financing Document shall be deemed or construed to create a partnership, tenancy-in-common, joint tenancy, joint venture or co-ownership by or between XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Issuer, the Project Companies or any other Person. XLCA, the Swap Counterparty, the Collateral Agent and the Trustee shall not be in any way responsible or liable for the debts, losses, obligations or duties of the Project Companies, the Issuer or any other Person with respect to any Project or otherwise. All obligations to pay real property or other taxes, assessments, insurance premiums and all other fees and charges arising from the ownership, operation or occupancy of any Project, and to perform all obligations and other agreements and contracts relating to any Project or any other asset or liability of any Project Company or the Issuer, shall be the sole responsibility of the Project Companies and the Issuer.

12.10 Limitation on Liability. No claim shall be made by any Project Company, the Issuer, NRG Energy or any of their Affiliates against XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, any other Secured Party or any of their respective Affiliates, directors, employees, attorneys or agents for any special, indirect, consequential or punitive damages in respect of any breach or wrongful conduct (whether or not the claim therefor is based on contract, tort or duty imposed by law), in connection with, arising out of or in any way related to the transactions contemplated by this Agreement or the other Operative Documents or any act or omission or event occurring in connection therewith; and the Issuer hereby waives, releases and agrees not to sue upon any such claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

12.11 Waiver of Jury Trial. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE PARTIES HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR XLCA AND THE TRUSTEE TO ENTER INTO THIS AGREEMENT.

12.12 Consent to Jurisdiction. XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Issuer and the Project Companies agree that any legal action or proceeding by or against the Issuer or any Project Company or with respect to or arising out of this Agreement, the Policy, the Swap Policy, the Insurance and Reimbursement Agreement, the Bonds, the Indenture or any other Financing Document may be brought in or removed to the courts of the State of New York, in and for the County of New York, or of the United States of America for the Southern District of New York, as XLCA, the Swap Counterparty, the Trustee or the Collateral Agent may elect. By execution and delivery of this Agreement, XLCA, the Trustee, the Collateral Agent, the Issuer and the Project Companies accept, for themselves and in respect of their property, generally and unconditionally, the jurisdiction of the aforesaid courts. XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Issuer and the Project Companies irrevocably consent to the service of process out of any of the aforementioned courts in any manner permitted by law. Nothing herein shall affect the right of XLCA, the Trustee or the Collateral Agent to bring legal action or proceedings in any other competent jurisdiction, including judicial or

non-judicial foreclosure of any Mortgage. XLCA, the Swap Counterparty the Trustee, the Collateral Agent, the Issuer and the Project Companies further agree that the aforesaid courts of the State of New York and of the United States of America shall have exclusive jurisdiction with respect to any claim or counterclaim of the Issuer based upon the assertion that the rate of interest charged by XLCA or owing to the Bonds under this Agreement, the Policy, the Swap Policy, the Insurance and Reimbursement Agreement, the Indenture and/or the other Financing Documents is usurious. XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Issuer and the Project Companies hereby waive any right to stay or dismiss any action or proceeding under or in connection with any or all of any Project, this Agreement or any other Financing Document brought before the foregoing courts on the basis of forum non-conveniens. The Issuer and each Project Company hereby irrevocably appoints and designates Corporation Service Company, as its true and lawful attorney and duly authorized agent for acceptance of service of legal process, and agrees to maintain Corporation Service Company as such. The Issuer and each Project Company agrees that service of such process upon such person shall constitute personal service of such process upon it.

12.13 Usury. Nothing contained in this Agreement or any other Financing Document shall be deemed to require the payment of interest or other charges by the Issuer or any other Person in excess of the amount which any Secured Party may lawfully charge under any applicable usury laws. In the event any Secured Party shall collect moneys which are deemed to constitute interest which would increase the effective interest rate to a rate in excess of that permitted to be charged by applicable Legal Requirements, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of such Secured Party, be returned to the Issuer or credited against the Obligations.

12.14 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither the Issuer nor any Project Company may assign or otherwise transfer any of its rights under this Agreement or any Financing Document except as consented to in writing by the Controlling Party or as otherwise expressly permitted by any Financing Document. XLCA may assign any of its rights under this Agreement in connection with any assignment made pursuant to Section 5.4 of the Insurance and Reimbursement Agreement. The Trustee and Collateral Agent may assign their rights under this Agreement in connection with the appointment of any

successor pursuant to this Agreement or the Indenture and the Swap Counterparty may assign its rights under this Agreement in favor of any swap counterparty to any Replacement Swap Agreement.

12.15 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

12.16 Term and Termination. This Agreement and each other Financing Document shall take effect on the Closing Date and shall remain in effect, without prejudice to Section 12.17 or Section 12.18, until the date that is 366 days after all of the Obligations shall have been irrevocably performed or satisfied in full in cash; provided that if NRG Energy shall have issued and provided the Reinstatement Guaranty, the Issuer and each Project Company shall be released from their respective obligations under the Financing Documents, and all Collateral shall be released from the Lien of the Collateral Documents, at the time such Reinstatement Guaranty is issued and provided by NRG Energy.

12.17 Reinstatement. The Issuer's and each Project Company's obligations under the Financing Documents shall automatically be reinstated if for any reason any payment made by or on behalf of the Issuer under any Financing Document is rescinded or otherwise restored to it, whether as a result of any proceedings in bankruptcy, reorganization or otherwise with respect to the Issuer or any other Person or as a result of any settlement or compromise with any Person (including any Project Company) in respect of such payment.

12.18 Survival. All representations, warranties, covenants and agreements made herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement and the other Financing Documents shall be considered to have been relied upon by the parties hereto and shall survive the execution and delivery of this Agreement and the other Financing Documents and the issuance of the Policy, the Swap Policy and the Bonds. Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of the Issuer and the Project Companies set forth in Sections 9.1, 10.1 and 12.4 and Article 11 and the agreements of the Collateral Agent contained in Article 11 shall survive the payment and performance of the Bonds and other Obligations and the termination of this Agreement as shall such other provisions in any Financing Document expressly stated to do so.

12.19 Partial Termination. Upon the occurrence of a Project Release Event with respect to any Project Company, all of such Project Company's obligations (including its Guaranty) hereunder and under the other Financing Documents shall terminate and the Project Company Collateral of such Project Company shall no longer be subject to the Lien of the Collateral Documents. A Project Release Event with respect to the Rockford II Project Company shall be deemed also to be a Project Release Event with respect to the Rockford II Equipment Company. Notwithstanding anything to the contrary in this Agreement, each Secured Party agrees to

execute such documents, and take such other actions, as reasonably requested by, and at the expense of, the Issuer to effect and evidence such termination and release.

12.20 No XLCA Liability or Duties. Neither XLCA nor any of its officers, directors or employees shall be liable or responsible for: (a) the use which may be made of each of the Policies by or for the Collateral Agent, the Swap Counterparty, the Depositary Agent, the Trustee, any depositary, any bank, any Bondholder or other purchaser of Bonds or any other Person or for any acts or omissions of any such Person in connection therewith; (b) the validity, sufficiency, accuracy or genuineness of documents or of any endorsements thereon delivered to XLCA (or its Fiscal Agent) in connection with any claim under either of the Policies, or of any signatures thereon, even if such documents or signatures should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged or (c) any acts or omissions to act of the Issuer, any Project Company, the Swap Counterparty, the Collateral Agent, the Depositary Agent, the Trustee, any Bondholder or any other person in connection with the Collateral. In furtherance and not in limitation of the foregoing, XLCA (or its Fiscal Agent) may accept documents that appear on their face to be in order, without responsibility for further investigation. In making any decision or determination, taking any action or omitting to take any action, giving or withholding any consent, waiver or agreement (whether as Controlling Party or otherwise) in respect of matters arising under or in connection with any Financing Document and in each other respect, XLCA shall have no implied duty to any other party to this Agreement or any other Person and shall act at all times as it shall, in its absolute, discretion see fit.

12.21 Calculation of Net Annual Payment Pursuant to Swap Agreement. Within 17 days after each Determination Date, the Swap Counterparty shall deliver to the Collateral Agent a certificate of a Responsible Officer of the Swap Counterparty setting forth the net payment amount payable by the Swap Counterparty to the Issuer or by the Issuer to the Swap Counterparty, as the case may be, pursuant to the Swap Agreement on the immediately succeeding Annual

Scheduled Payment Date.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, intending to be legally bound, have caused this Common Agreement to be duly executed and delivered as of the date first above written.

NRG PEAKER FINANCE COMPANY LLC,
as Issuer

By:_____
Name:
Title:

BIG CAJUN I PEAKING POWER LLC,
as Project Company

By:_____
Name:
Title:

BAYOU COVE PEAKING POWER, LLC,
as Project Company

By:_____
Name:
Title:

NRG ROCKFORD LLC,
as Project Company

By:_____
Name:
Title:

NRG ROCKFORD II LLC,
as Project Company

By:_____
Name:
Title:

NRG STERLINGTON POWER LLC,
as Project Company

By:_____
Name:
Title:

XL CAPITAL ASSURANCE INC.

By:_____
Name:
Title:

LAW DEBENTURE TRUST COMPANY OF NEW YORK,
as Trustee

By:_____

Name:
Title:

THE BANK OF NEW YORK,
as Collateral Agent

By:_____
Name:
Title:

GOLDMAN SACHS MITSUI MARINE
DERIVATIVE PRODUCTS, L.P.,
as Swap Counterparty

By:_____
Name:
Title:

ANNEX A

DEFINITIONS

SCHEDULE I

ROCKFORD II SPARE PARTS

1. One complete set of Row 1 Blades for Siemens-Westinghouse V84.3A(2) combustion turbine generator

2. One complete set of Row 1 Vanes for Siemens-Westinghouse V84.3A(2) combustion turbine generator

EXHIBIT A

FORM OF MONTHLY AFFILIATED TRANSACTION REPORT

EXHIBIT B

FORM OF MONTHLY OPERATIONS REPORT

EXHIBIT C

FORM OF MONTHLY O&M EXPENSE REPORT

EXHIBIT D

FORM OF MONTHLY POWER MARKETING
PERFORMANCE TRACKING REPORT

D-1

EXHIBIT E

FORM OF MONTHLY POWER MARKETING REPORT

E-1

EXHIBIT F

FORM OF DEBT SERVICE COVERAGE RATIO CERTIFICATE

_____ ___, _____ (1)

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10022
Attention: Surveillance

Law Debenture Trust Company of New York, as Trustee
767 Third Avenue, 31st Floor
New York, New York 10017
Attention: Daniel R. Fisher

The Bank of New York, as Collateral Agent
101 Barclay Street
New York, New York 10286
Attention: Corporate Trust Department

Goldman Sachs Mitsui Marine Derivations Products, L.P., as Swap Counterparty
85 Broad Street
New York, New York 10004
Attention: Swap Administration (with a copy to Treasury Administration)

Re: NRG Peaker Finance Company LLC-
Debt Service Coverage Ratio

Ladies and Gentlemen:

NRG Peaker Finance Company LLC (the "Issuer") is delivering this certificate pursuant to Section 2.7(a) of the Amended and Restated Common Agreement, dated as of January 6, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Common Agreement"), among (1) XL Capital Assurance Inc., (2) Goldman Sachs Mitsui Marine Derivative Products, L.P., as Swap Counterparty, (3) The Law Debenture Trust Company of New York, as Trustee, (4) The Bank of New York, as Collateral Agent, (5) the Issuer, and (6) each party thereto identified as a Project Company on the signature pages

---

(1) Certificate to be dated and delivered within 20 days after the applicable Determination Date.

thereto. Capitalized terms used but not defined herein shall have the meanings given in Annex A to the Common Agreement.

1. Debt Service Coverage Ratio.

The Issuer hereby certifies, as of the date hereof, that the Debt Service Coverage Ratio for the Determination Period from [November 1, _____ through and including October 31, _____] (2) (the "DSCR") is equal to _____.

2. Supporting Documentation.

The following documentation is attached hereto as Annex A in support of the calculation of the DSCR set forth above: [INSERT DESCRIPTION OF SUPPORTING DOCUMENTATION]

[SIGNATURE PAGE FOLLOWS]

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(2) Insert appropriate dates for each Determination Period.

IN WITNESS WHEREOF, the Issuer has caused this certificate to be duly executed and delivered by a Responsible Officer of the Issuer as of the date first above written.

NRG Peaker Finance Company LLC

By:_____
Name:
Title:

EXHIBIT G

FORM OF EXPERIENCE AMOUNT PERCENTAGE CERTIFICATE

_____ ___, _____ (1)

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10022
Attention: Surveillance

Law Debenture Trust Company of New York, as Trustee
767 Third Avenue, 31st Floor
New York, New York 10017
Attention: Daniel R. Fisher

The Bank of New York, as Collateral Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

Goldman Sachs Mitsui Marine Derivations Products, L.P., as Swap Counterparty
85 Broad Street
New York, New York 10004
Attention: Swap Administration (with a copy to Treasury Administration)

Re: Experience Amount Percentage

Ladies and Gentlemen:

NRG Peaker Finance Company LLC (the "Issuer") is delivering this certificate pursuant to Section 2.7(b) of the Amended and Restated Common Agreement, dated as of January 6, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Common Agreement"), among (1) XL Capital Assurance Inc., (2) Goldman Sachs Mitsui Marine Derivative Products, L.P., as Swap Counterparty, (3) The Law Debenture Trust Company of New York, as Trustee, (4) The Bank of New York, as Collateral Agent, (5) the Issuer, and (6) each party thereto identified as a Project Company on the signature pages

---

(1) Certificate to be dated and delivered no later than 20 days after the applicable Determination Date and subsequently in accordance with Section 2.7(b) of the Common Agreement.

thereto. Capitalized terms used but not defined herein shall have the meanings given in Annex A to the Common Agreement.

1. Experience Amount Percentage.

(a) In respect of the Determination Date immediately preceding the Annual Scheduled Payment Date falling on [INSERT DATE], the Experience Amount Margin for each Project Company is as follows:

(1) Experience Amount Margin for the Bayou Cove Project Company is $[PROVIDE EXPERIENCE AMOUNT MARGIN FOR THE BAYOU COVE PROJECT COMPANY FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE];

(2) Experience Amount Margin for the Big Cajun Project Company is $[PROVIDE EXPERIENCE AMOUNT MARGIN FOR THE BIG CAJUN PROJECT COMPANY FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE];

(3) Experience Amount Margin for the Rockford I Project Company is $[PROVIDE EXPERIENCE AMOUNT MARGIN FOR THE ROCKFORD I PROJECT COMPANY FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE];

(4) Experience Amount Margin for the Rockford II Project Company is $[PROVIDE EXPERIENCE AMOUNT MARGIN FOR THE ROCKFORD II PROJECT COMPANY FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE]; and

(5) Experience Amount Margin for the Sterlington Project Company is $[PROVIDE EXPERIENCE AMOUNT MARGIN FOR THE STERLINGTON PROJECT COMPANY FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE].

(b) The Experience Amount Percentage for each Project Company as of the date hereof is as follows:

(1) Experience Amount Percentage for the Bayou Cove Project Company is [PROVIDE EXPERIENCE AMOUNT PERCENTAGE FOR THE BAYOU COVE PROJECT COMPANY];

(2) Experience Amount Percentage for the Big Cajun Project Company is [PROVIDE EXPERIENCE AMOUNT PERCENTAGE FOR THE BIG CAJUN PROJECT COMPANY];

(3) Experience Amount Percentage for the Rockford I Project Company is [PROVIDE EXPERIENCE AMOUNT PERCENTAGE FOR THE ROCKFORD I PROJECT COMPANY];

(4) Experience Amount Percentage for the Rockford II Project Company is [PROVIDE EXPERIENCE AMOUNT PERCENTAGE FOR THE ROCKFORD II PROJECT COMPANY]; and

(5) Experience Amount Percentage for the Sterlington Project Company is [PROVIDE EXPERIENCE AMOUNT PERCENTAGE FOR THE STERLINGTON PROJECT COMPANY].]

2. Supporting Documentation.

The following documentation is attached hereto as Annex A in support of the calculations described above: [INSERT DESCRIPTION OF SUPPORTING DOCUMENTATION]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer has caused this Experience Amount Percentage Certificate to be duly executed and delivered by a Responsible Officer of the Issuer as of the date first above written.

NRG Peaker Finance Company LLC

By:_____
Name:
Title:

EXHIBIT H

INSURANCE REQUIREMENTS

Defined terms used but not defined in this Exhibit have the meanings given to such terms in Annex A to the Common Agreement to which this Exhibit is attached.

1. Each Project Company (the "Project Company") shall, without cost to any Secured Party, maintain or cause to be maintained on its behalf in effect at all times the types of insurance required by the following provisions, with insurance companies authorized to do business in the state of Illinois and Louisiana, as applicable, and rated "A-" or better, with a minimum financial size rating of "VIII" by Best's Insurance Guide and Key Ratings (or an equivalent rating by another nationally recognized insurance rating agency of similar standing if Best's Insurance Guide and Key Ratings shall no longer be published) or other insurance companies of recognized responsibility satisfactory to the Controlling Party (if XLCA is the Controlling Party) or the Trustee in consultation with the Insurance Consultant, but without any need for the consent of the Bondholders (if XLCA is not the Controlling Party), until the earlier of (a) the date on which all Obligations have been fully discharged and (b) the date on which a Project Release Event occurs with respect to the Project Company.

(a) All Risk Property: From and after the Closing Date each Project Company will obtain and maintain all risk property insurance for the Project, including boiler and machinery. All risk cover shall include but not be limited to coverage for the perils of flood, earthquake including sinkhole, collapse and subsidence. Flood, earthquake and windstorm may be subject to a sublimit of $50,000,000. Other Policy coverages will also be subject to sublimits in accordance with Policy terms and conditions. Boiler and

machinery cover shall be written on a comprehensive basis and include machinery breakdown. The policy limits for physical damage shall be equivalent to the full replacement value of the facility and shall contain no co-insurance provisions. Transit and off-site coverage shall be for the full replacement cost of the values at risk for any one conveyance subject to a sublimit of $5,000,000. The policy/policies shall also contain coverage for demolition, increased costs of construction including the undamaged portion, subject to a minimum of $10,000,000. Terrorism coverage to be provided with sublimits equal to the lesser of the Full Replacement cost or $50,000,000, if reasonably and commercially available. The deductibles for such property insurance shall not be greater than $1,500,000 per occurrence for physical damage for all perils, except terrorism, which has a deductible of $11,000,000; losses associated with the peril of windstorm at Bayou Cove, which deductible equals 2% of total Property Damage/Total Insured Values, with a minimum of $1,000,000; a $2,500,000 per occurrence deductible with respect to Property Damage losses to the respective NRG Rockford LLC and NRG Rockford II LLC Turbine/Generator Units; and, a Business Interruption (BI) waiting period deductible of sixty (60) days, which might exceed $1,500,000.

(b) Commercial general liability insurance on an "occurrence" policy form or AEGIS, or equivalent, claims-first-made form, including coverage for premises/operations, explosion, collapse and underground hazards, products/completed operations, broad form property damage, blanket contractual liability, independent contractor's, personal injury and sudden and accidental pollution liability for the Project Company and for operators and

contractors, with primary coverage limits of no less than $1,000,000 for bodily injury or death to one or more persons, or damage to property resulting from any one occurrence, and a $1,000,000 aggregate limit.

The commercial general liability policy shall also include a severability of interest/cross liability clause. Work performed by others for the Project Company shall not commence until a certificate of insurance has been delivered verifying current coverages as outlined above, and with the exception of the Workers' Compensation and pollution liability coverages, shall include the Project Company as insured or additional insured and the Secured Parties as additional insureds. Proof of Workers' Compensation coverage shall be provided to the Project Company, and such coverage shall include a waiver of subrogation in favor of Project Company. Deductibles in excess of $1,000,000 shall be subject to review and reasonable approval by the Controlling Party (if XLCA is the Controlling Party) or the Trustee in consultation with the Insurance Consultant, but without any need for the consent of the Bondholders (if XLCA is not the Controlling Party).

(c) Automobile liability insurance, including coverage for owned, non-owned and hired automobiles for both bodily injury and property damage and containing appropriate no-fault insurance provisions or other endorsements in accordance with state legal requirements, with limits of no less than $1,000,000 per accident with respect to bodily injury, property damage or death.

(d) Workers compensation insurance and employer's liability, with a limit of not less than $1,000,000, disability benefits insurance and such other forms of insurance which the Project Company is required to provide by law, providing statutory benefits and other states' endorsement and USL&H Act coverage and Jones Act (if any exposure exists), covering loss resulting from injury, sickness, disability or death of the employees of the Project Company. Work performed by others for the Project Company shall not commence until a certificate of insurance has been delivered verifying coverages outlined above to be in place.

(e) Umbrella Excess Liability Insurance of not less than $35,000,000 per occurrence and in the aggregate. Such coverages shall be on a per occurrence policy form or the AEGIS, or equivalent, claims-first-made form

and shall respond excess of underlying limits provided by the policies described in paragraphs (c), (d) and (e) above whose limits shall apply toward the $35,000,000 limits set forth in this paragraph (f). The umbrella and/or excess policies shall not contain endorsements which restrict coverages as set forth in paragraphs (b), (c) and (d) above, and which are provided in the underlying policies. If the policy or policies provided under this paragraph (f) contain(s) aggregate limits applying to operations of Affiliates of NRG Energy or the Issuer, other than the Project Companies, and such limits are diminished below $25,000,000 by any incident, occurrence, claim, settlement or judgment against such insurance which has caused the carrier to establish a reserve, the Project Company shall take immediate steps to restore such aggregate limits or shall provide other equivalent insurance protection for such aggregate limits.

(f) Watercraft liability and protection and indemnity, to the extent exposure exists, in an amount not less than $10,000,000 for all owned, non-owned and hired watercraft used in connection with the Project Company's activities. Such coverage can be accomplished under policies provided pursuant to general liability policies, protection and indemnity policies or separate

watercraft liability policies. Total Limits can be maintained through the use of any combination of primary and excess Marine Liability Policies.

(g) Aircraft liability, to the extent exposure exists, in an amount not less than $10,000,000 for all owned, non-owned and hired aircraft, fixed wing or rotary, used in connection with the Project Company's activities.

(h) Such other or additional insurance (as to risks covered, policy amounts, policy provisions or otherwise) as, under Prudent Utility Practices in the reasonable judgment of XLCA in consultation with the Insurance Consultant (if XLCA is the Controlling Party) or the Trustee in consultation with the Insurance Consultant, but without any need for the consent of the Bondholders (if XLCA is not the Controlling Party), are from time to time insured against for property and facilities similar in nature.

(i) All major contractors and subcontractors, shall, prior to performing work for any Project Company, supply proper evidence of insurance as set forth in paragraphs 1(b), 1(c), and 1(d), above. If required by Contract, the contractor and/or subcontract may also be required to provide coverage for the exposures noted in 1(a), above. If they are required to provide those policies, then Project Company must be included on the Policy as a Loss Payee, as its interest may appear. The Project Company shall use its discretion in requiring higher limits should the exposure merit limits greater than those set forth above. Such insurance, with the exception of workers compensation, supplied by these parties shall:

(i) add the Project Company and the Secured Parties as additional insureds;

(ii) be primary as respects insurance provided by the Project Company and the Secured Parties;

(iii) waive rights of subrogation against the Project Company and the Secured Parties;

(iv) continue in force until obligations of the applicable contractor or subcontractor to the Project Company are fulfilled.

With respect to the Workers' Compensation coverage of the contractor/subcontractor, evidence of such coverage shall be satisfactory if that evidence reflects that subrogation has been waived in favor of the Project Company.

2. All policies wherein the Secured Parties have an insurable interest shall insure the interests of the Collateral Agent for the benefit of the Secured Parties as well as the Project Company and all policies, with the exception of workers compensation insurance, shall name the Secured Parties as additional insureds. Each policy shall provide for a waiver of subrogation against the Secured Parties and the Project Company. Each such policy shall provide that if any premium or installment is not paid when due, or if such insurance is to be cancelled, terminated or materially changed in a manner that adversely affects the Secured Parties , the insurers (or their representatives) will promptly notify the Project Company and the Collateral Agent and any such cancellation, termination or change shall not be effective until 60

days after receipt of such notice by the Controlling Party and the additional insureds, with the exception of non-payment of premium which will be 10 days notice.

3. All policies of insurance required to be maintained pursuant to Section 1(a) shall provide that the proceeds of such policies shall be payable solely to the Collateral Agent pursuant to a standard first mortgage endorsement substantially equivalent to the Lenders Loss Payable Endorsement Form CP 1218019. All policies (other than in respect to liability or workers compensation insurance) shall insure the interests of the Secured Parties regardless of any breach or violation by the Project Company of warranties, declarations or conditions contained in such policies, any action or inaction of the Project Company or others, or any foreclosure relating to the Project or any change in ownership of all or any portion of the Project, subject to the review and approval of Underwriters (the foregoing may be accomplished by the use of the Lender Loss Payable Endorsement required above).

4. In the event that the Project Company fails to respond in a reasonable, timely and appropriate manner to take any steps necessary or reasonably requested by the Controlling Party to collect from any insurers for any loss covered by any insurance required to be maintained by this Exhibit C, the Controlling Party may instruct the Collateral Agent to make all proofs of loss, adjust all claims and/or receive all or any part of the proceeds of the foregoing insurance policies, either in the name of the Collateral Agent, on behalf of the Secured Parties, or the name of the Project Company; provided, however, that the Project Company shall, upon request and at the Project Company's own cost and expense, make all proofs of loss and take all other steps necessary or reasonably requested to collect from insurers for any loss covered by any insurance required to be obtained by this Exhibit C.

5. In the event any insurance (including the limits or deductibles thereof) hereby required to be maintained, other than insurance required by law to be maintained, shall not be available and commercially feasible in the commercial insurance market, the Project Company shall not be required to maintain such insurance if it delivers to the Controlling Party (a) a certificate of the Insurance Consultant to the effect that such insurance is not available and commercially feasible in the commercial insurance market and (b) a certificate of a Responsible Officer of the Project Company to the effect that the failure to maintain such insurance could not reasonably be expected to have a Project Material Adverse Effect

6. In the event that any policy is written on a "claims-made" basis and such policy is not renewed or the retroactive date of such policy is to be changed, the Project Company shall obtain for each such policy or policies the broadest basic and supplemental extended reporting period coverage or "tail" reasonably available in the commercial insurance market for each such policy or policies, and shall provide the Controlling Party with evidence that such basic and supplemental extended reporting period coverage or "tail" has been obtained.

EXHIBIT I

COMPLETION TESTS

I-1

EXHIBIT J

FORM OF ANNUAL OPERATIONS REPORT

J-1

EXHIBIT K

FORM OF ANNUAL INSURANCE CERTIFICATE

K-1

EXHIBIT M

GENERAL SUBORDINATION TERMS

All Debt incurred by the Issuer under paragraph (b) of the definition of Issuer Permitted Debt or by a Project Company under paragraph (e) of the definition of Project Company Permitted Debt shall be subject to the following terms and conditions, which shall be incorporated in a written agreement between the Issuer or such Project Company, as the case may be, and the Person(s) to which any such Debt is owed:

(a) For purposes of these terms of subordination (these "Subordination Terms"), the "Senior Debt" shall mean the Obligations. Unless otherwise defined herein, capitalized terms used herein have the meanings provided in the Common Agreement, (as amended, amended and restated, supplemented or otherwise modified from time to time), dated as of June 18, 2002 among (1) XL Capital Assurance Inc., a New York stock insurance company, (2) Goldman Sachs Mitsui Marine Derivative Products, L.P., a Delaware limited liability company, (3) Law Debenture Trust Company of New York, as successor trustee to The Bank of New York for the benefit of the Bondholders (the "Trustee"), (4) The Bank of New York, as collateral agent for the benefit of the Secured Parties (in such capacity, the "Collateral Agent"), (5) NRG Peaker Finance Company LLC, a Delaware limited liability company, as Issuer (the "Issuer"), and (6) each party thereto identified as a Project Company on the signature pages thereto (each a "Project Company" and, collectively, the "Project Companies").

(b) [INSERT "NRG PEAKER FINANCE COMPANY LLC" OR NAME OF PROJECT COMPANY] (the "Debtor"), for itself and its successors and assigns, covenants and agrees and each holder of the indebtedness evidenced by [DESCRIBE INDEBTEDNESS DOCUMENTATION] ("Subordinated Debt") by its acceptance thereof likewise covenants and agrees that the payment of the principal of, and interest on, and all other amounts owing in respect of, the Subordinated Debt is hereby expressly subordinated, to the extent and in the manner herein set forth, to the prior payment in full in cash or discharge in full in cash of all Senior Debt. The subordination provisions set forth herein shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Debt, and such provisions are made for the benefit of the holders of Senior Debt, and such holders are hereby made obligees hereunder to the same extent as if their names were written herein as such, and they and/or each of them may proceed to enforce such provisions as a third party

beneficiary.

(c) Unless and until all Senior Debt shall have been paid in full in cash in accordance with its terms and all obligations in respect thereof shall have terminated, the Debtor shall not, directly or indirectly, make or agree to make any payment (in cash or property, by set-off or otherwise), direct or indirect, of or on account of any Subordinated Debt (or any Debt subordinated thereto), and no such payment shall be accepted by any holder of Subordinated Debt, unless such payment is made with funds which the Issuer or any Project Company is permitted to distribute from the Distribution Account in accordance with Section 4.6 of the Depositary Agreement.

(d) Upon (i) any acceleration of the principal amount due on any Subordinated Debt or (ii) any payment or distribution of assets of the Debtor of any kind or character, whether in cash, property or securities, to creditors upon any dissolution or winding up or total or partial liquidation or reorganization of the Debtor, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or similar proceedings, then and in any such event all principal and interest and all other amounts due or to become due upon all Senior Debt (including, without limitation, all interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided in the Financing Documents whether or not such interest is an allowed claim in such proceeding) shall first be paid in full in cash and all obligations in respect thereof shall have been terminated before any holder of Subordinated Debt shall be entitled to retain any assets so paid or distributed in respect of the Subordinated Debt (for principal, interest or otherwise); and, upon any such dissolution or winding up or liquidation or reorganization, any payment or distribution of assets of the Debtor of any kind or character, whether in cash, property or securities, to which the holders of the Subordinated Debt would be entitled, except as otherwise provided herein, shall be paid by the Debtor or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person, corporation, partnership or other entity making such payment or distribution, or by the holders of the Subordinated Debt if received by them, to the Trustee for distribution to the holders of Senior Debt or their representatives, to the extent necessary to pay all Senior Debt in full in cash, after giving effect to any concurrent payment or distribution to or for the benefit of the holders of Senior Debt, before any payment or distribution is made to the holders of the Subordinated Debt.

(e) The holders of the Subordinated Debt irrevocably authorize and empower (without imposing any obligation on) each holder of Senior Debt and such holder's representatives, under the circumstances set forth in paragraph (d) above, to demand, sue for, collect and receive every such payment or distribution described therein and give acquittance therefor, to file claims and proofs of claims in any statutory or nonstatutory proceeding, to vote such Senior Debt holder's ratable share of the full amount of the Subordinated Debt in its sole discretion in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension and to take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote such Senior Debt holder's ratable share of the Subordinated Debt at creditors' meetings for the election of trustees, acceptances of plans and otherwise), in the name of the holders of the Subordinated Debt or otherwise, as such Senior Debt holder or its representatives may deem necessary or desirable for the enforcement of these Subordination Terms. The holders of the Subordinated Debt shall execute and deliver to each holder of Senior Debt and such Senior Debt holder's representatives all such further instruments confirming the foregoing authorization, and all such powers of attorney, proofs of claim, assignments of claim and other instruments, and shall take all such other actions as may be requested by such holder of Senior Debt or such holder's representatives in order to enable such holder or such representative to enforce all claims upon or in respect of such holder's ratable share of the Subordinated Debt.

(f) Should any payment or distribution be collected or

received by any holder of Subordinated Debt and such collection or receipt is not expressly permitted by these Subordination Terms, such holder shall forthwith turn over the same to the Trustee in the form received (except for the endorsement or the assignment of such holder when necessary) and,

until so turned over, the same shall be held in trust by such holder as the property of the holders of Senior Debt.

(g) No holder of the Subordinated Debt shall, without the prior written consent of the Controlling Party, have any right to demand payment of, accelerate the maturity of, or otherwise enforce any right or remedy in respect of any Subordinated Debt or commence or prosecute any action thereon until all Senior Debt is paid in full in cash and all obligations in respect thereof have been terminated.

(h) Until all Senior Debt has been paid in full in cash and all obligations in respect thereof have been terminated, the holders of the Subordinated Debt will not, without the prior written consent of the Controlling Party, commence or join with any other person, corporation, partnership or other entity in commencing any proceeding against the Debtor or any other person, corporation, partnership or other entity with respect to the Subordinated Debt under any bankruptcy, reorganization, readjustment of debt, dissolution, receivership, liquidation or insolvency law or statute now or hereafter in effect in any jurisdiction, nor shall the holders of the Subordinated Debt, without the prior written consent of the Controlling Party, participate in any assignment for benefit of creditors, compositions or arrangements with respect to the Debtor's obligations with respect to the Subordinated Debt.

(i) Subject to the payment in full in cash of all Senior Debt and the termination of all obligations in respect thereof, the holders of the Subordinated Debt shall be subrogated (equally and ratably with the holders of all indebtedness of the Debtor that by its express terms is subordinated to Senior Debt to the same extent as the Subordinated Debt is subordinated and that is entitled to like rights of subrogation) to the rights of the holders of Senior Debt to receive payments or distributions of assets of the Debtor made on the Senior Debt until the Subordinated Debt shall be paid in full; provided that nothing herein contained shall be intended to assign or grant to any holder of Subordinated Debt, or subrogate any such holder to, any right of a holder of Senior Debt as a mortgagee, secured party or other lien or pledgeholder of any property of the Debtor that secures any Senior Debt.

(j) The above provisions are not intended to impair as between the Debtor, its creditors other than the holders of Senior Debt, and the holders of the Subordinated Debt, the obligation of the Debtor, which is absolute and unconditional, to pay to the holders of the Subordinated Debt, as and when the same shall become due and payable in accordance with its terms, principal and interest thereon, subject to the rights of the holders of Senior Debt as provided in these Subordination Terms, or to affect the relative rights of the holders of the Subordinated Debt and creditors of the Debtor other than the holders of Senior Debt.

(k) Application of these Subordination Terms to the Subordinated Debt, the subordination effected thereby and the rights of the holders of the Senior Debt shall not be affected by (i) any amendment of or addition or supplement to any Operative Document or any Senior Debt or any instrument or agreement relating thereto or providing collateral security for any Senior Debt, (ii) any exercise or non-exercise of any right, power or remedy under or in respect of any Operative Document or any Senior Debt or any instrument or agreement relating thereto, or any release of any collateral securing any Senior Debt, or (iii) any waiver, consent, release, indulgence, extension, renewal, modification, delay or any other action, inaction or

omission in respect of any Operative Document or any Senior Debt or any instrument or agreement relating thereto or providing collateral security for any Senior Debt; in each case whether or not any holders of any Subordinated Debt shall have had notice or knowledge of any of the foregoing.

(l) Upon any payment or distribution of assets of the Debtor referred to in these Subordination Terms, the holders of Subordinated Debt shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the holders of Subordinated Debt, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Debt and other indebtedness of the Debtor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to these Subordination Terms.

(m) The following provision shall at all times be part of each instrument or debt security evidencing or representing any Subordinated Debt:

> "The principal of and interest on the indebtedness evidenced hereby are postponed, subordinated and junior in right of payment to certain "Senior Debt", as defined in the [IDENTIFY THESE SUBORDINATION TERMS], on the terms set forth in such Subordination Terms. The provisions of such Subordination Terms used therein are hereby incorporated herein as if set forth at length herein. Each subsequent holder and transferee hereof shall be bound, to the extent of its interest herein, by the obligations set forth in such provisions applicable to a holder hereof."

(n) Notwithstanding anything to the contrary in these Subordination Terms or the agreement into which they are incorporated, these Subordination Terms may be waived, modified, amended or otherwise changed only if and as set forth in a written agreement signed by the parties hereto and the Controlling Party.

(o) These Subordination Terms shall be governed by, and construed in accordance with, the laws of the State of New York.

(p) Each party hereto, for itself and its successors and assigns, and each third party beneficiary hereof (by acceptance of the benefits hereof) hereby (i) irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to these Subordination Terms, (ii) irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in such New York State or, to the extent permitted by law, in such Federal court, and (iii) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions and courts by suit on the judgment or in any other manner provided by law; provided, that this clause (p) shall not impair or diminish any right that any

party or third party beneficiary may otherwise have to bring any action or proceeding relating to these Subordination Terms in the courts of any other competent jurisdiction (i) to enforce or in aid of the judgment of the Supreme Court of the State of New York sitting in New York County or of the United States District Court for the Southern District of New York, (ii) as to any

claim in respect of which the Supreme Court of the State of New York sitting in New York County determines that it does not have, or declines to exercise, jurisdiction, or (iii) in respect of any matter as to which the agreement set forth in this clause (p) is not enforceable as a matter of law.

(q) Each party hereto, for itself and its successors and assigns, hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, (i) any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to these Subordination Terms in the Supreme Court of the State of New York sitting in New York County or the United States District Court for the Southern District of New York and (ii) the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(r) EACH PARTY HERETO, FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY ACTION, CLAIM, DEMAND OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THESE SUBORDINATION TERMS OR IN ANY WAY CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE DEALINGS BETWEEN THEM WITH RESPECT TO THESE SUBORDINATION TERMS OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE.

EXHIBIT N

SUBORDINATION PROVISIONS FOR SUBORDINATED BONDS

EXHIBIT O

FORM OF MAJOR MAINTENANCE RESERVE AMOUNT CERTIFICATE

_____ ___, _____(1)

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10022
Attention: Surveillance

Law Debenture Trust Company of New York, as Trustee
767 Third Avenue, 31st Floor
New York, New York 10017
Attention: Daniel R. Fisher
The Bank of New York, as Collateral Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

Goldman Sachs Mitsui Marine Derivations Products, L.P.
85 Broad Street
New York, New York 10004
Attention: Swap Administration (with a copy to Treasury Administration)

Re: Major Maintenance Reserve Amount Certificate

Ladies and Gentlemen:

NRG Peaker Finance Company LLC (the "Issuer") is delivering this certificate pursuant to Section 2.7(c) of the Amended and Restated Common Agreement, dated as of January 6, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Common Agreement"), among (1) XL Capital Assurance Inc., (2) Goldman Sachs Mitsui Marine Derivative

Products, L.P., as Swap Counterparty, (3) The Law Debenture

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(1) Certificate to be dated and delivered no later than 20 days after the applicable Determination Date and subsequently in accordance with Section 2.7(c) of the Common Agreement.

Trust Company of New York, as Trustee, (4) The Bank of New York, as Collateral Agent, (5) the Issuer, and (6) each party thereto identified as a Project Company on the signature pages thereto. Capitalized terms used but not defined herein shall have the meanings given in Annex A to the Common Agreement.

1. Major Maintenance Reserve Amount ("MMRA").

As of the Determination Date on [INSERT DATE], the Major Maintenance Reserve Amount for all Project Companies is: $[PROVIDE MAJOR MAINTENANCE RESERVE AMOUNT FOR ALL PROJECT COMPANIES FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE].

As of the Determination Date on [INSERT DATE], the Major Maintenance Reserve Amount for each Project Company is: $[PROVIDE MAJOR MAINTENANCE RESERVE AMOUNT FOR EACH PROJECT COMPANY FOR THE DETERMINATION PERIOD ENDING ON SUCH DETERMINATION DATE].

BAYOU COVE

As of the Determination Date on [INSERT DATE], the amount of the total factored starts for the Bayou Cove Project is [ ] and the cost per factored start for the Bayou Cove Project for the Determination Period immediately preceding such Determination Date is $[ ].

As of the Determination Date on [INSERT DATE], annual MMRA funding requirement for the Bayou Cove Project is $[INSERT AN AMOUNT THAT IS (x) THE AMOUNT OF THE TOTAL FACTORED STARTS FOR THE BAYOU COVE PROJECT MULTIPLIED BY (y) THE COST PER FACTORED START FOR THE BAYOU COVE PROJECT FOR THE DETERMINATION PERIOD IMMEDIATELY PRECEDING SUCH DETERMINATION DATE]

STERLINGTON

As of the Determination Date on [INSERT DATE], the amount of the total factored starts for the Sterlington Project is [ ] and the cost per factored start for the Sterlington Project for the Determination Period immediately preceding such Determination Date is $[ ].

As of the Determination Date on [INSERT DATE], annual MMRA funding requirement for the Sterlington Project is $[INSERT AN AMOUNT THAT IS (x) THE AMOUNT OF THE TOTAL FACTORED STARTS FOR THE STERLINGTON PROJECT MULTIPLIED BY (y) THE COST PER FACTORED START FOR THE STERLINGTON PROJECT FOR THE DETERMINATION PERIOD IMMEDIATELY PRECEDING SUCH DETERMINATION DATE]

ROCKFORD I

As of the Determination Date on [INSERT DATE], the amount of the total equivalent operating hours for the Rockford I Project is [ ] and the cost per equivalent operating hour for the Rockford I Project for the Determination Period immediately preceding such Determination Date is $[ ].

As of the Determination Date on [INSERT DATE], annual MMRA funding requirement for the Rockford I Project is $[INSERT AN AMOUNT THAT IS (x) THE AMOUNT OF THE TOTAL EQUIVALENT OPERATING HOURS FOR THE ROCKFORD I PROJECT MULTIPLIED BY (y) THE COST PER EQUIVALENT OPERATING HOUR FOR THE ROCKFORD I PROJECT FOR THE DETERMINATION PERIOD IMMEDIATELY PRECEDING SUCH DETERMINATION DATE].

ROCKFORD II

As of the Determination Date on [INSERT DATE], the amount of the total equivalent operating hours for the Rockford II Project is [ ] and the cost per equivalent operating hour for the Rockford II Project for the Determination Period immediately preceding such Determination Date is $[ ].

As of the Determination Date on [INSERT DATE], annual MMRA funding requirement for the Rockford II Project on [INSERT DATE] is $[INSERT AN AMOUNT THAT IS (x) THE AMOUNT OF THE TOTAL EQUIVALENT OPERATING HOURS FOR THE ROCKFORD II PROJECT MULTIPLIED BY (y) THE COST PER EQUIVALENT OPERATING HOUR FOR THE ROCKFORD II PROJECT FOR THE DETERMINATION PERIOD IMMEDIATELY PRECEDING SUCH DETERMINATION DATE].

BIG CAJUN

As of the Determination Date on [INSERT DATE], the amount of the total equivalent starts for the Big Cajun Project is [ ] and the cost per equivalent start for the Big Cajun Project for the Determination Period immediately preceding such Determination Date is $[ ].

As of the Determination Date on [INSERT DATE], annual MMRA funding requirement for the Big Cajun Project is $[INSERT AN AMOUNT THAT IS (x) THE AMOUNT OF THE TOTAL EQUIVALENT STARTS FOR THE BIG CAJUN PROJECT MULTIPLIED BY (y) THE COST PER EQUIVALENT START FOR THE BIG CAJUN PROJECT FOR THE DETERMINATION PERIOD IMMEDIATELY PRECEDING SUCH DETERMINATION DATE].

2. Supporting Documentation.

The following documentation is attached hereto as Annex A in support of the calculation referred to above: [INSERT DESCRIPTION OF SUPPORTING DOCUMENTATION]

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer has caused this Major Maintenance Reserve Amount Certificate to be duly executed and delivered by a Responsible Officer of the Issuer as of the date first above written.

NRG Peaker Finance Company LLC

By:_____

Name:
Title:

ANNEX A(2)

BAYOU COVE

	Starts	Trips	Factored Starts
November	-------	------	----------

December	-------	------	----------
January	-------	------	----------
February	-------	------	----------
March	-------	------	----------
April	-------	------	----------
May	-------	------	----------
June	-------	------	----------
July	-------	------	----------
August	-------	------	----------
September	-------	------	----------
October	-------	------	----------
Total	-------	------	----------

STERLINGTON

	Starts	Part-Load Trip	Part-Load Trip	Peak-Load Trip	Factored Starts
Load		0%-25%	25%-80%	80%-100%	
November	------	---------	--------	----------	----------
December	------	---------	--------	----------	----------
January	------	---------	--------	----------	----------
February	------	---------	--------	----------	----------
March	------	---------	--------	----------	----------
April	------	---------	--------	----------	----------
May	------	---------	--------	----------	----------
June	------	---------	--------	----------	----------
July	------	---------	--------	----------	----------
August	------	---------	--------	----------	----------
September	------	---------	--------	----------	----------
October	------	---------	--------	----------	----------
Total	------	---------	--------	----------	----------

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(2) Attach any other supporting documentation.

ROCKFORD I

	Equivalent Operating Hours	Starts	Operating Hours
November	----------	-------	----------
December	----------	-------	----------
January	----------	-------	----------
February	----------	-------	----------
March	----------	-------	----------
April	----------	-------	----------
May	----------	-------	----------
June	----------	-------	----------
July	----------	-------	----------
August	----------	-------	----------
September	----------	-------	----------
October	----------	-------	----------
Total	----------	-------	----------

ROCKFORD II

	Equivalent Operating Hours	Starts	Operating Hours

November	----------	--------	----------
December	----------	--------	----------
January	----------	--------	----------
February	----------	--------	----------
March	----------	--------	----------
April	----------	--------	----------
May	----------	--------	----------
June	----------	--------	----------
July	----------	--------	----------
August	----------	--------	----------
September	----------	--------	----------
October	----------	--------	----------
Total	----------	--------	----------

BIG CAJUN

	Normal Starts	Intermediate Ramp Starts	Fast Ramp Starts	Part-Load Trip	Part-Load Trip	Part-Load Trip	Peak-Load Trip	Equivalent Start
Load				0%-16%	16%-36%	36%-60%	60%-100%	
November	----------	----------	--------	------	-------	-------	--------	--------
December	----------	----------	--------	------	-------	-------	--------	--------
January	----------	----------	--------	------	-------	-------	--------	--------
February	----------	----------	--------	------	-------	-------	--------	--------
March	----------	----------	--------	------	-------	-------	--------	--------
April	----------	----------	--------	------	-------	-------	--------	--------
May	----------	----------	--------	------	-------	-------	--------	--------
June	----------	----------	--------	------	-------	-------	--------	--------
July	----------	----------	--------	------	-------	-------	--------	--------
August	----------	----------	--------	------	-------	-------	--------	--------
September	----------	----------	--------	------	-------	-------	--------	--------
October	----------	----------	--------	------	-------	-------	--------	--------
Total	----------	----------	--------	------	-------	-------	--------	--------

MAJOR MAINTENANCE RESERVE ACCOUNT FUNDING GUIDELINES

The funds deposited in the Major Maintenance Reserve Account ("MMRA") are to be used for three principal types of major maintenance ("MM") activities: combustion inspections ("Cis"), hot gas path inspections ("HGPs") and major overhauls or inspections ("Mos"). The manufacturers of combustion turbines establish and periodically update the frequencies at which each of these activities should be performed on each of the model types they manufacture. These frequencies are defined in terms of either equivalent operating hours/factored hours ("EOH" or "FH") or equivalent starts/factored starts ("ES" or "FS"), or a combination of both (e.g., the measure that yields the most frequent MM activity). The manufacturers also establish and periodically update the equations that are to be used to calculate EOH and/or ES for each of their models. Combining 1) the estimates of the cost of each MM activity with 2) information about the actual operating hours and starts and the adjustment variables (e.g., the actual number of trips) during a particular period yields an estimate of the cost of the future MM activities to be incurred during the specific period.

The amount of MMRA funding required for each Project per Factored Start, Equivalent Operating Hour or Equivalent Start for fiscal year 2003 is set forth in the table below. Equivalent Starts, Factored Starts or Equivalent Operating Hours shall all be calculated in accordance with the equipment manufacturer's most current maintenance guidelines.

Bayou Cove	Sterlington	Rockford I Funding Required	Rockford II Funding Required	Big Cajun I

Fiscal Year	Funding Required per Factored Start	Funding Required per Factored Start	per Equivalent Operating Hour	per Equivalent Operating Hour	Funding Required per Equivalent Start
2003	$3,500	$900	$440	$440	$6,670

BAYOU COVE

Each Factored Start of a unit at the Bayou Cove Project requires a deposit of $3,500 into the MMRA. This figure shall be adjusted annually at a rate pursuant to the calculation in Exhibit A attached hereto.

As of 2003, major maintenance activity frequencies and EOH/ES definitions for GE 7EAs at the Bayou Cove Project are specified in Heavy-Duty Gas Turbine Operating and Maintenance Considerations, published by GE Power Systems in January 2003 (Document GER-3620J). These frequencies are as follows (Document GER-3620J at p. 32):

- CIs - 12,000 Factored Hours (FH; GE's label for EOH) or 450 Factored Starts (FS), whichever yields the most frequent inspections.

- HGPs - 24,000 FHs or 1,200 FSs, whichever yields the most frequent inspections.

- MOs - 48,000 FHs or 2,400 FSs, whichever yields the most frequent inspections.

For the units of the Bayou Cove Project that burn gas without water/steam injection, the definitions of FH and FS for the determination of HGP frequency are as follows:

- FH = base-load operating hours + 6 x peak-load operating hours

- FS = .5 x part-load starts + base-load starts + 1.3 x peak-load starts + 20 x emergency starts + 2 x fast-load starts +(Sigma) T(i) a(i)

Ti means the number of trips at each load level, and ai means the severity factor for a trip at each load level. The severity factors are provided in a graph on p. 13 of Document GER-3620J which are equal to the lesser of 8 or 2 + 5 * % Load (e.g., at 40% of load, the factor is 2 + 5 x .40 = 4). FH and FS for the determination of CI and MO frequencies are defined in the same way.

STERLINGTON

Each Factored Start of a unit at the Sterlington Project requires a deposit of $900 into the MMRA. This figure shall be adjusted annually at a rate pursuant to the calculation in Exhibit A attached hereto.

As of 2003, the relevant manual for major maintenance activity frequencies and EOH/ES definitions for GE Frame 5 CTs is Document GER-3620J as described above. Although Document GER-3620J does not include specifications for frequencies and definitions for these particular models, GE staff have verbally recommended that the frequencies for Model 5001PA and the FH/FS definitions for Frame 6/7/9 models specified in Document GER-3620J be used for these units. These frequencies are as follows (Document GER-3620J at p. 32):

- CIs - 12,000 FHs or 800 FSs, whichever yields the most frequent inspections.

- HGPs - 1,200 FSs

- MOs - 48,000 FHs or 2,400 FSs, whichever yields the most frequent inspections.

The definitions of FHs and FSs are the same as those for 7EA units at the Bayou

Cove Project.

ROCKFORD I AND ROCKFORD II

Each Equivalent Operating Hour for a unit at the Rockford I Project and the Rockford II Project each requires a deposit of $440 into the MMRA. This figure shall be adjusted annually at a rate pursuant to the calculation in Exhibit A attached hereto.

As of 2003, major maintenance frequencies and EOH definitions for Siemens V84.3A(2) CTs are specified in Siemens Document 970602GSR, Maintenance Intervals/Equivalent Operating Hours as follows:

- Minor inspections (Siemens' label for CIs) - 4,000 EOHs
- HGPs - 25,000 EOHs
- MOs - 50,000 EOHs

For the units of the Rockford I Project and the Rockford II Project that burn gas:

- EOH = 10 x starts + 10 x rapid temperature changes (including a trip) + operating hours.

BIG CAJUN

Each Equivalent Start of a unit at the Big Cajun Project requires a deposit of $6,670 into the MMRA. This figure shall be adjusted annually at a rate pursuant to the calculation in Exhibit A attached hereto.

As of 2003, major maintenance activity frequencies and EOH/ES definitions for Siemens Westinghouse W501-D5A CTs are specified in Service Bulletin 36803: Combustion Turbine Maintenance and Inspection Intervals, published by SW Power Corporation in December 2000 (Service Bulletin 36803). These frequencies are as follows (Service Bulletin 36803 at p. 12):

- CIs - 8,000 EOHs or 400 ESs, whichever yields the most frequent inspections.
- HGPs - 24,000 EOHs or 800 ESs, whichever yields the most frequent inspections.
- MOs - 48,000 EHs or 1,600 ESs, whichever yields the most frequent inspections.

For the units of the Big Cajun Project that burn gas, EOH (Service Bulletin 36803 at p. 15) and ES (Service Bulletin 36803 at pp 17-18) are defined as follows:

- EOH = base-load hours + 3 x peak-load hours
- ES = normal starts + 10 x intermediate starts + 20 x fast starts + fired aborts + (SIGMA) T(i) a(i) + (SIGMA) C(i) b(i)

T(i) means the number of trips at various load levels, a(i) means the severity factor associated with a trip from each load level, C(i) means a load change of various magnitude, and b(i) means the severity factor associated with a load change of each magnitude. The trip severity factors are as follows:

- From 51-100% of load - 20
- From 31-50% of load - 14

- From 16-20% of load - 7

- From 1-15% of load - 4

EXHIBIT A

ADJUSTMENT OF DEPOSITS

The initial deposit into the MMRA for each Factored Start (with respect to the Bayou Cove Project and Sterlington Project), each Equivalent Operating Hour (with respect to the Rockford I Project and Rockford II Project) and each Equivalent Start (with respect to the Big Cajun Project) shall be adjusted at the beginning of each year by multiplying (i) the deposit for the prior year and (ii) the composite price index (the "CPI"). The determination of the CPI is based on an allocation of percentage weights for labor and materials pursuant to the following formula:

$$CPI = [0.4 \times (L(n)-L(i))/L(i)] + [0.6 \times (M(n)-M(i))/M(i)] + 1]$$

Where:

L(n) = the Labor Index for the current year

L(i) = the Labor Index for the prior year

M(n) = the Material Index for the current year

M(i) = the Material Index for the prior year

The "Labor Index" means the "Average Hourly Earnings of Production Workers, Turbine and turbine generator set units, Series Id CEU3133361106" as published by the Bureau of Labor Statistics, United States Department of Labor, rounded to the nearest hundredth.

The "Material Index" means the "Producer Price Indexes, Series Id PCU3511# (N), Turbines and turbine generator sets" as published by the Bureau of Labor Statistics, United States Department of Labor, rounded to the nearest tenth.

For each operating year, defined as November of one year through October of the following year, index values for September of the first year and the previous year shall be used in the above calculations.

For example, the September 2003 value of the Average Hourly Earnings of Production Workers, Turbine and turbine generator set units, Series Id CEU3133361106 was 23.09, and the value of this index in September 2002 was 22.55. The September 2003 value of the Producer Price Indexes, Series Id PCU3511# (N), Turbines and turbine generator sets was 153.5 (Preliminary) and the September 20023 value of this index was 153.1. The CPI for the November 2003 - October 2004 operating year would therefore be:

$$CPI = [0.4 \times (23.09 - 22.55)/22.55] + [0.6 \times (153.5-153.1)/153.1] + 1]$$
$$= 1.011146$$

To continue the example, the deposit for Bayou Cove for the November 2002 - October 2003 period was $3,500.00 per Factored Start. The deposit for the November 2003 - October 2004 period is $3,539.01, equal to the multiplicative product of 1.011146 and $3,500.00.

The United States Department of Labor may revise any of the data referred to above for a period of up to four (4) months after initial publication. If such a

revision occurs, the deposit shall be adjusted for such year in accordance with such revised data.

If the United States Department of Labor, by footnote, appendix or any other method, discontinues or revises any of the data referred to above (other than benchmark adjustments) or revises the methodology for obtaining such data, a substitute for the adjustment of the revised or discontinued data shall be agreed to and used; provided, that such substitute shall result in substantially the same adjustment, insofar as possible, as would have been achieved by continuing the use of the original data had it not been revised or discontinued.

EXHIBIT P

FORM OF ANNUAL OPERATIONS BUDGET

EXHIBIT P
FORM OF ANNUAL OPERATIONS BUDGET
OPERATING EXPENSES

Operational Labor-Regular
- 511100 Ops Labor-Regular
- 511200 Ops Employer Taxes
- 511300 Ops Pension
- 511410 Ops Health/Welfare
- 511420 Ops 401k Match
- 511430 Ops Worker's Comp
- 511440 Ops Retiree Medical
- 511450 Ops Severance
- 511460 Ops Paid Time Off
- 511470 Ops Bonus/Incentive
- 511480 Ops Deferred Compensation
- 511490 Ops Other Employee Benefits
- 511510 Ops Labor Cross Charge
- 511520 Ops Capitalized Labor
- 511610 Ops Labor-Overtime
- 511620 Ops Overtime Meals
- 511700 Ops Labor-Contract/Temporary

Normal Maintenance-Materials &Services
- 513100 Normal M&S-Land Maintenance
- 513125 Normal M&S-Buildings
- 513150 Normal M&S-Balance of Plant
- 513175 Normal M&S-Boiler
- 513200 Normal M&S-Steam Turbine
- 513225 Normal M&S-Generator
- 513250 Normal M&S-Diesel/Gas Engine
- 513275 Normal M&S-Gas Turbine
- 513300 Normal M&S-Expander Turbine
- 513325 Normal M&S-Pollution Control Equip
- 513350 Normal M&S-Hydro Turbine
- 513375 Normal M&S-Chilled Water Equip
- 513400 Normal M&S-Facilities
- 513425 Normal M&S-Res Recovery Equip
- 513450 Normal M&S-Gas Collection System
- 513475 Normal M&S-Rolling Stock
- 513500 Normal M&S-Transmission Assets
- 513525 Normal M&S-Steamlines
- 513550 Normal M&S-Automobiles
- 513700 Normal Maint-Consumables

513800 Normal Maint-Chemicals

Major Maintenance-Materials & Services
514100 Major M&S-Land Maintenance
514125 Major M&S-Buildings
514150 Major M&S-Balance of Plant
514175 Major M&S-Boiler
514200 Major M&S-Steam Turbine
514225 Major M&S-Generator
514250 Major M&S-Diesel/Gas Engine
514275 Major M&S-Gas Turbine
514300 Major M&S-Expander Turbine
514325 Major M&S-Pollution Control Equip
514350 Major M&S-Hydro Turbine
514375 Major M&S-Chilled Water Equip
514400 Major M&S-Facilities
514425 Major M&S-Res Recovery Equip
514450 Major M&S-Gas Collection System
514475 Major M&S-Rolling Stock
514500 Major M&S-Transmission Assets
514525 Major M&S-Steamlines
514550 Major M&S-Automobiles
514700 Major Maint-Consumables
514800 Major Maint-Chemicals

Environmental/Security/Safety
515100 Environmental Permits
515200 Exceedance Fees/Penalties
515300 Hazardous Mat Disposal&Storage
515400 Environmental Remediation Cost
515500 Site Security
515600 Employee Safety & Protection Materials
515900 Other Environmental&Safety Exp

Plant Utilities & Auxiliary Power
516100 Water & Sewer Utilities
516200 Plant Electric Utilities
516300 Natural Gas Utilities
516900 Other Utilities & Aux Power

Ops/Mgmt/Admin Fee Expense
517100 O&M Fee Expense
517200 Admin/Services Fee Expense
517900 Other Admin/Mgmt/Admin Fee Exp

Other Operations Expenses
519100 Plant Equip Lease/Rent Expense
519200 Freight

519300 Inventory Adjust
519410 RDF-Transportation Expense
519420 RDF-Pass Through Expense
519500 Ash Disposal Expense
519910 Turbine Storage Costs
519990 Other Operating Expenses

Property & Other Tax Expense
551110 Real Property Tax Expense
551120 Personal Property Tax Expense
551200 Sales & Use Tax
551900 Other Taxes Non Income Based

General & Administrative Expense

General & Administrative Labor
- 611100 G&A Labor-Regular Salaries and wages
- 611200 G&A Employer Taxes
- 611300 G&A Pension
- 611410 G&A Health/Welfare Employee insurances
- 611420 G&A 401k Match
- 611430 G&A Workers Comp
- 611440 G&A Retiree Medical
- 611450 G&A Severance
- 611460 G&A Paid Time Off
- 611470 G&A Bonus/Incentive
- 611480 G&A Deferred Comp
- 611490 G&A Other Employee Benefits
- 611510 G&A Labor Cross Charge
- 611520 G&A Capitalized Labor
- 611600 G&A Labor-Overtime
- 611700 G&A Labor-Contract/Temporary
- 611900 Medical Tracker Holding account

Employee Expense
- 612100 Relocation Expense
- 612200 Seminars & Training
- 612300 Tuition Reimbursement
- 612400 Subscription/Professional Dues
- 612500 Club Dues
- 612600 Auto Expense
- 612700 Expat Expense
- 612800 Health Physicals & Testing Expenses
- 612900 Other Employee Expense

External Consultant Expense
- 613100 External Legal Support
- 613200 Financial (Tax, Bank, Audit) Consultants
- 613300 Engineering Consultants

- 613400 Environmental & Regulatory Consultants
- 613500 Information Tech Consultants
- 613600 Communications Consultants
- 613700 Human Res/Recruit Consultants
- 613800 Commercial Market Advisors
- 613900 Other External Consult/Support

Travel & Entertainment Expense
- 614100 Airfare Airfare and related ticketing fees
- 614200 Lodging Hotel/motel costs
- 614300 Ground Transportation Expenses
- 614410 Meals&Entertain-Regular Meals and/or events/entertainment
- 614420 Meals&Entertain-Empl Function Costs
- 614430 Meals&Entertain-Non Employees Meals and/or entertainment
- 614900 Other Travel/Entertainment Expenses

Office Expense
- 615100 Office Rent/Lease Expense
- 615200 Office Utilities
- 615300 Office Supplies
- 615400 Office Furniture/Equipment
- 615500 Postage Office Mailings Only
- 615600 Document Storage
- 615700 Printing
- 615800 Misc Technology/Software Expense
- 615900 Other Office Expense

Administrative Fee Expense
- 616100 Insurance

616200 Bank Fees
616300 Corporate Sec. Fees
616400 Tax Penalties
616500 Association Dues
616600 Capital/Franchise Tax
616900 Other Admin Fee Expense

Other General & Administrative Expense
618210 Telephone
618220 Cell Phone/Pager
618230 Internet Access
618310 Charitable Contributions
618320 Political Contributions
618330 Media/Public Relations Expense
618400 Misc Marketing Expense
618900 Other G&A Expense

EXHIBIT P
FORM OF ANNUAL OPERATIONS BUDGET
CAPITAL EXPENDITURES (1)

Construction In Progress
151100 CIP-Land
151100 CIP-Land Maintenance
151100 CIP-Buildings
151100 CIP-Balance of Plants
151100 CIP-Boiler
151100 CIP-Fuel Handling Equip
151100 CIP-Steam Turbine
151100 CIP-Generator
151100 CIP-Diesel Engine
151100 CIP-Gas Turbine
151100 CIP-Expander Turbine
151100 CIP-Pollution Control E
151100 CIP-Hydro Turbine
151100 CIP-Chilled Water Equip
151100 CIP-Facilities
151100 CIP-Res Recovery Equip
151100 CIP-Gas Collections Systems
151100 CIP-Rolling Stock
151100 CIP-Transmission Assets
151100 CIP-Steamlines
151100 CIP-Automobiles
151100 CIP-Computer,Network,Phone
151100 CIP-Software
151100 CIP-Leasehold Improvements
151100 Contra CIP-Reclass to F/A

Property, Plant & Equipment
152200 PP&E-Land
152200 PP&E-Land Improvements
152200 PP&E-Buildings
152200 PP&E-Plant Equipment
152200 PP&E-Rolling Stock
152200 PP&E-Transmission Assets
152200 PP&E-Steam Lines
152200 PP&E-Capital Spares
152200 PP&E-Furniture & Office Equipm
152200 PP&E-Automobiles
152200 PP&E-Computer,Network,Phone
152200 PP&E-Software
152200 PP&E-Leasehold Improvements
152200 PP&E-Asset Retirement Obligations

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(1) The form of this exhibit is not final and subject to change. Further, the Capital Expenditures portion of the 2004 Annual Operations Budget may be provided in a different form than above.

EXHIBIT Q

REQUEST FOR EXPENDITURES

ANNEX A

DEFINITIONS

"Acceleration" has the meaning given in the Recitals.

"Acceptable Assignee" has the meaning given in Section 10 of the Parent Agreement.

"Acceptable Assumption" means, with respect to any agreement, the assumption of such agreement, without modifications (i) pursuant to a Final Order approving the assumption of such agreement under Section 365(a) of the United States Bankruptcy Code, 11 U.S.C. Section 365(a), or (ii) pursuant to a plan of reorganization that has been confirmed under Section 1129 of thE Federal Bankruptcy Code, 11 U.S.C. Section 1129, and become effective.

"Acceptable Letter of Credit" means a letter of credit that (a) is issued by a bank or other financial institution rated at least A2 by Moody's and at least A by S&P, (b) has no account party that is a Financing Party or any Affiliate of any Financing Party, and (c) is in the form attached as Exhibit B to the Depositary Agreement.

"Acceptable PPA" means, with respect to a Project, an agreement for the sale of Power generated by such Project that (a) does not require the applicable Project Company to accept fuel price market risk (e.g., a tolling agreement, fuel pass-through, energy prices indexed to fuel prices, prices otherwise structured to limit negative spark spread risk), (b) has an initial term of at least one year, (c) provides for annual Net Operating Revenues that equal or exceed such Project Company's Allocation Percentage multiplied by the aggregate amount of Scheduled Debt Service payments on the Series A Bonds Outstanding (as such term is defined in the Indenture) for each year during the term of such agreement for the sale of Power, (d) provides for the counterparty credit support that complies with the credit support criteria contained in the NRG Credit Risk Policy, and (e) is not entered into with NRG Power Marketing as the offtaker; provided that with respect to any such agreement entered into by NRG Power Marketing as principal under the Energy Marketing Services Agreement to which such Project Company is a party, such agreement will be an Acceptable PPA with respect to such Project Company only if such Project Company and NRG Power Marketing have entered into a written agreement evidencing and/or attaching the terms and conditions of the agreement that is being passed through to such Project Company as contemplated by Section 5.3 of such Energy Marketing Services Agreement.

"Account Funds" means all cash, cash equivalents, financial assets, instruments, investments, investment property, securities and other property, including Permitted Investments, on deposit in or credited to an Account in accordance with the Depositary Agreement.

"Accounts" has the meaning given in Section 2.1 of the Depositary Agreement.

"Accrued Insurer Loss Amount (Bond)" means, as of any Annual Scheduled Payment Date, the aggregate amount then due and owing to XLCA by the Issuer under the Insurance and Reimbursement Agreement in respect of the Reimbursement Obligations relating to the Policy.

"Accrued Insurer Loss Amount (Swap)" means, as of any Annual Scheduled Payment Date, the aggregate amount then due and owing to XLCA by the Issuer under the Insurance and Reimbursement Agreement in respect of the Reimbursement Obligations relating to the Swap Policy.

"Acquisition Agreements" means the Bayou Cove Membership Interest Purchase Agreement, the Bayou Cove Assignment and Assumption Agreement, the Rockford Acquisition Agreement, the Rockford Assignment and Assumption Agreement, the Sterlington Project Development Agreement, the Sterlington Supplement and Modification to Project Development Agreement, and the Sterlington and NRG South Central Assignment and Assumption Agreement.

"Acquisition Indemnity Payment" means, for any Project, any and all amounts paid as indemnification payments to an Affiliate of the Project Company owning such Project pursuant to an Acquisition Agreement relating to such Project in order to compensate the relevant acquirer of such Project (or Affiliate of such acquirer) for any devaluation of such Project due to a breach of any representation, warranty or covenant contained in such Acquisition Agreement.

"Acquisition Indemnity/Performance LD Reserve Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Addendum" has the meaning given in the Energy and Marketing Services Agreement.

"Additional Bonds" has the meaning given in the Indenture.

"Additional Parent Agreement" means any parent agreement, substantially in the form of the Parent Agreement or as otherwise in form and substance satisfactory to the Controlling Party, provided by an Acceptable Assignee in connection with a Permitted Change of Control pursuant to Section 10 of the Parent Agreement (as may be amended, amended and restated, supplemented or otherwise modified from time to time).

"Additional Project Document" means, with respect to any Project, any Project Document entered into with respect to such Project after the Closing Date.

"Affiliate" means, with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified, or who holds or beneficially owns 10% or more of the equity interest in the Person specified or 10% or more of any class of voting securities of the Person specified. For the purposes of this definition "control" (including with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or to cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. When used with respect to the Issuer, "Affiliate" shall include NRG Energy and each Project Company.

"Affiliated Major Project Participant" means any Major Project Participant that is an Affiliate of the applicable Project Company (in each case

to the extent such Person has remaining obligations under the Major Project Documents).

"Allocation Increased Percentage" means, in connection with a Permitted Peaker Buyout and with respect to a Project Company that is not subject to such Permitted Peaker Buyout, a percentage amount that is equal to 100% multiplied by (a) the product in Dollars of (x) such Project Company's Allocation Percentage immediately prior to the consummation of such Permitted Peaker Buyout multiplied by (y) the aggregate principal amount of all Series A Bonds Outstanding (as such term is defined in the Indenture) immediately prior to such consummation, divided by, (b) the aggregate principal amount of all Series A Bonds Outstanding (as such term is defined in the Indenture) immediately after such consummation.

"Allocation Percentage" means (a) in respect of the Bayou Cove Project Company, 18%, (b) in respect of the Big Cajun Project Company, 14%, (c) in respect of the Rockford I Project Company, 39%, (d) in respect of the Rockford II Project Company, 19%, and (e) in respect of the Sterlington Project Company, 10%; provided that upon a Permitted Peaker Buyout, the Allocation Percentage for the Project Company subject to such Permitted Peaker Buyout shall be reduced to 0% and the Allocation Percentage for each other Project Company not subject to such Permitted Peaker Buyout shall be increased to its Allocation Increased Percentage.

"Allocation Percentage Buyout Amount" means, in respect of a Project Company, an amount equal to the Allocation Percentage for such Project Company multiplied by the aggregate principal amount of Series A Bonds then Outstanding (as such term is defined in the Indenture).

"Alternate Big Cajun PPA" means, with respect to the Big Cajun Project, any Acceptable PPA which has been entered into by the Big Cajun Project Company as a replacement for the Big Cajun PPA; provided that (i) such Acceptable PPA specifies the same delivery point for electricity as the Big Cajun PPA and (ii) the counterparty to such Acceptable PPA has entered into a Consent on terms and conditions similar to those contained in the Consent relating to the Big Cajun PPA delivered on the Closing Date.

"Ancillary Services" means, in respect of a Project Company, the ancillary services that FERC has authorized to be sold at market-based rates in the Applicable Markets for such Project Company's Project.

"Annual Operations Budget" means the annual operations budget delivered by the Issuer to XLCA (if XLCA is the Controlling Party) in accordance with Section 2.13 of the Common Agreement substantially in the form of Exhibit P to the Common Agreement; provided that until an Annual Operations Budget is deemed final in accordance with Section 2.13 of the Common Agreement for a fiscal year, the Annual Operations Budget for such fiscal year shall be the Annual Operations Budget for the fiscal year immediate preceding such fiscal year, provided further that (a) no major maintenance items shall be a part of such temporary budget and (b) provisions allowing for funding in excess of 100% of such budget shall not be applicable to such temporary budget.

"Annual Operations Report" means, in respect of each Project, an annual operations report for such Project substantially in the form of Exhibit J to the Common Agreement.

"Annual Scheduled Payment Date" means each (a) December 10th commencing on December 10, 2002 and ending on, and including, December 10, 2018, and (b) June 10, 2019.

"Applicable Markets" means, with respect to any Project, any of the markets for Energy Products and Services in which such Project is interconnected or in which such Project Company buys, sells or offers for delivery such products or services.

"Approval Order" has the meaning given in the Recitals.

"Associated Parent Obligations" means, with respect to a Project in connection with a Permitted Change of Control, the product of (a) the percentage of such Project, or the membership interests in the applicable Project Company, purchased by the Acceptable Assignee multiplied by (b) the sum of (i) the product of (A) the Allocation Percentage of the applicable Project Company multiplied by (B) the obligations of NRG Energy under Section 2 of the Parent Agreement (to the extent such obligations have not been already satisfied by NRG Energy), prior to giving effect to such Permitted Change of Control (excluding NRG Energy's obligations under Sections 2.2 through 2.7 and 2.10 of the Parent Agreement) plus (ii) if such Project is Big Cajun I Units 3 & 4 Project, 100% of NRG Energy's obligations under Sections 2.2, 2.3(b) and 2.10 of the Parent Agreement, plus (iii) if such Project is Rockford II Project, 100% of NRG Energy's obligations under Sections 2.4 and 2.5(a) of the Parent Agreement plus (iv) if such Project is the Sterlington Project, 100% of NRG Energy's obligations under Sections 2.2 and 2.10 of the Parent Agreement plus (v) if such Project is Bayou Cove Project, 100% of NRG Energy's obligations under Section 2.5(b) of the Parent Agreement plus (vi) if such Project is the Rockford I Project, 100% of NRG Energy's obligations under Section 2.4 of the Parent Agreement.

"Authorized Signatory" has the meaning given in Section 6.5 of the Depositary Agreement.

"Available Debt Service Reserve Funds" means, as of any date, the aggregate amount of Account Funds on deposit in the Debt Service Reserve Account on such date and amounts available for drawing on such date under any Acceptable Letter of Credit posted for the Debt Service Reserve Account.

"Available Fuel Funds" means, as of any date, in respect of a Project Company, the aggregate amount of Account Funds on deposit in the Fuel Account of such Project Company on such date.

"Available Operating Funds" means, as of any date, in respect of a Project Company, the aggregate amount of Account Funds on deposit in the Operating Account of such Project Company on such date.

"Bankruptcy" means, in respect of any Person, a Bankruptcy Event of such Person.

"Bankruptcy Event" shall be deemed to occur with respect to any Person if (a) such Person shall institute a voluntary case seeking liquidation or reorganization under Bankruptcy Law, or shall consent to the institution of an involuntary case thereunder against it; (b) such Person shall file a petition or consent or shall otherwise institute any similar proceeding under any other applicable Federal or state law, or shall consent thereto; (c) such Person shall apply for, or by consent there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers for itself or any substantial part of its assets; (d) such Person shall make an assignment for the benefit of its creditors; (e) such Person shall admit in writing its inability to pay its debts generally as they become due; (f) an involuntary case shall be commenced seeking liquidation or reorganization of such Person under Bankruptcy Law or any similar proceedings shall be commenced against such Person under any other applicable Federal or state law and (i) the petition commencing the involuntary case is not timely controverted, (ii) the petition commencing the involuntary case is not dismissed within 60 days of its filing, (iii) an interim trustee is appointed to take possession of all or a portion of the property, and/or to operate all or any part of the business, of such Person and such appointment is not vacated within 60 days or (iv) an order for relief shall have been issued or entered therein; (g) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee or other officer having similar powers of such Person or all or a part of its property shall have been entered; or (h) any other similar relief shall be granted against such Person under any applicable

Federal or state law.

"Bankruptcy Law" means Title 11, United States Code, and any other state or federal insolvency, reorganization, moratorium or similar law for the relief of debtors, or any successor statute and, additionally, with respect to XLCA, Article 74 of the New York Insurance Law.

"Base Case Project Projections" means a projection of operating results for the Projects delivered pursuant to Section 3.1(n) of the Insurance and Reimbursement Agreement.

"Bayou Cove Assignment and Assumption Agreement" means the Assignment and Assumption Agreement between NRG Bayou Cove LLC and El Paso Merchant Energy Company, dated as of September 10, 2002.

"Bayou Cove Completion Obligations" has the meaning given in Section 3.14(a) of the Common Agreement.

"Bayou Cove Construction Costs" means, collectively, any and all costs (other than Uncovered Warranty Costs), expenses, fees, taxes or reimbursement obligations incurred by or on behalf of the Bayou Cove Project Company under or in connection with a Bayou Cove Equipment and Construction Contract or otherwise in connection with achieving Project Completion of the Bayou Cove Project, in each case on or prior to Completion of the Bayou Cove Project.

"Bayou Cove Contractors" means, collectively, each of the contractors, service providers and/or suppliers providing equipment and/or services to the Bayou Cove Project pursuant to the terms of any Bayou Cove Equipment and Construction Contract or any agent or subcontractor thereof.

"Bayou Cove Electric Interconnection Agreement" means the Interconnection and Operating Agreement between the Bayou Cove Project Company and Entergy Gulf States, Inc., effective as of October 18, 2001.

"Bayou Cove Electric Interconnection Facilities" means, collectively, the electric interconnection facilities, including any system upgrades, contemplated to be engineered, constructed, installed, tested, commissioned and completed pursuant to the Bayou Cove EPC Agreement (Electric Interconnection Facilities), the Bayou Cove Electric Interconnection Agreement and any sub-contract related thereto.

"Bayou Cove EMS Agreement" means the Energy Marketing Services Agreement by and between NRG Power Marketing and the Bayou Cove Project Company, dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Bayou Cove EPC Agreement (Balance of Plant)" means the Turnkey Contract among Stone & Webster, Inc., Shaw Constructors, Inc. and the Bayou Cove Project Company, dated as of November 21, 2001.

"Bayou Cove EPC Agreement (Electric Interconnection Facilities)" means the Agreement for Engineering, Procurement and Construction between the Bayou Cove Project Company and Entergy Louisiana, dated as of October 31, 2001.

"Bayou Cove Equipment and Construction Contracts" means, collectively, (i) the Bayou Cove Turbine Purchase Agreement, (ii) the Bayou Cove Generator Step-Up Transformers Purchase Agreement, (iii) the Bayou Cove EPC Agreement (Balance of Plant), (iv) the Bayou Cove EPC Agreement (Electric Interconnection Facilities), (v) the Bayou Cove Electric Interconnection Agreement and (vi) any other agreement or document (including any subcontracts) entered into with respect to achieving Project Completion for the Bayou Cove Project.

"Bayou Cove Gas Interconnection Agreement" means the Reimbursement, Construction, Ownership and Operating Agreement between the Bayou Cove Project Company and Egan Hub Partners, L.P., dated as of February 8, 2002.

"Bayou Cove Generator Step-Up Transformers Purchase Agreement" means the Generator Step-Up Transformers Contract Agreement between the Bayou Cove Project Company and ABB Power T&D Company, Inc., dated as of June 1, 2001.

"Bayou Cove Major Project Documents" means, collectively, (a) the Bayou Cove Electric Interconnection Agreement, the Bayou Cove Gas Interconnection Agreement, the Bayou Cove EMS Agreement and the Bayou Cove OMA, (b) any Additional Project Document for the Bayou Cove Project that replaces any of the agreements described in clause (a), (c) any Major Power Purchase Agreement, Major FSA or Major FTA for the Bayou Cove Project and (d) any Additional Project Document for the Bayou Cove Project that constitutes a material ground lease agreement, material electric interconnection agreement or material sharing agreement.

"Bayou Cove Membership Interest Purchase Agreement" means the Membership Interest Purchase Agreement between NRG Bayou Cove LLC and El Paso Remediation

Company, dated as of September 10, 2001, by which NRG Bayou Cove LLC purchased all of El Paso Remediation Company's membership interests in the Bayou Cove Project Company, constituting 100% of the membership interests in the Bayou Cove Project Company.

"Bayou Cove OMA" means the Operation and Maintenance Agreement between the Bayou Cove Project Company and NRG Operating Services dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Bayou Cove Project" means the natural gas-fired electric generation facility owned by the Bayou Cove Project Company currently under construction near Jennings, Louisiana in Acadia Parish which, upon Completion, is expected to generate 295 MW (summer capacity) / 345 MW (winter capacity).

"Bayou Cove Project Company" means Bayou Cove Peaking Power, LLC, a Delaware limited liability company.

"Bayou Cove Project Documents" means all Project Documents for the Bayou Cove Project.

"Bayou Cove Turbine Purchase Agreement" means the Turbine Purchase Site Specific Agreement between NRG Energy and General Electric Company, dated as of December 5, 2001, as assigned by NRG Energy to the Bayou Cove Project Company.

"Big Cajun Act of Cash Sale and Grant of Servitude" means the Act of Cash Sale and Grant of Servitude signed by Louisiana Generating and the Big Cajun Project Company on the Closing Date.

"Big Cajun Act of Subordination" means the Act of Subordination of Act of Mortgage, Pledge and Assignment of Leases and Rents executed by JPMorgan Chase Bank on June 13, 2002.

"Big Cajun EMS Agreement" means the Energy Marketing Services Agreement by and between NRG Power Marketing and the Big Cajun Project Company, dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Big Cajun OMA" means the Operation and Maintenance Agreement between the Big Cajun Project Company and NRG Operating Services dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Big Cajun PPA" means the Power Purchase Agreement among the Big Cajun Project Company, Louisiana Generating and NRG South Central, dated as of February 15, 2002.

"Big Cajun PPA Shortfall" means, for any calendar month, the excess, if any, of (i) the amount of the payment for capacity that Big Cajun Project Company would have been entitled to receive from Louisiana Generating for such calendar month under the Big Cajun PPA, over (ii) the amount of the payment for capacity that Big Cajun Project Company actually received for such calendar month in respect of the Big Cajun PPA on or before the date such payment is due under the Big Cajun PPA.

"Big Cajun Project Company" means Big Cajun I Peaking Power LLC, a Delaware limited liability company.

"Big Cajun I Units 3&4 Major Project Documents" means, collectively, (a) the Big Cajun EMS Agreement, the Big Cajun PPA, any Alternate Big Cajun PPA, Big Cajun OMA, the Big Cajun Shared Facilities Agreement, the Big Cajun Sale of Moveables in Place, the Big Cajun Switchyard Servitude Agreement and the Big Cajun Act of Cash Sale and Grant of Servitude, (b) any Additional Project Document for the Big Cajun I Units 3&4 Project that replaces any of the agreements described in clause (a), (c) any Major Power Purchase Agreement, Major FSA or Major FTA for the Big Cajun I Units 3&4 Project and (d) any Additional Project Document for the Big Cajun I Units 3&4 Project that constitutes a material ground lease agreement, material electric interconnection agreement or material sharing agreement.

"Big Cajun I Units 3&4 Project Documents" means all Project Documents for the Big Cajun I Units 3&4 Project.

"Big Cajun I Units 1&2 Project" means the approximately 220 MW natural gas-fired electric generation facility owned by Louisiana Generating, which is located in New Roads, Louisiana, adjacent to the Big Cajun I Units 3&4 Project.

"Big Cajun I Units 3&4 Project" means the approximately 204 MW (summer capacity) / 239 MW (winter capacity) natural gas-fired electric generation facility owned by the Big Cajun Project Company, which is located in New Roads, Louisiana adjacent to the Big Cajun I Units 1&2 Project.

"Big Cajun Sale of Moveables in Place" means the sale of Moveables in Place signed by Louisiana Generating and the Big Cajun Project Company on the Original Closing Date.

"Big Cajun Shared Facilities Agreement" means the Amended and Restated Shared Facilities Agreement to be entered into substantially in the form appearing in Exhibit B to the Parent Agreement between the Big Cajun Project Company and Louisiana Generating.

"Big Cajun Switchyard Servitude Agreement" means the Switchyard Servitude Agreement between NRG New Roads Holding LLC and the Big Cajun Project Company on the Original Closing Date.

"Blocked Restricted Payment Amount" has the meaning given in Section 4.5(c)(i) of the Common Agreement.

"Bond Obligations" means each payment and performance obligation of the Issuer (monetary or otherwise and whether arising by acceleration or otherwise) arising under or in connection with the Indenture and the Series A Bonds, including in respect of payment of principal of, premium, if any, and interest on the Series A Bonds when due and payable and all other amounts or performances due or to become due under or in connection therewith.

"Bondholders" has the meaning given in the preamble to the

Common Agreement.

"Bonds" means, collectively, the Series A Bonds and any Additional Bonds.

"Business Day" means any day other than a Saturday, Sunday, legal holiday or other day on which commercial banking institutions in New York are authorized or obligated by law, executive order or governmental decree to be closed.

"Calculation Agent" means The Bank of New York, or any successor Calculation Agent as appointed by the Issuer with the consent of XLCA (if XLCA is the Controlling Party) and the Swap Counterparty.

"Capital Lease Obligations" means, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) property to the extent such obligations are classified and accounted for as a capital lease on a balance sheet for such Person under GAAP, and, for purposes of the Financing Documents, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

"Capital Stock" means, with respect to any Person, any common stock, preferred stock and any other capital stock of such Person and shares, interests, participations or other ownership interest (however designated), of any Person and any rights (other than debt securities convertible into, or exchangeable for, capital stock or such other ownership interests), warrants, options or other rights to purchase any of the foregoing, including each class of common stock and preferred stock of such Person if such Person is a corporation and each general and/or limited partnership interest of such Person if such Person is a partnership and/or limited liability company interest of such Person if such Person is a limited liability company.

"Cash Available for Debt Service" means, for any period, all Operating Revenues received, or projected to be received (in accordance with revenue projections prepared by the Power and Fuel Market Consultant within 3 months prior to the determination of Cash Available for Debt Service for such period), during such period minus all Operating Costs paid, or projected to be paid (in accordance with cost projections prepared by the Power and Fuel Market Consultant within 3 months prior to the determination of Cash Available for Debt Service for such period), during such period.

"Cash Collateral Accounts" has the meaning given in Section 6.4 of the Parent Agreement.

"Cash Collateral Deposits" has the meaning given in Section 12.3 of the Parent Agreement.

"Casualty Event" means any damage to or destruction of a Project.

"Casualty Insurance Proceeds" means any and all proceeds of any insurance, indemnity, warranty or guaranty payable from time to time with respect to any Casualty Event, other than business interruption insurance proceeds and similar proceeds.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Sections 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986, and all rules and regulations thereunder.

"Closing Date" means January 6, 2004.

"Co-Collateral Agent" means the co-collateral agent appointed pursuant to Section 11.8 of the Common Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute.

"Collateral" means, collectively, the Issuer Collateral and all Project Company Collateral.

"Collateral Agent" has the meaning given in the preamble to the Common Agreement.

"Collateral Documents" means, collectively, the Issuer Collateral Documents and all Project Company Collateral Documents.

"ComEd" means Commonwealth Edison Company, an Illinois corporation.

"Common Agreement" means that certain Amended and Restated Common Agreement, dated as of the Closing Date, among XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Issuer and each Project Company (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Complete" or "Completion" means, with respect to each of the Bayou Cove Project and the Rockford II Project, the earliest date on which all of the following shall have occurred:

(a) such Project shall have achieved Project Completion and the Controlling Party shall have received a certificate of the Independent Engineer to that effect, which certificate will be in form and substance reasonably satisfactory to XLCA (if XLCA is the Controlling Party); and

(b) each of Bayou Cove Project Company or Rockford II Project Company, as applicable, shall have delivered a Completion certificate in form and substance reasonably satisfactory to XLCA (if XLCA is the Controlling Party) certifying that:

(i) with respect to the Bayou Cove Project only, either (i) all Completion Items and the Completion Expenses for the Bayou Cove Project have been paid for in full or (ii) the Bayou Cove Project Company has itemized all Completion Items for the Bayou Cove Project, which list has been confirmed by the Independent Engineer, and the deposit into the Completion Account required pursuant to Section 4.8 of the Depositary Agreement with respect to such Completion Items and the Completion Expenses has been made in full;

(ii) with respect to the Rockford II Project only, either (i) all Completion Items and the Completion Expenses for the Rockford II Project have been completed and paid for in full, or (ii) the Rockford II Project Company has itemized all Completion Items for the Rockford II Project, which list shall have

been confirmed by the Independent Engineer, and the deposit into the Completion Account required pursuant to Section 4.8 of the Depositary Agreement with respect to such Completion Items and the Completion Expenses has been made in full;

(iii) all material Permits required for operation of such Project (including all certificates of occupancy for such Project) have been obtained and are in full force and

effect and not subject to any pending appeal, intervention, or similar proceeding that could reasonably be expected to have a Project Material Adverse Effect, and XLCA (if XLCA is the Controlling Party) has received copies of all such Permits and all fees and charges associated therewith shall have been paid in full;

(iv) with respect to the Bayou Cove Project only, (i) all Bayou Cove Construction Costs have been paid in full (other than those subject to a good faith dispute and for which adequate reserves in accordance with GAAP have been set aside), (ii) either (x) all performance guarantees under the Bayou Cove Equipment and Construction Contracts have been satisfied in full or (y) the minimum performance standards specified therein have been satisfied and all Performance Liquidated Damages to be paid (including by way of NRG Energy or any Affiliate thereof making payments into the Acquisition Indemnity/Performance LD Reserve Account) pursuant to the Bayou Cove Equipment and Construction Contracts have been paid in full to the Bayou Cove Project Company without regard for any limitations placed on the payment of Liquidated Damages in the Bayou Cove Equipment and Construction Contracts (other than those subject to a good faith dispute in an amount not to exceed $5,000,000 in the aggregate, taking into account any and all retainage amounts also subject to a good faith dispute), (iii) any retainage or other amounts withheld from payment to any Bayou Cove Contractor under a Bayou Cove Equipment and Construction Contract have been paid over in full to the relevant Bayou Cove Contractor (other than those which are (A) deposited into the Completion Account or (B) subject to a good faith dispute in an amount not to exceed $5,000,000 in the aggregate, taking into account any and all Performance Liquidated Damages also subject to a good faith dispute) and (iv) any lien or encumbrance over any portion of the Bayou Cove Project in favor of a Bayou Cove Contractor has been released and discharged in full (other than Project Company Permitted Liens); and

(v) with respect to the Rockford II Project only, (i) the Rockford II Construction Costs have been paid in full (other than those subject to a good faith dispute and for which adequate reserves in accordance with GAAP have been set aside), (ii) either (x) all performance guarantees under the Rockford II Equipment and Construction Contracts have been satisfied in full or (y) the minimum performance standards specified therein has been satisfied and all Performance Liquidated Damages to be paid (including by way of NRG Energy or any Affiliate thereof making payments into the Acquisition Indemnity/Performance LD Reserve Account) by the Rockford II Contractors pursuant to the Rockford II Equipment and Construction Contracts have been paid to the Rockford II Project Company without regard for any limitations placed on the payment of Liquidated

Damages in the Rockford II Equipment and Construction Contracts (other than those subject to a good faith dispute in an amount not to exceed $5,000,000 in the aggregate, taking into account any and all retainage amounts also subject to a good faith dispute), (iii) any retainage or other amounts withheld from payment to any Rockford II Contractor under a Rockford II Equipment and Construction Contract have been paid over in full to the relevant Rockford Contractor (other than those which are (A) deposited into the Completion Account or (B) subject to a good faith dispute in an amount not to exceed $5,000,000 in the aggregate taking into account any and all

Performance Liquidated Damages also subject to a good faith dispute), (iv) any lien or encumbrance over any portion of the Rockford II Project in favor of a Rockford II Contractor has been released and discharged in full (other than Project Company Permitted Liens) and (v) title to all equipment acquired for the Rockford II Project under the Rockford II Equipment and Construction Contracts has been duly transferred to the Rockford II Project Company free and clear of all liens (other than Project Company Permitted Liens).

"Completion Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Completion Date" means, in respect of the Bayou Cove Project and the Rockford II Project, the date upon which such Project achieves Completion.

"Completion Expenses" means any costs associated with Completion of the Bayou Cove Project or the Rockford II Project (other than the Completion Items) including, without limitation, any liabilities, obligations, commitments, losses, fines, penalties, sanctions, expenses, costs or damages (whether absolute, accrued, conditional or otherwise and whether or not resulting from third-party claims), including out-of-pocket expenses and reasonable fees and expenses of attorneys, accountants, consultants, arising in connection with the failure to comply with the Bayou Cove EPC Agreement (Electric Interconnection Facilities).

"Completion Items" means, in connection with Completion of the Bayou Cove Project and the Rockford II Project, such items as contemplated by the Construction Contracts for each Project.

"Completion Tests" has the meaning given in Section 3.2(a)(vii) of the Common Agreement.

"Condemnation Event" means any Project (or any portion thereof) is condemned, confiscated, requisitioned, captured, seized or subjected to forfeiture, or title thereto is taken, by any Governmental Authority.

"Condemnation Proceeds" means any and all payments (in any form whatsoever) made or due and payable from time to time in connection with any Condemnation Event by any Governmental Authority (or any person acting under color of Governmental Authority).

"Consents" means, collectively, the third-party consents and assignments required pursuant to Section 3.1(f)(ii) of the Insurance and Reimbursement Agreement or Section 5.16(b) of the Common Agreement.

"Construction Contractors" means, as applicable, the Bayou Cove Contractors or the Rockford II Contractors.

"Construction Contracts" means, as applicable, the Bayou Cove Equipment and Construction Contracts or the Rockford II Equipment and Construction Contracts.

"Contingent Guaranty Agreement" has the meaning given in the Recitals.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Issuer or any Project Company, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or under Section 4001(b)(1) of ERISA.

"Controlling Party" means XLCA for so long as either of the Policies shall be effective and there shall not have occurred and be continuing

an Insurer Default and, at all other times, the requisite number or percentage of Bondholders acting pursuant to the Indenture.

"Corporate Services Accumulation Amount" means the cumulative amount of all Corporate Services Payment Shortfall up to $2,500,000 at any one time accumulated, as set forth in the Equity Reimbursement Certificate as of the relevant Determination Date.

"Corporate Services Agreement" means the Corporate Services Agreement by and among NRG Energy, the Issuer and each of the Project Companies, dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Corporate Services Annual Fee" has the meaning given in the Corporate Services Agreement.

"Corporate Services Payment" means the payment of the Corporate Services Annual Fee and the Corporate Services Accumulation Amount under the Corporate Services Agreement.

"Corporate Services Payment Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Corporate Services Payment Shortfall" means with respect to each year, the difference, if any, between $1,000,000 and the Corporate Services Annual Fee paid under the Corporate Services Agreement.

"Debt" of any Person at any date means, without duplication, (a) such Person's Debt for Borrowed Money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (which exception is intended to encompass ordinary course obligations under the Project Documents), (d) all Capitalized Lease Obligations of such Person, (e) all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities (or property), (f) all deferred obligations of such Person to reimburse any bank or other Person in respect of amounts paid or advanced under

a letter of credit or other instrument, (g) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, and (h) all Debt (or other obligations) of others guaranteed directly or indirectly by such Person or as to which such Person has an obligation substantially the economic equivalent of a guaranty (provided that, for purposes determining the amount of any Debt of the type described in this clause (h), if the amount of such guaranty or similar obligation is less than the full amount of the Debt or other obligation guaranteed, the amount of such Debt shall be limited to the amount of such guaranty or similar obligation).

"Debt for Borrowed Money" means, with respect to any Person, all obligations of such person for borrowed money.

"Debt Payment Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Debt Service Coverage Ratio" means for any period, the ratio of (a) all Cash Available for Debt Service for such period to (b) all Scheduled Debt Service due during such period, provided that when calculated for a Determination Period, the Debt Service Coverage Ratio means the ratio of (a) all Cash Available for Debt Service for such Determination Period to (b) (x) Scheduled Debt Service due on the next Annual Scheduled Payment Date plus (y) any regularly scheduled payments of interest accrued during the Determination Period and not otherwise included in (x) for such Determination Period.

"Debt Service Coverage Ratio Certificate" means an annual certificate delivered by the Issuer to XLCA (if XLCA is the Controlling Party) in accordance with Section 2.7 of the Common Agreement substantially in the form of Exhibit F to the Common Agreement.

"Debt Service Reserve Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Debt Service Reserve Amount" means, as of any Annual Scheduled Payment Date, the sum of the Debt Service Reserve Amount (Project) for all Projects as of such Annual Scheduled Payment Date, provided, however, that if either (a) NRG Energy's ratings or the Shadow Ratings for the Series A Bonds fall below Investment Grade from Moody's or S&P, or (b) the Debt Service Coverage Ratio for the Determination Period ending on the Determination Date immediately preceding such Annual Scheduled Payment Date is below 1.20 to 1.00, then the Debt Service Reserve Amount as of such Annual Scheduled Payment Date shall be equal to 200% of Scheduled Debt Service due on the next Annual Scheduled Payment Date; provided, further, that if the event described in clause (b) of the foregoing proviso occurs and NRG Energy's ratings as of such Annual Scheduled Payment Date are at least Baa2 from Moody's and BBB from S&P, then the Debt Service Reserve Amount as of such Annual Scheduled Payment Date shall be equal to 150% of Scheduled Debt Service due on the next Annual Scheduled Payment Date.

"Debt Service Reserve Amount (Project)" means, as of any Annual Schedule Payment Date, with respect to a Project, the product of (x) Scheduled Debt Service due on the next Annual Scheduled Payment Date multiplied by (y) the Allocation Percentage for the applicable Project Company; provided, however, that during a Tolling Period with respect to such Project, the Debt Service Reserve Amount (Project) with respect to such Project shall be an

amount equal to 50% of the product of (x) Scheduled Debt Service due on the next Annual Scheduled Payment Date and (y) the Allocation Percentage for the applicable Project Company.

"Debt Service Shortfall" means, with respect to any Annual Scheduled Payment Date, the amount, if any, by which (a) Scheduled Debt Service on such date exceeds (b) funds in the Debt Payment Account available therefor in accordance with the terms of Section 4.2 of the Depositary Agreement, without giving effect to funding sources other than those described in priorities First through Seventh of Section 4.2.3 of the Depositary Agreement.

"Delay Amounts" means Delay Liquidated Damages, proceeds under delay in start-up or similar insurance and other similar amounts.

"Delay Liquidated Damages" means all amounts paid under a Project Document as liquidated damages for failure to complete all or a portion of a Project, or failure to deliver equipment for a Project, by the date set forth for completion or delivery thereof in such Project Document, including amounts paid under guaranties, letters of credit and other support instruments for such purposes.

"Depositary Agent" means The Bank of New York, in its capacity as depositary agent and securities intermediary under the Depositary Agreement, or its successor appointed pursuant to the terms of the Depositary Agreement.

"Depositary Agreement" means the Amended and Restated Security Deposit Agreement, dated as of the Closing Date, among the Issuer, each Project Company, the Collateral Agent and the Depositary Agent (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Depositary Obligations" means each payment and performance obligation of the Issuer and the Project Companies under the Depositary Agreement.

"Designated Annual Date" means any date specified by the Issuer in a Disbursement Request. The Designated Annual Date may vary year by year, but there shall not be more than one Designated Annual Date by the Issuer in any given year.

"Designated Monthly Date" means any date specified by the Issuer in a Disbursement Request. The Designated Monthly Date may vary from time to time, but there shall not be more than one Designated Monthly Date by the Issuer in any given month.

"Determination Date" means October 31 of each year with the first such date being October 31, 2004, and the last such date being October 31, 2018.

"Determination Period" means (a) the period from the Closing Date through and including October 31, 2004, and (b) thereafter, each period from November 1 of each year through and including October 31 of the following year.

"Disbursement Project Event of Default" means a Project Event of Default with respect to a Project for which a disbursement of Loss Proceeds is being requested pursuant to Section 4.7.2 of the Depositary Agreement.

"Disbursement Request" means a Disbursement Request substantially in the form of Exhibit A to the Depositary Agreement.

"Dispute Notice" has the meaning given in Section 2.13 of the Common Agreement.

"Distribution Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Distribution Test" means, as of any Determination Date, the determination as to whether the Debt Service Coverage Ratio for the Determination Period ending on such Determination Date exceeds 1.20.

"Dollars" and "$" mean United States dollars or such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts in the United States of America.

"Easements" means, with respect to any parcel of real property, (a) all agreements, easements, rights of way or use, rights of ingress or egress, privileges, appurtenances, tenements, hereditaments and other rights and benefits appurtenant, belonging or pertaining to such parcel, including the use of any streets, ways, alleys, vaults or strips of land adjoining, abutting, adjacent or contiguous to such parcel and (b) all permits, licenses and rights, whether or not of record, appurtenant to such parcel.

"EBITDA Statement" means a statement setting forth the combined and combining earnings before interest, taxes, depreciation and amortization.

"Effective Date" means the date on which the Policies were issued.

"Eligible Facility" means an eligible facility within the meaning of Section 32(a)(2) of PUHCA.

"Emissions Credit" means the authorization from any state that is a signatory to or subject to the Ozone Transport Commission Memorandum of Understanding dated September 27, 1994 to emit one ton of nitrogen oxide ("NOx") (May through September) or the authorization by the Administrator of the Environmental Protection Agency or any successor agency with similar jurisdiction ("EPA") to emit one ton of sulfur dioxide ("SO(2)") under Title IV

of The Clean Air Act Amendments of 1990, as the same may be amended) or supplemented, or any successor statutes which are the basis for The Federal Air Pollution Control Program for Sulfur Dioxide Emissions, in the vintaged year of issue or in subsequent control periods (subject to restrictions on banked allowances).

"Emissions Credit Costs" means all costs, as incurred, associated with the procurement of Emissions Credits, including the commodity price of such credits, broker fees, and any other additional costs associated with the procurement of such credits, such additional costs subject to approval by XLCA (if XLCA is the Controlling Party), which approval shall not be unreasonably withheld.

"EMS Letter of Credit" has the meaning given in Section 2.11 of the Parent Agreement.

"EMS Letter of Credit Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Energy Manager" means NRG Power Marketing or any successor power marketer under the Energy Marketing Services Agreement.

"Energy Manager Fee" means the annual fee due and payable to NRG Power Marketing, or any successor energy manager pursuant to the Energy Marketing Services Agreement.

"Energy Marketing Services Agreement" means, individually or collectively, as the context requires, (i) the Bayou Cove EMS Agreement, (ii) the Big Cajun EMS Agreement, (iii) the Rockford I EMS Agreement, (iv) the Rockford II EMS Agreement and (v) the Sterlington EMS Agreement or any other agreement that provides for similar power marketing services for a Project (as each may be amended, amended and restated, supplemented or otherwise modified).

"Energy Products and Services" means, collectively, Power, Ancillary Services, Fuel Products and Other Energy-Related Products and Services.

"Energy Transaction Costs" means Fuel Costs, Emissions Credit Costs, Transmission Costs, Hedging Costs and any additional costs, such additional costs subject to approval by XLCA (if XLCA is the Controlling Party), which approval shall not be unreasonably withheld, the amount of which is determined as provided in the Energy Marketing Services Agreement.

"Entergy Louisiana" means Entergy Louisiana, Inc., a Louisiana corporation.

"Environmental Claim" means any claim, notice of claim, complaint, notice of violation, letter or other written assertion of any kind concerning any asserted or actual violation of or liability under any Hazardous Substances Law or any asserted or actual violation or liability relating to any Hazardous Substance.

"Environmental Consultant" means (a) if XLCA is the Controlling Party, an environmental consultant reasonably acceptable to XLCA (which shall include URS Corporation and P.E. LaMoreau & Associates, Inc.), and (b) if XLCA is not the Controlling Party, an independent nationally recognized environmental consultant.

"Environmental Reports" means, with respect to a Project, the environmental reports delivered to XLCA (if XLCA is the Controlling Party) in accordance with Section 3.1(v) of the Insurance and Reimbursement Agreement for such Project.

"Environmental Subject Claims" has the meaning given in Section 9.1(b) of the Common Agreement.

"Equity Documents" means the Parent Agreement and any Additional Parent Agreement.

"Equity Party" means NRG Energy and any Acceptable Assignee.

"Equity Reimbursement Amount" means an amount equal to the aggregate of (i) all amounts paid to NRG Energy under the Corporate Services Agreement plus (ii) all amounts distributed to NRG Energy from the Distribution Account minus (iii) the aggregate amount of all Equity Reimbursement Payments made by NRG Energy.

"Equity Reimbursement Certificate" means, an annual certificate delivered by NRG Energy to the Collateral Agent in accordance with Section 4.5 of the Parent Agreement substantially in the form of Exhibit A to the Parent Agreement.

"Equity Reimbursement Obligation" has the meaning given in Section 2.1 of the Parent Agreement.

"Equity Reimbursement Payments" means any payment made by NRG Energy pursuant to Section 2.1 of the Parent Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Plan" means any employee benefit plan covered by Title IV of ERISA or to which Section 412 of the Code applies.

"Excess Cash Flow Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Excluded Revenues" means, collectively, all Delay Amounts, all payments by NRG Energy to any Project Company pursuant to Section 2.5 of the Parent Agreement, Peaker Buyout Profits and all proceeds received in connection with a Permitted Change of Control.

"Exelon" means Exelon Generating Company, LLC, a Delaware limited liability company.

"Exempt Wholesale Generator" means an exempt wholesale generator within the meaning of Section 32(a)(1) of PUHCA.

"Expenditures Dispute Notice" has the meaning given in Section 2.13(b) of the Common Agreement.

"Expenditures Required Modifications" has the meaning given in Section 2.13(b) of the Common Agreement.

"Experience Amount Margin" means as of any Determination Date, for any Project Company, such Project Company's Experience Revenue from June 18, 2002 through such Determination Date minus such Project Company's Operating Costs from June 18, 2002 through such Determination Date.

"Experience Amount Percentage" means, for each Project Company, a percentage equal to (x) the Experience Amount Margin for such Project Company divided by (y) the sum of the Experience Amount Margins for all Project Companies.

"Experience Amount Percentage Certificate" means, an annual certificate delivered by the Issuer to XLCA (if XLCA is the Controlling Party) in accordance with Section 2.7 of the Common Agreement substantially in the form

of Exhibit G to the Common Agreement.

"Experience Revenue" means, with respect to any Project Company, income derived from the sale, resale or other use of Energy Products and Services by, or on behalf of, such Project Company plus, to the extent not included in the calculation of such income, any PPA Shortfall Payments for such Project Company.

"FERC" means the Federal Energy Regulatory Commission and any successor thereto.

"Final Order" means an order or judgment of a court of competent jurisdiction, as entered on the docket thereof, that has not been reversed, stayed, modified, or amended, and as to which (x) the time to appeal, seek review or rehearing or petition for certiorari has expired and no timely-filed appeal or petition for review, rehearing, remand or certiorari (or any motion seeking extension of time to file such appeal, petition or other pleading) is pending or (y) any appeal taken or petition for certiorari filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought.

"Final Scheduled Payment Date" means June 10, 2019.

"Financing Documents" means the Common Agreement (including the Guaranty of each Project Company), the Policy, the Swap Policy, the Premium Letter, the Insurance and Reimbursement Agreement, the Indenture, the Bonds, the Swap Agreement, the Equity Documents, the Collateral Documents, the Depositary Agreement, the Project Loan Agreements, the Project Loan Notes, the Consents, the Lease Estoppels, the Nondisturbance Agreements, the Rockford I Lien Subordination Agreement, the Big Cajun Act of Subordination, the Master Reafirmation to the Security Documents, and each other agreement, document, certificate or instrument entered into or delivered in connection therewith by any Financing Party or any Equity Party and any Secured Party in connection with the Transaction, whether or not specifically mentioned therein, provided that neither the Purchase Agreement nor any other agreement between a Financing Party and the Initial Purchaser shall be a "Financing Document."

"Financing Parties" means the Issuer and each Project Company.

"Fiscal Agent" means the fiscal agent, if any, designated pursuant to the terms of the Policies.

"FPA" means the Federal Power Act, as amended.

"Fuel Account" means, individually or collectively, as the context requires, the (i) Bayou Cove Fuel Account, (ii) Big Cajun Fuel Account, (iii) Rockford I Fuel Account, (iv)

Rockford II Fuel Account and/or (v) Sterlington Fuel Account set forth in Section 2.1 of the Depositary Agreement.

"Fuel Costs" means all costs associated with Fuel Products, including the commodity cost of fuel, imbalance charges, delivery charges, storage, cost of pipeline transportation and applicable taxes and any additional costs requested from time to time, such additional costs to be approved by XLCA (if XLCA is the Controlling Party) in its reasonable discretion, as incurred.

"Fuel Products" means Natural Gas supply and transportation and other fuel and fuel-related products and services.

"Fuel and Operating Accounts Disbursement Request" means a disbursement request substantially in the form of Exhibit C to the Depositary Agreement.

"Fundamental Project Event of Default" has the meaning given

in Section 7.3 of the Common Agreement.

"Funding Project Company" has the meaning given to in Section 6.14 of the Common Agreement.

"Funds Block Condition" means, in each case as applicable, any Issuer Event of Default, Issuer Inchoate Default, Project Event of Default, Project Inchoate Default, Inchoate Block Condition or Inchoate Project Block Condition.

"GAAP" means generally accepted accounting principles in the United States of America consistently applied.

"General Subject Claims" has the meaning given in Section 9.1(a) of the Common Agreement.

"Governmental Authority" means any applicable national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity (including any zoning authority, FERC and the applicable PUC) or any arbitrator with authority to bind a party at law.

"Governmental Rule" means any applicable law, rule, regulation, ordinance, order, code interpretation, treaty, judgment, decree, directive, guideline, policy or similar form of decision of any Governmental Authority.

"Ground Lease" means each of the Rockford I Ground Lease, the Rockford II Ground Lease and the Sterlington Ground Lease.

"Guaranteed Obligations" has the meaning given in Section 6.1(a) of the Common Agreement.

"Guaranteed Heat Rate" has the meaning given to it in Exhibit D to the Common Agreement.

"Guaranty" means, in respect of a Project Company, its guaranty pursuant to Article 6 of the Common Agreement.

"Hazardous Substance" means any of the following: (a) any petroleum or petroleum product, explosives, radioactive materials, asbestos, formaldehyde, polychlorinated biphenyls, lead or radon gas; or (b) any substance, material, product, derivative, compound or mixture, mineral, chemical, waste, gas, medical waste or pollutant that is regulated under or that could reasonably be expected to support the assertion of a claim under any Hazardous Substances Law, whether or not defined as hazardous under any Hazardous Substances Laws.

"Hazardous Substances Law" means, any applicable law, statute, ordinance, code, rule, regulation, license, permit, authorization, approval, covenant, administrative or court order, judgment, decree, injunction, code or requirement of or any agreement with, any Governmental Authority:

(a) relating to pollution (or the cleanup, removal or remediation thereof, or any other response thereto), human health, safety, natural resources or the environment, including ambient or indoor air, water vapor, surface water, groundwater, drinking water, land (including surface or subsurface), plant, aquatic and animal life; or

(b) concerning exposure to, or the use, containment, storage, recycling, treatment, generation, Release or threatened Release, transportation, processing, handling, labeling, containment, production, disposal or remediation of any Hazardous Substance,

in each case as amended and as now or hereafter in effect, and any common law or equitable doctrine (including injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations for injuries (whether personal or property) or damages due to or threatened as a result of the presence of, exposure to, or ingestion of, any Hazardous Substance, whether such common law or equitable doctrine is now or hereafter recognized or developed. "Hazardous Substances Laws" include CERCLA; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Sections 1251 et seq.; the Clean Air Act, 42 U.S.C. Sections 7401 et seq.; the Refuse Act, 33 U.S.C. Sections 401 et seq.; the Hazardous Materials Transportation Act of 1975, 49 U.S.C. Sections 1801-1812; the Toxic Substances Control Act, 15 U.S.C. Sections 2601 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Sections 136 et seq.; the Safe Drinking Water Act, 42 U.S.C. Sections 300 et seq.; and the Occupational Safety and Health Act of 1970.

"Hedge" means a transaction, including swaps, options, physical transactions, or other similar transactions, entered into by the Energy Manager to manage the risks associated with the discharge of its obligations under the Energy Marketing Services Agreement consistently with the NRG Credit Policy.

"Hedging Costs" means the cost of any non-speculative Hedge undertaken by the Energy Manager (physical or financial) under the Energy Marketing Services Agreement consistently with the terms of the Energy Marketing Services Agreement and the NRG Credit Policy.

"Improvements" has the meaning given in the applicable Mortgage.

"Inchoate Block Conditions" means, as of any date, that there shall have occurred and be continuing an Issuer Inchoate Default or that an Issuer Inchoate Default would have occurred if a Restricted Payment would have been made on such date.

"Inchoate Project Block Condition" means, as of any date, that there shall have occurred and be continuing a Project Inchoate Default or that a Project Inchoate Default would have occurred if a Restricted Payment would have been made on such date.

"Indeck OMA" means the Operation and Maintenance Agreement between NRG-Rockford, LLC and Indeck Operations, Inc., dated as of April 24, 2002 (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Indemnitee" has the meaning given in Section 9.1(a) of the Common Agreement.

"Indenture" means the Indenture, dated as of the Original Closing Date, among the Issuer, the Project Companies, XLCA and the Original Trustee (as may be amended, amended and restated, supplemented or otherwise modified from time to time).

"Independent Consultants" means, collectively, the Insurance Consultant, the Independent Engineer and the Power and Fuel Market Consultant.

"Independent Engineer" has the meaning given in Section 10.1(a) of the Common Agreement.

"Initial Purchaser" means Goldman Sachs International.

"Initial Restricted Payment Date" means any Annual Scheduled Payment Date or any date within 30 days thereafter.

"Insurance and Reimbursement Agreement" means the Financial Guaranty Insurance and Reimbursement Agreement, dated as of the Original Closing Date, among XLCA, the Issuer and the Project Companies (as may be amended, amended and restated, supplemented or otherwise modified from time to time).

"Insurance Consultant" has the meaning given in Section 10.1(b) of the Common Agreement.

"Insurer Default" means the existence and continuance of any of the following: (a) a failure by XLCA to make a payment when or as required under the Policy in accordance with its terms or under the Swap Policy in accordance with its terms; or (b)(i) XLCA (A) files any petition or commences any case or proceeding under any provision or chapter of the Bankruptcy Law or any other similar federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (B) makes a general assignment for the benefit of its creditors, or (C) has an order for relief entered against it under the Bankruptcy Law or any other similar federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization which is final and nonappealable; or (ii) a court of competent jurisdiction, the New York Department of Insurance or other competent regulatory authority enters a final and nonappealable order, judgment or decree (A) appointing a custodian, trustee, agent or receiver for XLCA or for all or any material portion of its property or (B) authorizing the taking of

possession by a custodian, trustee, agent or receiver of XLCA (or the taking of possession of all or any material portion of the property of the XLCA).

"Intercompany Account Balances" means (i) the outstanding accounts receivable balances and accounts payable balances among NRG Energy, NRG Power Marketing, the Issuer, the Project Companies and their Affiliates to the extent that such Intercompany Account Balances with such Affiliates relate to the Issuer and/or any of the Project Companies or (ii) any transaction that gives rise to outstanding accounts receivable, balances or accounts payable balances among NRG Energy, NRG Power Marketing, the Issuer, the Project Companies and their Affiliates to the extent that such Intercompany Account Balances with such Affiliates relate to the Issuer and/or any of the Project Companies.

"Interconnection Solution" means, with respect to the Big Cajun I Units 3&4 Project, the implementation and effectiveness, in a manner satisfactory to XLCA in its absolute discretion (if XLCA is the Controlling Party), of any of the following methods for obtaining direct contractual electric interconnection access rights for the Big Cajun I Units 3&4 Project with the Entergy transmission system (or any successor transmission system): (i) the assignment of a portion of Louisiana Generating's rights under the Louisiana Generating Interconnection Agreement to the Big Cajun Project Company; (ii) the amendment of the Louisiana Generating Interconnection Agreement, as appropriate, to include the Big Cajun I Units 3&4 Project and the Big Cajun Project Company; (iii) the execution of a separate interconnection agreement directly between the Big Cajun Project Company and Entergy or its relevant Affiliate (or any successor thereto); or (iv) any other method of obtaining such direct contractual electric interconnection access rights, in each case effected by assignments, amendments or new agreements, as the case may be, and such other documentation as XLCA (if XLCA is the Controlling Party) shall reasonably request.

"Investment Grade" means, with respect to any debt instrument or Person, a rating of at least Baa3 by Moody's and at least BBB- by S&P (or, in each case, an equivalent rating by another nationally recognized credit rating agency if either of such rating agencies is not then rating the subject debt instrument or Person).

"Issuer" has the meaning given in the preamble to the Common Agreement.

"Issuer Collateral" means, collectively, all real, personal and mixed property which is subject or is intended to become subject to the security interests or Liens granted pursuant to any of the Issuer Collateral Documents; provided that "Issuer Collateral" shall not include any Released Assets (as defined in any Issuer Collateral Document).

"Issuer Collateral Documents" means, collectively, the Depositary Agreement, the Issuer Security Agreement, the Issuer Pledge Agreement, any other agreement or instrument granting a Lien on the real, personal and/or mixed property of Issuer in favor of the Collateral Agent for the benefit of the Secured Parties, and any financing statements, notices and the like filed, recorded or delivered in connection with the foregoing.

"Issuer Event of Default" has the meaning given in Section 7.1 of the Common Agreement.

"Issuer Inchoate Default" means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time and/or the giving of notice, would constitute an Issuer Event of Default.

"Issuer Material Adverse Effect" means:

(a) a material adverse change in the business, property, results of operation or financial condition of the Issuer and the Project Companies (taken as a whole); or

(b) any event or occurrence of whatever nature which could reasonably be expected to materially and adversely effect (i) the ability of the Issuer or the Project Companies (taken as a whole) to perform their respective obligations under any of the Financing Documents, or (ii) the validity or enforceability of the Operative Documents (taken as a whole); or

(c) any event or occurrence of whatever nature which could reasonably be expected to materially and adversely effect the validity and priority of the Secured Parties' security interests in the Collateral (taken as a whole);

provided that (i) any adverse change in the Natural Gas supply market or the Power market after the Closing Date which could cause a change in the conditions or market forecasts as of the Closing Date shall not be deemed to, in and of itself, have an "Issuer Material Adverse Effect," and (ii) a downgrade in any rating assigned to the Issuer, any Project Company, any Affiliate thereof, the Obligations, the Transaction or any Tranche shall not be deemed to, in and of itself, be an "Issuer Material Adverse Effect."

"Issuer Permitted Debt" means (a) any Debt of the Issuer under the Financing Documents (including Additional Bonds), (b) any unsecured Debt which is subordinated to the Obligations in accordance with the terms set forth in Exhibit M to the Common Agreement, (c) any unsecured guaranties by the Issuer of the obligations of the Project Companies to pay Energy Transaction Costs, (d) the Subordinated Bonds, and (e) Project Company Permitted Debt incurred by the Issuer and lent to the Project Companies.

"Issuer Permitted Liens" means, collectively, (a) the Lien, security interests and related rights and interests of the Secured Parties as provided in the Financing Documents (including Liens securing Additional Bonds); (b) any Liens for any tax, assessment or other governmental charge either not yet due or being contested in good faith and by appropriate proceedings, so long as (i) such proceedings shall not involve any substantial danger of the sale, forfeiture or substantial loss of a Project, the related Site or any related Easements, title thereto or any material interest therein and shall not interfere in any material respect with the use or disposition of such Project, Site or Easements, or (ii) a bond or other security reasonably acceptable to the Collateral Agent has been posted or provided in such manner and amount as to

reasonably assure the Collateral Agent that any taxes, assessments or other charges reasonably determined to be due will be promptly paid in full when such contest is determined; (c) any Liens arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith and for the payment of which adequate reserves, bonds or other security reasonably acceptable to the Collateral Agent have been provided or the payment of which is fully covered by insurance reasonably acceptable to the Collateral Agent; (d) any Liens securing the Subordinated Bonds on terms set forth in Exhibit N to the Common Agreement; (e) any

Liens securing the Issuer Permitted Debt referred to in paragraph (e) of the definition of Issuer Permitted Debt to the extent the applicable Project Company Permitted Debt is permitted to be secured; and (f) any Liens contemplated in Section 9.01(2) of the Indenture.

"Issuer Pledge Agreement" means (a) the Issuer Pledge Agreement, dated as of the Original Closing Date, among the Issuer, NRG Capital II LLC and the Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time) and (b) the Master Reaffirmation.

"Issuer Security Agreement" means (a) the Issuer Security Agreement, dated as of the Original Closing Date, between the Issuer and the Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time) and (b) the Master Reaffirmation.

"Late Payment Rate" means the lesser of (a) the greater of the per annum rate of interest, publicly announced from time to time by The Bank of New York in New York City, as its prime rate plus 2%, and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of a 360 day year for the actual number of days elapsed for such period. The Late Payment Rate shall be calculated, in good faith, by the Calculation Agent.

"Lease Estoppels" means, collectively, the Rockford I Lease Estoppel, the Rockford II Lease Estoppel and the Sterlington Lease Estoppel.

"Legal Requirement" means, as to any Person, the articles of incorporation, bylaws or other organizational or governing documents of such Person, and any requirement under a Permit, and any Governmental Rule, in each case applicable to or binding upon such Person or any of its properties or to which such Person or any of its property is subject.

"Lien" means, with respect to an asset, any mortgage, deed of trust, lien, pledge, charge, security interest, easement or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected or effective under applicable law, as well as the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"Liquidated Damages" means, collectively, Delay Liquidated Damages and Performance Liquidated Damages.

"LOC Substitution Date" means any date upon which an Acceptable Letter of Credit is provided to the Collateral Agent instead of, or in replacement of, cash on deposit in any Account or Cash Collateral Account, as the case may be.

"Loss Proceeds" means, collectively, Casualty Insurance Proceeds and Condemnation Proceeds.

"Loss Proceeds Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Louisiana Generating" means Louisiana Generating LLC, a Delaware limited liability company.

"Louisiana Generating Interconnection Agreement" means the Interconnection and Operating Agreement between Louisiana Generating and Entergy Gulf States, Inc. filed with FERC on June 11, 2002.

"MAIN Market Region" means the region covered by the Mid-America Interconnected Network regional reliability council.

"Major FSAs" with respect to a Project Company, has the meaning given in the Energy Marketing Services Agreements.

"Major FTAs" with respect to a Project Company, has the meaning given in the Energy Marketing Services Agreements.

Major Maintenance Operating Expenditure" means the designation given to a Request For Expenditures by the Independent Engineer under Section 2.13(b) of the Common Agreement approving a Request For Expenditure to be paid from the Major Maintenance Reserve Account.

"Major Maintenance Payment" means any expenses incurred as part of a Combustion Inspection, Hot Gas Path Inspection or Major Inspection, as defined in the equipment manufacturer's most current maintenance guidelines (or their equivalent).

"Major Maintenance Reserve Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Major Maintenance Reserve Account Funding Guidelines" means the guidelines for funding the Major Maintenance Reserve Account attached to the Major Maintenance Reserve Amount Certificate.

"Major Maintenance Reserve Amount" means an amount equal to (i) the annual funding amount as specified in the Major Maintenance Reserve Amount Certificate plus (ii) any amounts previously required to be funded into the Major Maintenance Reserve Account and not so funded minus (iii) any amount of Major Maintenance Payments made for such year.

"Major Maintenance Reserve Amount Certificate" means, an annual certificate delivered by the Issuer to XLCA (if XLCA is the Controlling Party) in accordance with Section 2.7 of the Common Agreement substantially in the form of Exhibit O to the Common Agreement.

"Major Power Purchase Agreement" with respect to a Project Company, has the meaning given in the Energy Marketing Services Agreements.

"Major Project Documents" means (a) in respect of the Bayou Cove Project and the Bayou Cove Project Company, the Bayou Cove Major Project Documents, (b) in respect of the Big Cajun I Units 3&4 Project and the Big Cajun Project Company, the Big Cajun Units 3&4 Major Project Documents, (c) in respect of the Sterlington Project and the Sterlington Project

Company, the Sterlington Major Project Documents, (d) in respect of the Rockford I Project and the Rockford I Project Company, the Rockford I Major Project Documents, and (e) in respect of the Rockford II Project and the Rockford II Project Company, the Rockford II Major Project Documents.

"Major Project Participants" means, with respect to a Project, the Project Company that owns such Project and each other party to the Major Project Documents entered into for such Project.

"Master Reaffirmation" means the Master Reaffirmation to Collateral Documents, dated as of the Closing Date, among the Project Companies,

the Issuer, NRG Capital II LLC, NRG Bayou Cove LLC, NRG Ilion Limited Partnership, NRG Rockford Acquisition LLC, the Rockford Equipment II Company and the Collateral Agent.

"Mezzanine Tranche" means the portion of the Policy initially insuring $332,352,000 of principal and interest in respect of the Series A Bonds representing the second loss layer of the Policy to be drawn in the event of a Policy Payment.

"Monthly Affiliated Transaction Report" means, in respect of the Issuer or each Project Company, a monthly report on the transactions with its Affiliates substantially in the form of Exhibit A to the Common Agreement.

"Monthly Date" means the 10th day of each month.

"Monthly O&M Expense Report" means, in respect of each Project Company, a monthly report on Total O&M Expenses for such Project Company substantially in the form of Exhibit C to the Common Agreement.

"Monthly Operations Report" means, in respect of each Project Company, a monthly operations report for such Project Company setting forth the information required under Exhibit B to the Common Agreement.

"Monthly Power Marketing Performance Tracking Report" means, in respect of each Project Company, a monthly report regarding the performance of NRG Power Marketing for such Project Company, setting forth in detail the performance of such Project Company relative to applicable market indices, substantially in the form of Exhibit D to the Common Agreement.

"Monthly Power Marketing Report" means, in respect of each Project Company, a monthly report regarding power marketing activities of such Project substantially in the form of Exhibit E to the Common Agreement.

"Moody's" means Moody's Investors Service, Inc., or any successor thereto, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Issuer; provided, that with respect to the rating of the Bonds, the designation shall be with the consent of XLCA (if XLCA is the Controlling Party).

"Mortgaged Properties" has the meaning given in the applicable Mortgage.

"Mortgages" means, collectively, each of the mortgages encumbering the Sites and/or Easements related to the Projects as security for the Guaranteed Obligations.

"Natural Gas" means any mixture of hydrocarbons and non-combustible gases as a gaseous state consisting primarily of methane.

"Net Operating Revenues" means, for any period, all Operating Revenues for such period minus all Operating Costs for such period.

"Net Peaker Buyout Proceeds" means Peaker Buyout Proceeds minus Peaker Buyout Profits.

"New Credit Agreement" means a new credit facility entered into by NRG Energy or any of its Affiliates which refinances all outstanding loans and commitments under the NRG Credit Agreement or any New Credit Agreement.

"Nondisturbance Agreements" means, collectively, the Rockford I Non-Disturbance Agreement and the Rockford II Non-Disturbance Agreement.

"Non-Funding Project Company" has the meaning given in Section

6.14 of the Common Agreement.

"Nonrecourse Persons" has the meaning given in Article 8 of the Common Agreement.

"Notice" has the meaning assigned to such term in the Policies.

"NRG Bankruptcy" has the meaning given in the Recitals.

"NRG Claim Settlement Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"NRG Credit Agreement" means the Credit Agreement, dated as of December 23, 2003, among NRG Energy, NRG Power Marketing, the lenders from time to time party thereto, Credit Suisse First Boston, as administrative agent and as collateral agent, Lehman Brothers Inc., as joint lead book runners and joint lead arrangers and Lehman Commercial Paper Inc., as syndication agent (as amended, amended and restated, supplemented or otherwise modified from time to time).

"NRG Credit Risk Policy" with respect to a Project Company, has the meaning given in the Energy Marketing Services Agreement to which such Project Company is a party.

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

"NRG Energy Material Adverse Effect" means:

(a) a material adverse change in the business, property, results of operations or financial condition of NRG Energy; or

(b) any event or occurrence of whatever nature which could reasonably be expected to materially and adversely effect (i) the ability of NRG Energy to perform its obligations under the Parent Agreement or (ii) the validity or enforceability of the Parent Agreement;

provided that a downgrade in any rating assigned to NRG Energy or its debt obligations shall not be deemed, in and of itself, to be a "NRG Energy Material Adverse Effect."

"NRG Event of Default" has the meaning given in Section 13 of the Parent Agreement.

"NRG Operating Services" means NRG Operating Services, Inc., a Delaware corporation.

"NRG Permitted Liens" means, collectively, (a) Liens for any tax, assessment or other governmental charge either not yet due or being contested in good faith and by appropriate proceedings, so long as (i) such proceedings shall not involve any substantial danger of the sale, forfeiture or substantial loss of a Project, the related Site or any related Easements, title thereto or any material interest therein and shall not interfere in any material respect with the use or disposition of such Project, Site or Easements, or (ii) a bond or other security reasonably acceptable to the Collateral Agent has been posted or provided in such manner and amount as to reasonably assure the Collateral Agent that any taxes, assessments or other charges reasonably determined to be due will be promptly paid in full when such contest is determined; and (b) Liens arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith and for the payment of which adequate reserves, bonds or other security reasonably acceptable to the Collateral Agent have been provided or the payment of which is fully covered by insurance reasonably acceptable to the Collateral Agent.

"NRG Plan of Reorganization" means a plan of reorganization in the bankruptcy cases of NRG Energy and its Affiliates that has been confirmed under Section 1129 of the Federal Bankruptcy Code, 11 U.S.C. 1129, and become effective.

"NRG Power Marketing" means NRG Power Marketing Inc., a Delaware corporation.

"NRG South Central" means NRG South Central Generating LLC, a Delaware limited liability company.

"O&M Agreement" means, individually or collectively, as the context requires, (i) the Bayou Cove OMA, (ii) the Big Cajun OMA, (iii) the Indeck OMA and (iv) the Sterlington OMA and any other similar agreement that provides for operation and maintenance services of a similar scope for the Projects (as each may be amended, amended and restated, supplemented or otherwise modified from time to time).

"O&M Expenses" means any of the monthly operating and maintenance expenses as provided in the Annual Operations Budget.

"Obligations" means the Bond Obligations, the Reimbursement Obligations, the Depositary Obligations, the Swap Obligations and the obligations of each Project Company under its Guaranty.

"Offering Circular" means the final offering circular, dated June 14, 2002, in respect of the Series A Bonds and, unless otherwise stated, the Preliminary Offering Circular.

"Operating Account" means, individually or collectively, as the context requires, the (i) Bayou Cove Operating Account, (ii) Big Cajun Operating Account, (iii) Rockford I Operating Account, (iv) Rockford II Operating Account and/or (v) Sterlington Operating Account set forth in Section 2.1 of the Depositary Agreement.

"Operating Costs" means, collectively, Total O&M Expenses, any costs and expenses relating to the major maintenance of a Project (excluding such expenses which are provided for in the Major Maintenance Reserve Account) and any Energy Transaction Costs.

"Operating Revenues" means, collectively, (a) all payments received by the Project Companies under the Project Documents (excluding Loss Proceeds required to be deposited in the Loss Proceeds Account), (b) all income derived from the sale, resale or other use of Energy Products and Services by, or on behalf of, the Project Companies, (c) all proceeds of business interruption insurance or similar insurance, and (d) all earnings on Permitted Investments, in each case as determined in conformity with cash accounting principles and subject to netting requirements (if any) contained in the Project Documents; provided that "Operating Revenues" shall not include Excluded Revenues.

"Operating Services Budget" means any budget prepared by the Operator under the O&M Agreements.

"Operative Documents" means the Financing Documents and the Project Documents.

"Operator" has the meaning given in the O&M Agreements.

"Optional Redemption" has the meaning given in the Indenture.

"Original Closing Date" means June 18, 2002.

"Original Common Agreement" has the meaning given in the Recitals.

"Original Depositary Agreement" has the meaning given in the Recitals.

"Original Trustee" means The Bank of New York.

"Other Energy-Related Products and Services" means ancillary services, emissions credits, conversion services and other related products and services.

"Parent Agreement" means the NRG Parent Agreement, dated as of the Closing Date by NRG Energy in favor of the Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time).

"PBGC" means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under Title IV of ERISA.

"Peaker Buyout" means either (a) the sale, transfer or other disposition by a Project Company of all or substantially all of its assets or (b) the sale, transfer or other disposition by NRG Energy of 100% of its direct or indirect interests in any Project Company.

"Peaker Buyout Proceeds" means all proceeds received by NRG Energy or any of its Affiliates in connection with a Peaker Buyout.

"Peaker Buyout Profits" means, in connection with a Peaker Buyout, (i) Peaker Buyout Proceeds associated therewith, minus (ii) the aggregate amount of payments required to be made by the Issuer and the Project Companies under the Financing Documents in connection with such Peaker Buyout (including such payments as are set out in the definition of Permitted Peaker Buyout (Completion / Loss Event) and clause (i) of the definition of Permitted Peaker Buyout (Peaker Sale / Project Event of Default) but excluding such payments as are set out in clause (ii) of the definition of Permitted Peaker Buyout (Peaker Sale / Project Event of Default)).

"Peaker Collateralization" means, with respect to a Project Company, the deposit into the Peaker Collateralization Account of an amount in cash or an Acceptable Letter of Credit equal to at least the Allocation Percentage Buyout Amount, using Loss Proceeds and/or other funds not comprising the Collateral.

"Peaker Collateralization Account" has the meaning given in Section 2.1 of Depositary Agreement.

"Performance Liquidated Damages" means all amounts paid under a Project Document as liquidated damages for failure of a Project to meet the performance or other guarantees (excluding schedule guarantees) specified in such Project Document, including amounts paid under guaranties, letters of credit and other support instruments for such purposes.

"Permit" means any applicable permit, authorization, registration, notice to and declaration of or with, consent, approval, waiver, exception, variance, order, judgment, decree, license, exemption or filing, required by or from any Governmental Authority, or required by any Legal Requirement, and shall include any environmental or operating permit or license that is required for the full use, occupancy, zoning and operation of a Project.

"Permit Schedule" has the meaning given in Section 3.1(bb)(i) of the Insurance and Reimbursement Agreement.

"Permitted Change of Control" means a sale, transfer or other disposition of no more than 50% of NRG Energy's direct or indirect interests in the Issuer or any Project Company in respect of which the Permitted Change of Control Conditions have been satisfied.

"Permitted Change of Control Conditions" means, in respect of any sale, transfer or other disposition of no more than 50% of NRG Energy's direct or indirect interests in the Issuer or any Project Company, that after giving effect to such sale, transfer or other disposition, (i) each Project, and all other Collateral, remains part of the Collateral, (ii) NRG Energy shall directly or indirectly control (or control equally and jointly with another Person) the fundamental

management decisions of the Project Companies (it being acknowledged that the possession by a Person other than NRG Energy of a veto power over material events with respect to such Project Company (e.g., dissolution of such Project Company, merger or consolidation of such Project Company, sale of all or substantially all assets of such Project Company, material amendments to such Project Company's organizational documents) shall not in and of itself constitute a failure by NRG Energy to directly or indirectly control the fundamental management decisions of such Project Company), (iii) each Project Company remains obligated under its Guaranty, and (iv) either (x) NRG Energy shall remain obligated to the Collateral Agent on behalf of the Secured Parties under the Parent Agreement, or (y) the buyer (A) shall have assumed the Associated Parent Obligations (if any) with respect to the transferred ownership interests by executing an assignment and assumption agreement in form and substance reasonably satisfactory to XLCA (if XLCA is the Controlling Party) substantially in the form of the Additional Parent Agreement with respect thereto, (B) if XLCA is the Controlling Party, shall have provided opinions of counsel (which may be in-house counsel) to XLCA in respect of customary matters (i.e., formation, requisite authority, due authorization, execution and delivery, enforceability, the absence of conflicts, consents and litigation) relating to it and such assignment and assumption and (C) such buyer is either (x) rated at least A3 by Moody's and A- by S&P, or (y) is rated at least Baa2 by Moody's and BBB by S&P and has provided cash, Acceptable Letters of Credit or other credit support acceptable to XLCA (if XLCA is the Controlling Party) (acting in its sole discretion) in the amount of the Equity Reimbursement Amount assumed by the buyer.

"Permitted Encumbrances" means, with respect to a Project, those liens, encumbrances or other exceptions to title specified on a Title Policy delivered pursuant to Section 3.1(dd) of the Insurance and Reimbursement Agreement (it being understood that the exceptions to title appearing on said Title Policy shall be reasonably acceptable to XLCA (if XLCA is the Controlling Party)).

"Permitted Investments" means any of the following:

(a) any securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having a maturity not exceeding one year from the date of issuance;

(b) any time deposits and certificates of deposit of any domestic commercial bank rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's having capital and surplus in excess of $250,000,000;

(c) any fully secured repurchase obligations with a term of not more than 7 days for underlying securities of the types described in clause (a) above entered into with any bank meeting the qualifications established in clause (b) above;

(d) any commercial paper of any corporation rated at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's and in each case, having a maturity not exceeding 90 days from the date of acquisition;

(e) any commercial paper of any domestic corporation

rated at least A-2 or the equivalent thereof by S&P or at least P-2 or the equivalent thereof by Moody's and, in each case having a maturity not exceeding 90 days from the date of acquisition

(provided that the aggregate amount of any such commercial paper of any single issuer thereof shall not exceed $3,000,000);

(f) any fully secured repurchase obligations with a term of not more than 7 days for underlying securities of the types described in clause (a) above entered into with any bank meeting the qualifications established in clause (b) above; and

(g) any money market mutual funds;

provided, however, that Permitted Investments shall not include any commercial paper, notes, bonds or other securities of any kind of NRG Energy or any Affiliate of NRG Energy.

"Permitted Liens" means Issuer Permitted Liens and Project Company Permitted Liens.

"Permitted Peaker Buyout" means a Permitted Peaker Buyout (Completion / Loss Event) or a Permitted Peaker Buyout (Peaker Sale / Project Event of Default), as applicable.

"Permitted Peaker Buyout (Loss Event)" means a Peaker Buyout for which the following conditions are satisfied:

(i) such Peaker Buyout is effected to cure an Issuer Event of Default under Section 7.1(o) of the Common Agreement; and

(ii) the Issuer redeems Series A Bonds in accordance with Article 12 of the Indenture in a principal amount equal to at least the Allocation Percentage Buyout Amount for such Project Company and pays all Swap Breakage Costs associated with such redemption, using Peaker Buyout Proceeds from such Peaker Buyout (if any) and/or other funds not comprising the Collateral.

"Permitted Peaker Buyout (Peaker Sale / Project Event of Default)" means a Peaker Buyout for which the following conditions are satisfied:

(i) (A) if the Allocation Percentage for the applicable Project Company is greater than the Experience Amount Percentage for such Project Company, the Issuer redeems Series A Bonds in accordance with Article 12 of the Indenture in a principal amount equal to at least the Allocation Percentage Buyout Amount, and pays the Redemption Premium and all Swap Breakage Costs associated with such redemption, using Peaker Buyout Proceeds from such Peaker Buyout (if any) and/or other funds not comprising the Collateral, or (B) if the Experience Amount Percentage for such Project Company is greater than the Allocation Percentage for such Project Company, the Issuer redeems Series A Bonds in accordance with Article 12 of the Indenture in a principal amount equal to the Experience Amount Percentage for such Project Company multiplied by the aggregate principal amount of Series A Bonds then Outstanding (as defined in the Indenture), and pays the Redemption Premium and all Swap Breakage Costs associated with such redemption, using Peaker Buyout Proceeds from such Peaker Buyout (if any) and/or other funds not comprising the Collateral;

(ii) (A) if on the date of the consummation of such Peaker Buyout, the amount of Available Debt Service Reserve Funds is less than

the Debt Service Reserve Amount as of the immediately preceding Annual Scheduled Payment Date (or as of the Closing Date if the first Annual Scheduled Payment Date after the Closing Date has not occurred), an amount of funds equal to the lesser of (x) the amount of such deficiency in the Debt Service Reserve Account and (y) the amount of Peaker Buyout Profits received in connection with such Peaker Buyout is deposited into the Debt Service Reserve Account, and (B) if on the date of the consummation of such Peaker Buyout, the amount of Available Major Maintenance Reserve Funds is less than the Major Maintenance Reserve Amount as of the immediately preceding Annual Scheduled Payment Date (or as of the Closing Date if the first Annual Scheduled Payment Date after the Closing Date has not occurred), an amount of funds equal to the lesser of (x) the amount of such deficiency in the Major Maintenance Reserve Account and (y) the amount of Peaker Buyout Profits received in connection with such Peaker Buyout is deposited into the Major Maintenance Reserve Account, provided that, if the aggregate amount of such deficiency in the Debt Service Reserve Account and the Major Maintenance Reserve Account is less than the amount of Peaker Buyout Profits, the remaining amount of Peaker Buyout Profits shall be used to redeem Series A Bonds in accordance with Article 12 of the Indenture and pay the Redemption Premium and all Swap Breakage Costs associated with such redemption;

(iii) after giving effect to such Peaker Buyout, (A) the number of Projects comprising the Collateral is at least three and (B) at least one remaining Project comprising the Collateral is located in each of the MAIN Market Region and the SERC Market Region;

(iv) no Issuer Event of Default has occurred and is continuing (other than an Issuer Event of Default relating solely to the Project or Project Company involved in such Peaker Buyout which is cured or eliminated by such Peaker Buyout); and

(v) if XLCA is the Controlling Party and such Peaker Buyout is with respect to the Rockford I Project, Rockford I Project Company, Rockford II Project or Rockford II Project Company, such agreements for the sharing of facilities for the Rockford I Project and the Rockford II Project as reasonably requested by XLCA are entered into by the Rockford I Project Company and the Rockford II Project Company on or prior to the consummation of such Peaker Buyout.

"Person" means any natural person, corporation, partnership, limited liability company, firm, association, Governmental Authority or any other entity whether acting in an individual, fiduciary or other capacity.

"Pledgor" means any Person pledging its interests (a) in a Project Company or in the Rockford II Equipment Company under a Project Company Pledge Agreement, or (b) in the Issuer under the Issuer Pledge Agreement (collectively, the "Pledgors").

"Policies" means the Policy and the Swap Policy.

"Policy" means the Financial Guaranty Insurance Policy, including any endorsements thereto, issued by XLCA with respect to the Series A Bonds, dated as of the

Original Closing Date, substantially in the form of Appendix I to the Insurance and Reimbursement Agreement.

"Policy Payment" has the meaning given in Section 4.1(a) of the Insurance and Reimbursement Agreement.

"Policy Termination Date" means the Termination Date as defined in the Policy.

"Power" means electric capacity, electric energy and/or ancillary services.

"Power and Fuel Market Consultant" has the meaning given in Section 10.1(c) of the Common Agreement.

"PPA Shortfall Payment" has the meaning given in Section 2.2 of the Parent Agreement.

"Preference Claim" has the meaning given in Section 7.4(c) of the Common Agreement.

"Preliminary Offering Circular" means the first preliminary offering circular, dated May 24, 2002, and the second preliminary offering circular, dated June 13, 2002, each in respect of the Series A Bonds.

"Premium" means the insurance premium (including any additional premium) payable in respect of the Policy by the Issuer in accordance with the Premium Letter and the Insurance and Reimbursement Agreement.

"Premium Letter" means the side letter, dated as of the Original Closing Date, among XLCA, the Issuer and the Project Companies entered into in consideration of the issuance of the Policies.

"Premiums" means the Policy Premium and the Swap Policy Premium.

"Pricing Date" means the date of the Purchase Agreement.

"Project Companies" means, collectively, the Bayou Cove Project Company, the Big Cajun Project Company, the Rockford I Project Company, the Rockford II Project Company, and the Sterlington Project Company (each, individually, a "Project Company"); provided that upon the occurrence of a Project Release Event with respect to a Project Company, such Project Company will no longer be a "Project Company" under the Financing Documents.

"Project Company Blocked Amount" means, in respect of a Project Company and in connection with a proposed Restricted Payment pursuant to Section 4.5 of the Common Agreement, an amount in Dollars equal to the Account Funds that would have been available for the making of a Restricted Payment pursuant to Section 4.5(a) of the Common Agreement had no Project Event of Default or Project Inchoate Default occurred and be continuing multiplied by such Project Company's Allocation Percentage.

"Project Company Collateral" means, with respect to a Project Company or the Rockford II Equipment Company, all real, personal and mixed property which is subject or is

intended to become subject to the security interests or Liens granted pursuant to the Project Company Collateral Documents for such Project Company or the Rockford II Equipment Company; provided that "Project Company Collateral" shall not include any Released Assets (as defined in each Project Company Collateral Document).

"Project Company Collateral Documents" means, collectively, the Mortgages, the Depositary Agreement, the Project Company Security Agreements, the Project Company Pledge Agreements, any other agreement or instrument granting a Lien on the real, personal and/or mixed property of a Project Company or the Rockford II Equipment Company in favor of the Collateral Agent for the benefit of the Secured Parties, and any subordination agreements, financing statements, notices and the like filed, recorded or delivered in connection with the foregoing.

"Project Company Permitted Debt" means, with respect to a Project Company, (a) any Debt under the Operative Documents to which such

Project Company is a party (including guarantees of the Additional Bonds), (b) any trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable or accrued expenses incurred are (i) payable within 90 days of the date the respective goods are delivered or the respective services are rendered or (ii) being contested in good faith by appropriate proceedings and adequate reserves with respect thereto shall, to the extent required by GAAP, have been set aside, (c) any purchase money obligations and Capital Lease Obligations incurred to finance discrete items of equipment not comprising an integral part of its Project that extend only to the equipment being financed in an aggregate not exceeding $5,000,000 at any one time outstanding for such Project Company, (d) any obligations in respect of surety bonds or similar instruments in an aggregate amount not exceeding $5,000,000 at any one time outstanding for such Project Company, (e) any unsecured Debt which is subordinated to the Obligations in accordance with the terms set forth in Exhibit M to the Common Agreement, and (f) any guaranties of Issuer Permitted Debt and Project Company Permitted Debt.

"Project Company Permitted Liens" means, in respect of a Project Company or the Rockford II Equipment Company, (a) the Lien, security interests and related rights and interests of the Secured Parties as provided in the Financing Documents (including Liens securing Additional Bonds); (b) any Liens for any tax, assessment or other governmental charge either not yet due or being contested in good faith and by appropriate proceedings, so long as (i) such proceedings shall not involve any substantial danger of the sale, forfeiture or substantial loss of its Project, the related Site or any related Easements, title thereto or any material interest therein and shall not interfere in any material respect with the use or disposition of such Project, Site or Easements, or (ii) a bond or other security (including funds that have been withheld or reserved) reasonably acceptable to the Collateral Agent has been posted or provided in such manner and amount as to reasonably assure the Collateral Agent that any taxes, assessments or other charges determined to be due will be promptly paid in full when such contest is determined; (c) any materialmen's, mechanics', workers', repairmen's, employees' or other like Liens, junior in right of payment to the Lien of the Project Company Collateral Documents or for which the Secured Parties are otherwise indemnified, arising in the ordinary course of business or in connection with the construction of the Project, either for amounts not yet due or for amounts being contested in good faith and by appropriate proceedings, so long as (i) such proceedings shall not involve any substantial danger of the sale, forfeiture or substantial loss of

such Project, the related Site or any related Easements, title thereto or any material interest therein and shall not interfere in any material respect with the use or disposition of such Project, Site or Easements, or (ii) a bond or other security reasonably acceptable to the Collateral Agent has been posted or provided in such manner and amount as to reasonably assure the Collateral Agent that any amounts determined to be due will be promptly paid in full when such contest is determined; (d) any Liens arising out of judgments or awards so long as an appeal or proceeding for review is being prosecuted in good faith and for the payment of which adequate reserves, bonds or other security reasonably acceptable to the Collateral Agent have been provided or the payment of which is fully covered by insurance reasonably acceptable to the Collateral Agent; (e) any Permitted Encumbrances; (f) any Liens, deposits or pledges to secure statutory obligations or performance of bids, tenders, contracts (other than for the repayment of borrowed money) or leases, or for purposes of like general nature in the ordinary course of its business, not to exceed $5,000,000 in the aggregate at any time for such Project Company, and with any such Lien to be released as promptly as practicable; (g) any other Liens incident to the ordinary course of business that are not incurred in connection with the obtaining of any loan, advance or credit and that do not in the aggregate materially impair the use of the property or assets of Project Company or the value of such property or assets for the purposes of such business; (h) any Liens securing Project Company Permitted Debt described to in paragraph (c) of the definition thereof; (i) any Liens securing the Project Company Permitted Debt described in paragraph (f) of the definition thereof to the extent the

applicable Issuer Permitted Debt or Project Company Permitted Debt is permitted to be secured; (j) any Liens contemplated in Section 5.10 (a)(ii) of the Common Agreement; and (k) any Liens disclosed on Schedule 3.1 of the Insurance and Reimbursement Agreement.

"Project Company Pledge Agreements" means (a) the Project Company Pledge Agreements, dated as of the Original Closing Date, among the applicable Pledgor, the applicable Project Company and, as applicable, the Rockford II Equipment Company, and the Collateral Agent (each as may be amended, amended and restated, supplemented or otherwise modified from time to time) and (b) the Master Reaffirmation.

"Project Company Security Agreements" means (a) the Project Company Security Agreements, dated as of the Original Closing Date, between the applicable Project Company and the Collateral Agent (each as may be amended, amended and restated, supplemented or otherwise modified from time to time), (b) the Rockford II Equipment Security Agreement, dated as of the Original Closing Date, between Rockford II Equipment Company and the Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time) and (c) the Master Reaffirmation.

"Project Completion" means:

(a) with respect to the Bayou Cove Project, the occurrence of each of (i) the Acceptance of the Facilities (as defined in the Bayou Cove EPC Agreement (Balance of Plant)), (ii) the final acceptance and commissioning of the Project (as defined in) Bayou Cove EPC Agreement (Electric Interconnection Facilities)), (iii) the construction, installation, testing, commissioning and completion of the Bayou Cove Electric Interconnection Facilities and the Interconnecting Facilities (as defined in the Bayou Cove Gas Interconnection Agreement), to the extent not covered in the Bayou Cove EPC Agreement (Balance of Plant), (iv) the construction, installation, testing, commissioning

and completion of the water well required to supply the Bayou Cove Project with water, and (v) the completion of any other work relating to the engineering, procurement, construction, installation, testing, and commissioning of the Bayou Cove Project, inclusive of all gas and electric interconnection points and water supply and wastewater discharge arrangements, such that the Bayou Cove Project is capable of (A) receiving all Natural Gas required to operate in accordance with the Bayou Cove Project Documents, and (B) delivering electricity to the point of interconnection designated in the Bayou Cove Project Documents, in each case while in compliance with all applicable Legal Requirements, Permits and the Bayou Cove Project Documents; and

(b) with respect to the Rockford II Project, the occurrence of each of (i) Final Acceptance (as defined in the Rockford II Combustion Turbine Equipment Supply Contract), (ii) the delivery of all equipment required to be delivered pursuant to the Rockford II Transformer Purchase Documents, (iii) the delivery of the Notice of Completion (as defined in the Rockford II Construction Contract) by the Rockford II Project Company, (iv) the termination of the Rockford II Construction Management Services Agreement, (v) the design, construction, installation, testing, commissioning and completion of the Interconnection Facilities (as defined in the Rockford II Electric Interconnection Agreement), (vi) the delivery of the Mechanical Acceptance notice (as defined in the Rockford II Gas Interconnection Agreement) by the Rockford II Project Company, and (vii) the completion of any other work relating to the engineering, procurement, construction, installation, testing, and commissioning of the Rockford II Project, inclusive of all gas and electric interconnection points and water supply and wastewater discharge arrangements, such that the Rockford II Project is capable of (A) receiving all Natural Gas

required to operate in accordance with the Rockford II Project Documents, and (B) delivering electricity to the point of interconnection designated in the Rockford II Project Documents, in each case while in compliance with all applicable Legal Requirements, Permits and the Rockford II Project Documents.

"Project Document Action" has the meaning given in Section 5.11(a) of the Common Agreement.

"Project Documents" means, with respect to a Project, all Major Project Documents for such Project and all other contracts, agreements, instruments and other documents related to the development, design, engineering, construction, use, operation, maintenance, improvement, ownership and/or acquisition of such Project.

"Project Event of Default" has the meaning given in Section 7.2 of the Common Agreement.

"Project Inchoate Default" means any occurrence, circumstance or event, or any combination thereof, which, with the lapse of time or giving of notice, would constitute a Project Event of Default.

"Project Loan Agreements" means, collectively, (a) the Project Loan Agreement, dated as of the Original Closing Date, between the Issuer and the Bayou Cove Project Company, (b) the Project Loan Agreement, dated as of the Original Closing Date, between the Issuer and the Rockford I Project Company, and (c) the Project Loan Agreement, dated as of the Original

Closing Date, between the Issuer and the Rockford II Project Company (each as may be amended, amended and restated, supplemented or otherwise modified from time to time).

"Project Loan Amount" means (a) in respect of the Bayou Cove Project Company, $107,353,000, (b) in respect of the Rockford I Project Company, $111,867,000, and (c) in respect of the Rockford II Project Company $105,780,000.

"Project Loan Notes" means, collectively, (a) the promissory note issued by the Bayou Cove Project Company to the Issuer on the Original Closing Date pursuant to the Project Loan Agreement to which the Bayou Cove Project Company is a party, (b) the promissory note issued by the Rockford I Project Company to the Issuer on the Original Closing Date pursuant to the Project Loan Agreement to which the Rockford I Project Company is a party, and (c) the promissory note issued by the Rockford II Project Company to the Issuer on the Original Closing Date pursuant to the Project Loan Agreement to which the Rockford II Project Company is a party.

"Project Material Adverse Effect" means, with respect to an individual Project and the related Project Company:

(a) a material adverse change in the business, property, results of operations or financial condition of such Project or Project Company;

(b) any event or occurrence of whatever nature which could reasonably be expected to materially and adversely effect (i) the ability of such Project Company to perform its obligations under any of the Financing Documents, or (ii) the validity or enforceability of the Financing Documents and the Major Project Documents to which such Project Company is a party or by which it or any of its assets is bound (taken as a whole); or

(c) any event or occurrence of whatever nature which could reasonably be expected to materially and adversely effect the validity and priority of Secured Parties' security interests in the Project

Company Collateral related to such Project;

provided that (i) any adverse change in the Natural Gas supply market or the Power market after the Closing Date which could cause a change in the conditions or market forecasts as of the Closing Date shall not be deemed to, in and of itself, have a "Project Material Adverse Effect," and (ii) a downgrade in any rating assigned to such Project Company, any Affiliate thereof, the Obligations or the Transaction or any Tranche shall not be deemed to, in and of itself, be a "Project Material Adverse Effect."

"Project Release Event" means, with respect to a Project Company, the earlier to occur of (a) the indefeasible payment or satisfaction in full in cash of all the Obligations and (b) the occurrence of a Permitted Peaker Buyout with respect to such Project Company and/or its Project. A Project Release Event with respect to the Rockford II Project Company shall be deemed also to be a Project Release Event with respect to the Rockford II Equipment Company.

"Project Revenues" means, collectively, (a) income and receipts of the Project Companies derived from the ownership or operation of the Projects and other payments received by the Project Companies under the Project Documents (including Loss Proceeds), (b) proceeds

of any business interruption insurance or other insurance, (c) income derived from the sale, resale or other use of Energy Products and Services by, or on behalf of, the Project Companies, (d) unscheduled payments received by the Issuer under the Swap Agreement, (e) receipts derived from the sale of any property pertaining to the Projects or incidental to the operation of the Projects, (f) earnings on Permitted Investments, (g) to the extent not already included in the foregoing the PPA Shortfall Payments and (h) proceeds from the Collateral Documents with respect to the Projects, in each case as determined in conformity with cash accounting principles and subject to netting requirements (if any) contained in the Project Documents; provided that "Project Revenues" shall not include Excluded Revenues.

"Projects" means, collectively, the Bayou Cove Project, the Big Cajun I Units 3&4 Project, the Rockford I Project, the Rockford II Project and the Sterlington Project (each, individually, a "Project"); provided that upon the occurrence of a Project Release Event with respect to a Project, such Project will no longer be a "Project" under the Financing Documents.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

"Prudent Utility Practices" means those practices, methods, equipment, specifications and standards of safety and performance, as the same may change from time to time, as are commonly used by electric generation stations owned by independent power producers utilizing comparable fuels in the state where a Project is located, as applicable, of a type and size similar to the applicable Project as good, safe and prudent engineering practices in connection with the design, construction, operation, maintenance, repair and use of electrical and other equipment, facilities and improvements of such electrical station, with commensurate standards of safety, performance, dependability, efficiency and economy. Prudent Utility Practices does not necessarily mean one particular practice, method, equipment specification or standard in all cases, but is instead intended to encompass a broad range of acceptable practices, methods, equipment specifications and standards.

"PUC" means, with respect to a Project, the Public Utility Commission, Public Service Commission or equivalent Government Authority in the state where such Project is located.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended, and all rules and regulations adopted thereunder.

"Purchase Agreement" means the Purchase Agreement, dated June 14, 2002, among the Issuer, the Project Companies and the Initial Purchaser.

"Rating Agency" means Moody's or S&P or, if Moody's and S&P cease to exist, any nationally recognized statistical rating organization or other comparable Person designated by the Issuer and acceptable to XLCA (if XLCA is the Controlling Party), notice of which designation shall have been given to the Trustee.

"Redemption Premium" has the meaning given in the Indenture.

"Reimbursement Obligation" means each payment and performance obligation of the Issuer under the Insurance and Reimbursement Agreement (including the Issuer's obligation

to pay the Premiums pursuant to Section 3.2 of the Insurance and Reimbursement Agreement and to cash collateralize its reimbursement obligations pursuant to Section 6.2(b) of the Insurance and Reimbursement Agreement).

"Reinstatement Guaranty" means a guaranty from NRG Energy in form and substance reasonably satisfactory to XLCA guaranteeing the Obligations upon reinstatement thereof at any time during the period following the payment or other satisfaction in full of the Obligations until the date which is 366 days after such payment or other satisfaction.

"Release" means any release, pumping, pouring, emptying, injecting, escaping, leaching, dumping, seepage, spill, leak, flow, discharge, disposal or emission of a Hazardous Substance.

"Replacement Swap Agreement" means any replacement swap agreement approved by XLCA (acting in its absolute discretion) that replaces the Swap Agreement and that is with a replacement swap provider that is approved by XLCA (acting in its absolute discretion).

"Request For Expenditures" mean the approved request for expenditure used to budget the Major Maintenance Payment expenses and delivered in accordance with Section 2.13(b) of the Common Agreement substantially in the form of Exhibit Q to the Common Agreement; provided that until the Annual Operating Budget is deemed final in accordance with Section 2.13(a) of the Common Agreement for a fiscal year, the Request for Expenditure shall not be included in any temporary budget in effect.

"Required Modifications" has the meaning given in Section 2.13 of the Common Agreement.

"Reseller" means a power marketing company or any wholesale buyer of electric products.

"Responsible Officer" means, as to any Person, its president, chief executive officer, treasurer or secretary (or assistant secretary), any of its vice presidents, or any managing general partner or managing member of such Person that is a natural person (or any of the preceding with regard to any managing general partner or managing member of such Person that is not a natural person); provided that, with respect to the Collateral Agent, Responsible Officer shall mean any officer within the corporate trust department of the Collateral Agent, including any vice president, assistant vice president, assistant treasurer, trust officer or any other officer who customarily performs functions similar to those who would be such officers.

"Restricted Payment" has the meaning given in Section 4.5 of the Common Agreement.

"Restricted Payment Date" means any Initial Restricted Payment Date, any Subsequent Restricted Payment Date or any Subsequent Project

Restricted Payment Date, as applicable.

"Restructuring" has the meaning given in the Recitals.

"Restructuring Agreement" has the meaning given in the Recitals.

"Revenue Account" has the meaning given in Section 2.1 of the Depositary Agreement.

"Rockford Acquisition Agreement" means the Purchase Agreement among NRG Energy, Indeck Energy Services, Inc., Indeck Energy Services of Ilion, Inc., and Indeck-Ilion Cogeneration Corporation, dated as of May 4, 2001.

"Rockford Assignment and Assumption Agreement" means the General Assignment and Assumption Agreement among NRG Energy, NRG Rockford Acquisition LLC, and NRG Ilion LP LLC, dated as of July 13, 2001.

"Rockford Compressors" has the meaning given in Section 2.4 of the Parent Agreement.

"Rockford I Electric Interconnection Agreement" means the Interconnection Agreement between ComEd and the Rockford I Project Company, dated as of June 20, 2000.

"Rockford I EMS Agreement" means the Energy Marketing Services Agreement by and between NRG Power Marketing and the Rockford I Project Company dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Rockford I Gas Interconnection Agreement" means the Interconnection Agreement between the Rockford I Project Company and Northern Illinois Gas Company, dated as of March 16, 2000.

"Rockford I Ground Lease" means the Ground Lease by and between Rock River Valley Industrial Park, Inc. and the Rockford I Project Company, dated as of January 1, 2000, as amended.

"Rockford I Lease Estoppel" means the estoppel letter dated the Original Closing Date addressed to the Collateral Agent from Rock River Valley Industrial Park, Inc. with respect to the Rockford I Ground Lease.

"Rockford I Lien Subordination Agreement" means that certain lien subordination agreement between the Rockford I Project Company, the Collateral Agent and Rock River Valley Industrial Park, Inc. dated the Original Closing Date.

"Rockford I Major Project Documents" means, collectively, (a) the Rockford I Electric Interconnection Agreement, the Rockford I Gas Interconnection Agreement, the Rockford I EMS Agreement, the Indeck OMA, the Rockford I Tolling Agreement and the Rockford I Ground Lease, (b) any Additional Project Document for the Rockford I Project that replaces any of the agreements described in clause (a), (c) any Major Power Purchase Agreement, Major FSA or Major FTA for the Rockford I Project and (d) any Additional Project Document for the Rockford I Project that constitutes a material ground lease agreement, material electric interconnection agreement or material sharing agreement.

"Rockford I Non-Disturbance Agreement" means the Subordination, Non-Disturbance, and Attornment Agreement dated the Original Closing Date between Northwest Bank of Rockford and the Collateral Agent.

"Rockford I Project" means the 294 MW (summer capacity) / 310

MW (winter capacity) natural gas-fired electric generation facility owned by the Rockford I Project Company and located in Rockford, Illinois.

"Rockford I Project Company" means NRG Rockford LLC, an Illinois limited liability company formerly known as Indeck-Rockford, L.L.C.

"Rockford I Project Documents" means all Project Documents for the Rockford I Project.

"Rockford I Tolling Agreement" means the Sales Agreement between Exelon (as assignee of ComEd) and the Rockford I Project Company, dated as of January 7, 2000 and amended as of June 23, 2000.

"Rockford II Combustion Turbine Equipment Supply Contract" means the Contract for Combustion Turbine Equipment Supply (Unit I) between the Rockford II Equipment Company (as assignee of Indeck Equipment Company, L.L.C.) and Siemens Westinghouse Power Corporation, dated as of November 27, 2000, as amended by Change Orders No. 1 through 6.

"Rockford II Completion Obligation" means the meaning given in Section 3.14(b) of the Common Agreement.

"Rockford II Construction Agreement" means the Construction Agreement by and between the Rockford II Project Company and Ragnar Benson, Inc., dated as of August 2, 2001.

"Rockford II Construction Costs" means, collectively, any and all costs, expenses, fees, taxes, or reimbursement obligations incurred by or on behalf of the Rockford II Project Company, under or in connection with a Rockford II Equipment and Construction Contract or otherwise in connection with achieving Project Completion of the Rockford II Project, in each case on or prior to Completion of the Rockford II Project.

"Rockford II Construction Management Services Agreement" means the Construction Management Services Agreement by and between the Rockford II Project Company and Indeck Energy Services, Inc. dated as of September 1, 2001.

"Rockford II Contractors" means, collectively, each of the contractors and/or services providers providing equipment and/or services to the Rockford II Project pursuant to the terms of any Rockford II Equipment and Construction Contract or any agent or subcontractor thereof.

"Rockford II Electric Interconnection Agreement" means the Interconnection Agreement between ComEd and the Rockford II Project Company, dated as of September 14, 2001.

"Rockford II EMS Agreement" means the Energy Marketing Services Agreement by and between NRG Power Marketing and the Rockford II Project Company, dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Rockford II Engineering Services Agreement" means the Agreement for Engineering Services between the Rockford II Project Company and Raymond Professional Group, dated as of March 14, 2001.

"Rockford II Equipment and Construction Contracts" means, collectively, (i) the Rockford II Combustion Turbine Equipment Supply Contract, (ii) the Rockford II Transformer Purchase Documents, (iii) the Rockford II Engineering Services Agreement, (iv) the Rockford II Construction Agreement, (v) the Rockford II Construction Management Services Agreement, (vi) the Rockford II Electric Interconnection Agreement, (vii) the Rockford II Gas Interconnection Agreement and (viii) any other agreement or document (including any subcontract) entered into with respect to achieving Project Completion for the Rockford II Project.

"Rockford II Equipment Company" means NRG Rockford Equipment II LLC, an Illinois limited liability company formerly known as Indeck-Equipment Company II, L.L.C.

"Rockford II Gas Interconnection Agreement" means the Interconnection Agreement between the Rockford II Project Company and Northern Illinois Gas Company, dated as of April 1, 2002.

"Rockford II Ground Lease" means the Ground Lease by and between Rock River Valley Industrial Park, Inc. and the Rockford II Project Company, dated as of March 20, 2001, as amended.

"Rockford II Lease Estoppel" means the estoppel letter dated the Original Closing Date addressed to the Collateral Agent from Rock River Valley Industrial Park, Inc. with respect to the Rockford II Ground Lease.

"Rockford II Major Project Documents" means, collectively, (a) the Rockford II EMS Agreement, the Rockford II Electric Interconnection Agreement, the Rockford II Gas Interconnection Agreement, the Indeck OMA or any other O&M Agreement to which the Rockford II Project Company is a party to and the Rockford II Ground Lease, (b) any Additional Project Document for the Rockford II Project that replaces any of the agreements described in clause (a), (c) any Major Power Purchase Agreement, Major FSA or Major FTA for the Rockford II Project and (d) any Additional Project Document for the Rockford II Project that constitutes a material ground lease agreement, material electric interconnection agreement or material sharing agreement.

"Rockford II Non-Disturbance Agreement" means the Subordination, Non-Disturbance and Attornment Agreement dated the Original Closing Date between Northwest Bank of Rockford and the Collateral Agent.

"Rockford II Project" means the natural gas-fired electric generation facility owned by the Rockford II Project Company currently under construction in Rockford, Illinois on

a site adjacent to the Rockford I facility which, upon Completion, is expected to generate 153 MW (summer capacity) / 171 MW (winter capacity).

"Rockford II Project Company" means NRG Rockford II LLC, an Illinois limited liability company formerly known as Indeck-Rockford II, LLC.

"Rockford II Project Documents" means all Project Documents for the Rockford II Project.

"Rockford II Transformer Purchase Documents" means the purchase order No 105079 between Waukesha Electric Systems and Indeck-Pleasant Valley, L.L.C. (together with annexes, general conditions and technical requirements), dated as of May 2, 2000, as assigned to the Rockford II Equipment Company.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized rating agency designated by the Issuer; provided, that with respect to the rating of the Bonds, the designation shall be with the consent of XLCA (if XLCA is the Controlling Party).

"Scheduled Debt Service" means, collectively, (a) all regularly scheduled payments of principal of and interest on outstanding Series A Bonds and all scheduled payments made by the Issuer to the Swap Counterparty under the Swap Agreement, less (b) all scheduled payments received by the Issuer from the Swap Counterparty under the Swap Agreement.

"Scheduled Payment Date" means each March 10, June 10,

September 10 and December 10 (the Annual Scheduled Payment Date) of each year commencing on September 10, 2002 and ending on and including June 10, 2019.

"Second Priority Senior Notes Indenture" means the Indenture, dated as of December 23, 2003 among NRG Energy, each of the guarantors party thereto and the Law Debenture Trust Company of New York, entered in connection with NRG Energy's $1,250,000 8% Second Priority Senior Secured Notes, due December 15, 2013 (as the same may be amended, amended and restated, supplemented or otherwise modified from time to time).

"Secured Parties" means XLCA, the Bondholders, the Swap Counterparty, the Collateral Agent (for the benefit of itself and the Secured Parties) and the Trustee (for the benefit of itself and the Bondholders) (each, a "Secured Party").

"Securities Act" means the Securities Act of 1933, including, unless the context otherwise requires, the rules and regulations thereunder, as amended from time to time.

"Securities Exchange Act" means the Securities Exchange Act of 1934, including, unless the context otherwise requires, the rules and regulations thereunder, as amended from time to time.

"Senior Tranche" means the portion of the Policy initially insuring $129,684,000 of principal and interest in respect of the Series A Bonds representing the third loss layer of the Policy to be drawn in the event of a Policy Payment.

"SERC Main Market Region" means the region covered by the Southern Electric Reliability Council.

"Series A Bonds" means the Series A Floating Rate Senior Secured Bonds due 2019 issued by the Issuer on the Original Closing Date pursuant to the Indenture in an aggregate principal amount of $325,000,000.

"Shadow Ratings" means any or all, as applicable of the ratings issued by the Rating Agencies for (a) the Series A Bonds (rated Baa3 by Moody's and BBB- by S&P at the Closing Date), (b) the Senior Tranche (rated Aa2 by Moody's and AA- by S&P at the Closing Date), (c) the Mezzanine Tranche (rated Baa2 by Moody's and BBB+ by S&P at the Closing Date), and (d) the Subordinated Tranche (rated Ba3 by Moody's and BBB- by S&P at the Closing Date), in each case without giving effect to the Policies.

"Significant Casualty Event" means, with respect to a Project, any of the following events or conditions: (a) the actual total loss of such Project; (b) a constructive total loss of such Project under applicable insurance policies or an agreed or a compromised total loss of such Project; or (c) such Project shall be either substantially destroyed or irreparably damaged to an extent rendering restoration impracticable or uneconomical.

"Significant Condemnation Event" means any Condemnation Event with respect to a Project that in the reasonable, good faith judgment of the applicable Project Company (as evidenced by an officer's certificate of such Project Company) (a) renders such Project unsuitable for its intended use, (b) is such that restoration of such Project to substantially its condition as existed immediately prior to such Condemnation Event would be impracticable or impossible or (c) constitutes a taking of the applicable Project Company's title to such Project.

"Site" means the "Premises" described in the applicable Mortgage.

"Spare Parts" means the spare parts for the Rockford II Project that are listed on Schedule I to the Common Agreement.

"Spare Parts Disbursement Request" means a disbursement request substantially in the form of Exhibit D to the Depositary Agreement.

"Specified Financial Covenants" means the covenants set forth in Section 6.11 ("Consolidated Interest Coverage Ratio"), Section 6.12 ("Consolidated Leverage Ratio"), Section 6.13 ("Parent Interest Coverage Ratio") and Section 6.14 ("Parent Leverage Ratio") of the NRG Credit Agreement or any comparable provisions contained in any New Credit Agreement, as applicable, together with, in each case, all related definitions and ancillary provisions.

"Stated Amount" means with respect to any Acceptable Letter of Credit, the total amount to be drawn thereunder at the time in question in accordance with the terms of such Acceptable Letter of Credit.

"Sterlington and NRG South Central Assignment and Assumption Agreement" means the Assignment and Assumption Agreement between Koch Power, Inc. and NRG South Central, dated as of August 17, 2000.

"Sterlington Electric Interconnection Agreement" means the Interconnection and Operating Agreement between the Sterlington Project Company and Entergy Louisiana, dated as of May 5, 2000.

"Sterlington EMS Agreement" means the Energy Marketing Services Agreement by and between NRG Power Marketing and the Sterlington Project Company, dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Sterlington Gas Interconnection Agreement" means the Interconnect Agreement between Koch Gateway Pipeline Company and the Sterlington Project Company, dated as of May 3, 2000.

"Sterlington Ground Lease" means the Lease Agreement between Koch Nitrogen Company and the Sterlington Project Company, dated as of July 1, 2000.

"Sterlington Lease Estoppel" means the Ground Lessor Estoppel Certificate dated the Original Closing Date executed by Koch Nitrogen Company with respect to the Sterlington Ground Lease.

"Sterlington Major Project Documents" means, collectively, (a) the Sterlington Electric Interconnection Agreement, the Sterlington Utilities and Services Agreement, the Sterlington EMS Agreement, the Sterlington OMA, the Sterlington Gas Interconnection Agreement, the Sterlington PPA and the Sterlington Ground Lease, (b) any Additional Project Document for the Sterlington Project that replaces any of the agreements described in clause (a), (c) any Major Power Purchase Agreement, Major FSA or Major FTA for the Sterlington Project and (d) any Additional Project Document for the Sterlington Project that constitutes a material ground lease agreement, material electric interconnection agreement or material sharing agreement.

"Sterlington OMA" means the Operation and Maintenance Agreement between the Sterlington Project Company and NRG Operating Services dated as of the Closing Date (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Sterlington PPA" means the Power Purchase Agreement among Louisiana Generating, the Sterlington Project Company and NRG South Central, dated as of May 15, 2002.

"Sterlington PPA Shortfall" means, for any calendar month, the excess, if any, of (i) the amount of the payment for capacity that Sterlington Project Company would have been entitled to receive from Louisiana Generating for such calendar month under the Sterlington PPA, over (ii) the amount of the payment for capacity that the Sterlington Project Company actually received for such calendar month in respect of the Sterlington PPA on or before the date such

payment is due under the Sterlington PPA.

"Sterlington Project" means the 170 MW (summer capacity) / 193 MW (winter capacity) natural gas-fired electric generation facility owned by the Sterlington Project Company and located in Sterlington, Louisiana.

"Sterlington Project Company" means NRG Sterlington Power LLC, a Delaware limited liability company formerly known as Koch Power Louisiana, L.L.C.

"Sterlington Project Development Agreement" means the Project Development Agreement between NRG Energy and Koch Power, Inc., dated as of April 14, 1999.

"Sterlington Project Documents" means all Project Documents for the Sterlington Project.

"Sterlington Supplement and Modification to Project Development Agreement" means the Supplement and Modification to Project Development Agreement between NRG Energy and Koch Power, Inc., dated as of May 25, 2000 and the Letter Agreement Re: Supplement and Modification to Project Development Agreement between NRG Energy, and Koch Power, Inc., dated as of August 17, 2000.

"Sterlington Utilities and Services Agreement" means the Utilities and Services Agreement between Koch Nitrogen Company and the Sterlington Project Company, dated as of July 1, 2000.

"Subject Claims" has the meaning given in Section 9.1(b) of the Common Agreement.

"Subordinated Bonds" means Debt for Borrowed Money of the Issuer issued after the Closing Date pursuant to a note in favor of any Person other than a Financing Party or any of its Affiliates, which Debt for Borrowed Money and note are (a) subordinated in all respects to the Obligations in accordance with the terms set forth in Exhibit N to the Common Agreement, (b) not secured other than by a security interest that is subordinated in all respects to the security interest of the Secured Parties in the Collateral and as additionally set forth in Exhibit N to the Common Agreement, (c) not guarantied other than by a guaranty that is subordinated in all respects to the Guaranties as set forth in Exhibit N to the Common Agreement (and any Lien securing such guaranty is subordinated in all respects to the security interest of the Secured Parties in the Collateral as set forth in Exhibit N to the Common Agreement), and (d) not entitled to the benefit of the Parent Agreement or any other Financing Document.

"Subordinated Debt" means Debt of the Issuer or any Project Company that is subordinated to the Obligations in accordance with the terms set forth in Exhibit M or N to the Common Agreement.

"Subordinated Tranche" means the portion of the Policy initially insuring $104,764,000 of principal and interest in respect of the Series A Bonds representing the first loss layer of the Policy to be drawn in the event of a Policy Payment.

"Subsequent Project Restricted Payment Date" has the meaning given in Section 4.5(d) of the Common Agreement.

"Subsequent Project Restricted Payment Period" means, for the purposes of Section 4.5 of the Common Agreement, the period prior to any Project Event of Default and commencing on the occurrence of an Inchoate Project Block Condition and ending on the 30th day following the cure (prior to such Inchoate

Project Block Condition maturing into or becoming a Project Event of Default) of such Inchoate Project Block Condition.

"Subsequent Restricted Payment Date" has the meaning give to it in Section 4.5(c) of the Common Agreement.

"Subsequent Restricted Payment Period" means, for the purposes of Section 4.5 of the Common Agreement, the period prior to any Issuer Event of Default and commencing on the occurrence of an Inchoate Block Condition and ending on the 30th day following the cure (prior to such Inchoate Block Condition maturing into or becoming an Issuer Event of Default) of such Inchoate Block Condition.

"Subsequent Tax Payment Period" means, for the purposes of Section 4.5 of the Common Agreement, the period prior to any Issuer Event of Default and commencing on the occurrence of an Issuer Inchoate Default and ending on the 30th day following the cure (prior to such Inchoate Block Condition maturing into or becoming an Issuer Event of Default) of such Issuer Inchoate Default.

"Subsidiary" means, with respect to any Person, (a) any corporation, association, or other business entity (other than a partnership or a limited liability company) of which 50% or more of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, and (b) any partnership or limited liability company of which 50% or more of the partnership's or limited liability company's, as the case may be, capital accounts, distribution rights or general or limited partnership interests or limited liability company membership interests, as the case may be, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"Summer Month" means any of May, June, July, August or September.

"Swap Agreement" means the ISDA Master Agreement, dated as of June 18, 2002, between the Issuer and the Swap Counterparty, including the Schedule and the Confirmation thereto and any Replacement Swap Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time).

"Swap Breakage Costs" means any breakage costs and/or termination costs which became due under the Swap Agreement.

"Swap Counterparty" has the meaning given in the preamble to the Common Agreement, together with any replacement swap provider thereafter approved by XLCA (if XLCA is the Controlling Party) under a Replacement Swap Agreement.

"Swap Obligations" means each payment obligation of the Issuer under the Swap Agreement including in respect of Swap Payment Amounts and Swap Breakage Costs.

"Swap Payment Amount" has the meaning given in the Swap Policy.

"Swap Policy" means the Financial Guaranty Insurance Policy, including any endorsements thereto, issued by XLCA with respect to the Swap Payment Amounts, dated as of the Original Closing Date, substantially in the form of Appendix II to the Insurance and Reimbursement Agreement.

"Swap Policy Premium" means the insurance premium (including any additional premium) payable in respect of the Swap Policy by the Issuer in

accordance with the Premium Letter and the Insurance and Reimbursement Agreement.

"Swap Policy Termination Date" means the Termination Date as defined in the Swap Policy.

"Tax Distribution Amount" has the meaning given in Section 4.5(f) of the Common Agreement.

"Tax Distributions" has the meaning given in Section 4.5(e) of the Common Agreement.

"Tax Group" has the meaning given in Section 4.5(e) of the Common Agreement.

"Tax Group Liability" has the meaning given in Section 4.5(e) of the Common Agreement.

"Taxes" means all present or future income, excise, stamp, documentary, property or franchise taxes and other taxes, fees, duties, levies, imposts, deductions, withholdings or other charges of any nature whatsoever (but excluding franchise taxes and taxes imposed on or measured by net income or receipts) imposed by any taxing authority, including, without limitation, any penalties, interest or additions to tax with respect thereto.

"Title Insurer" means (a) with respect to the Bayou Cove Project, the Big Cajun I Units 3&4 Project and the Sterlington Project, First American Title Insurance Company (or any affiliate thereof), and (b) with respect to the Rockford I Project and the Rockford II Project, Chicago Title Insurance Company (or any affiliate thereof).

"Title Policy" means any title policy delivered by Issuer pursuant to Section 3.1(dd) of the Insurance and Reimbursement Agreement.

"Tolling Period" means:

(A) with respect to any Project, any period during which the applicable Project Company has entered into an Acceptable PPA with a Reseller;

(B) with respect to the Rockford I Project, the period commencing on the Closing Date and ending on the date on which the Rockford I Tolling Agreement terminates;

(C) with respect to the Sterlington Project, the period commencing on the date after the Closing Date and ending on the date on which the Sterlington PPA terminates; and

(D) with respect to the Big Cajun Project, the period commencing on the Closing Date and ending on the date on which the Big Cajun PPA terminates;

provided, in each case, (i) if the Reseller is an Affiliate of the Issuer (a) such Reseller (or any Affiliate guaranteeing its obligations) maintains a rating, independent of NRG Energy, of at least Investment Grade from each of S&P and Moody's and (b) such rating is affirmed as "stable" Investment Grade (or the equivalent) or better if NRG Energy is downgraded or placed on credit review or watch by either of S&P or Moody's and (ii) the applicable power purchase agreement, tolling agreement or other contractual arrangement has not been terminated, otherwise ceases to be in full force and effect or the Reseller thereunder has defaulted thereunder, which default has not been cured within the time period provided for such cure under such agreement.

"Total O&M Expenses" means any of the O&M Expenses and any other costs and expenses incurred in connection with the operation and

maintenance of a Project.

"Tranche" means the Senior Tranche, the Mezzanine Tranche and/or the Subordinated Tranche, as applicable.

"Transaction" means the portfolio financing transaction in respect of the Projects contemplated by the Financing Documents.

"Transmission Costs" means all costs associated with the transmission of electricity from the product delivery point to the purchaser's point of receipt, including, transmission capacity charges, imbalance charges, independent system operator charges, and any additional costs requested from time to time, such additional costs to be approved by XLCA (if XLCA is the Controlling Party) in its reasonable discretion, as incurred by the Energy Manager.

"Trustee" has the meaning given in the preamble to the Common Agreement.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions related to such provisions.

"Uncovered Warranty Costs" means any costs relating to repair work performed during any Warranty Period under either the Bayou Cove EPC Agreement (Balance of Plant) or Bayou Cove EPC Agreement (Electric Interconnection Facilities) which are not paid for or otherwise covered by the relevant Bayou Cove Contractor as the result of any limits on liability under the Bayou Cove EPC Agreement (Balance of Plant) or Bayou Cove EPC Agreement (Electric Interconnection Facilities), as applicable.

"Warranty Period" means, with respect to the Bayou Cove EPC Agreement (Balance of Plant) and the Bayou Cove EPC Agreement (Electric Interconnection Facilities), the warranty period or periods specified therein, as such periods may be extended pursuant to the terms thereof.

"Winter Month" means any of October, November, December, January, February, March or April.

"XLCA" has the meaning given in the preamble to the Common Agreement.

RULES OF INTERPRETATION

A. The singular includes the plural and the plural includes the singular.

B. "or" is not exclusive.

C. A reference to a Governmental Rule includes any amendment or modification to such Governmental Rule, and all regulations, rulings and other Governmental Rules promulgated under such Governmental Rule.

D. A reference to a Person includes its permitted successors and permitted assigns.

E. Accounting terms have the meanings assigned to them by GAAP, as applied

by the accounting entity to which they refer.

F. The words "include," "includes" and "including" are not limiting.

G. A reference in a document to an Article, Section, Exhibit, Schedule, Annex or Appendix is to the Article, Section, Exhibit, Schedule, Annex or Appendix of such document unless otherwise indicated. Exhibits, Schedules, Annexes or Appendices to any document shall be deemed incorporated by reference in such document. In the event of any conflict between the provisions of a Financing Document (exclusive of the Exhibits, Schedules, Annexes and Appendices thereto) and any Exhibit, Schedule or Annex thereto, the provisions of such Financing Document shall control. A reference to any Exhibit, Schedule, Annex or Appendix of a Financing Document shall mean such Exhibit, Schedule, Annex or Appendix as, amended, modified or supplemented from time to time in accordance with such Financing Document; provided that no Exhibit, Schedule, Annex or Appendix may be amended, modified or supplemented by Issuer except to the extent specifically permitted in such Financing Document.

H. References to any document, instrument or agreement (i) shall include all exhibits, schedules and other attachments thereto, (ii) shall include all documents, instruments or agreements issued or executed in replacement thereof, and (iii) shall mean such document, instrument or agreement, or replacement or predecessor thereto, as amended, amended and restated, supplemented or otherwise modified from time to time and in effect at any given time.

I. The words "hereof," "herein" and "hereunder" and words of similar import when used in any document shall refer to such document as a whole and not to any particular provision of such document.

J. The word "will" shall be construed to have the same meaning and effect as the word "shall."

K. The use in this Agreement of the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

L. Any consent, approval, satisfaction or similar acquiescence to be granted under any provision of any Operative Document shall not be unreasonably withheld or delayed unless otherwise provided therein.

M. References to "days" shall mean calendar days, unless the term "Business Days" shall be used. References to "years" shall mean calendar years, unless otherwise specified. References to a time of day shall mean such time in New York, unless otherwise specified.

N. The Financing Documents are the result of negotiations between, and have been reviewed by the Financing Parties, NRG Energy, XLCA, the Swap Counterparty, the Trustee, the Collateral Agent, the Depositary Agent and their respective counsel. Accordingly, the Financing Documents shall be deemed to be the product of all parties thereto, and no ambiguity shall be construed in favor of or against any Financing Party, any Equity Party, XLCA, the Swap Counterparty, the Trustee, the Collateral Agent or the Depositary Agent solely as a result of any such Person having drafted or proposed the ambiguous provision.

EXHIBIT 4.10

EXECUTION COPY

AMENDED AND RESTATED SECURITY DEPOSIT AGREEMENT

among

NRG PEAKER FINANCE COMPANY LLC
(Issuer)

EACH PROJECT COMPANY PARTY HERETO
(Project Companies)

THE BANK OF NEW YORK
(Collateral Agent)

and

THE BANK OF NEW YORK
(Depositary Agent)

DATED AS OF JANUARY 6, 2004

EXECUTION COPY

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EXECUTION COPY

This AMENDED AND RESTATED SECURITY DEPOSIT AGREEMENT, dated as of January 6, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), is entered into among (1) NRG PEAKER FINANCE COMPANY LLC, a Delaware limited liability company (the "Issuer"), (2) BAYOU COVE PEAKING POWER, LLC, BIG CAJUN I PEAKING POWER LLC, NRG ROCKFORD LLC, NRG ROCKFORD II LLC and NRG STERLINGTON POWER LLC (each a "Project Company," collectively, the "Project Companies" and together with the Issuer, the "Financing Parties"), (3) THE BANK OF NEW YORK, as collateral agent (the

"Collateral Agent"), and (4) THE BANK OF NEW YORK, as depositary agent hereunder (the "Depositary Agent").

RECITALS

WHEREAS:

A. Reference is made to that certain Amended and Restated Common Agreement, dated as of the date hereof (the "Common Agreement"), among the Issuer, each of the Project Companies, XLCA, the Swap Counterparty, the Trustee and the Collateral Agent, and to the original Common Agreement, dated as of June 18, 2002 (the "Original Common Agreement"), among the Issuer, each of the Project Companies, XLCA, the Swap Counterparty, the Original Trustee and the Collateral Agent.

B. Pursuant to that certain Indenture, dated as of June 18, 2002, the Issuer issued $325 million of Series A Floating Rate Senior Secured Bonds due 2019 (the "Series A Bonds"). The full and timely payment of regularly scheduled payments of principal and interest on the Series A Bonds is unconditionally and irrevocably guaranteed by XLCA pursuant to that certain Financial Guaranty Insurance Policy, dated as of June 18, 2002 (including the endorsement thereto, the "Policy"), between XLCA and the Original Trustee.

C. Reference is made to that certain ISDA Master Agreement, dated as of June 18, 2002 (including the schedules, the credit support annex and the confirmation thereto) (the "Swap Agreement"), between the Issuer and Goldman Sachs Mitsui Marine Derivative Products, L.P. (the "Swap Counterparty"). The full and timely payment of regularly scheduled net payments due to the Swap Counterparty under the Swap Agreement is unconditionally and irrevocably guaranteed by XLCA pursuant to that certain Financial Guaranty Insurance Policy, dated as of June 18, 2002 (the "Swap Policy"), between XLCA and the Swap Counterparty.

D. Pursuant to the Common Agreement, each of the Project Companies guarantees the payment by the Issuer of all of the Issuer's obligations under (a) the Indenture and the Series A Bonds, (b) the Swap Agreement and (c) that certain Financial Guaranty Insurance and Reimbursement Agreement dated as of as of June 18, 2002 (the "Insurance and Reimbursement Agreement"), among XLCA, the Issuer and the Project Companies.

E. As a condition precedent to (a) the issuance of the Series A Bonds, the Policy and the Swap Policy and (b) the execution of the Swap Agreement by the Swap Counterparty, the parties hereto executed and delivered a Security Deposit Agreement, dated as of June 18, 2002 (the "Original Depositary Agreement").

F. On May 12, 2003, as a consequence of certain Issuer Events of Default under the Original Common Agreement, XLCA, as Controlling Party, declared and made all sums of accrued and outstanding principal, accrued but unpaid interest and accrued but unpaid premium remaining under the Financing Documents, together with all unpaid amounts, fees, costs and charges due under any Financing Documents, immediately due and payable (the "Acceleration").

G. On May 14, 2003, NRG Energy and certain of its subsidiaries filed voluntary petitions for bankruptcy under Chapter 11 of the United States Bankruptcy Code (the "NRG Bankruptcy").

H. Following the Acceleration and the NRG Bankruptcy, NRG Energy, NRG Power Marketing Inc., the Issuer, the Project Companies and XLCA agreed to implement a financial restructuring of the Obligations (the "Restructuring") substantially on the terms set forth in a Restructuring Agreement, dated as of September 18, 2003, by and among NRG Energy, NRG Power Marketing, the Issuer, the Project Companies and XLCA (the "Restructuring Agreement").

I. On October 1, 2003, the United States District Court

for the Southern District of New York entered an order (the "Approval Order") in the NRG Bankruptcy authorizing and approving the transactions provided in the Restructuring including the execution and delivery of this Agreement by the parties hereto. The Approval Order became a Final Order (as defined in the Restructuring Agreement) on October 11, 2003.

J. It is a condition precedent to the consummation of the Restructuring that the parties hereto shall have executed and delivered this Agreement.

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and as an inducement to the consummation of the Restructuring, the Financing Parties hereby agree with the Collateral Agent, for the benefit of the Secured Parties and the Depositary Agent as follows:

ARTICLE I.
DEFINITIONS; RULES OF INTERPRETATION

1.1 Common Agreement and UCC Definitions. Unless otherwise defined herein or unless the context otherwise requires, terms used in this Agreement have the meanings provided in Annex A to the Common Agreement or, if not defined therein, the UCC.

1.2 Rules of Interpretation. Unless otherwise provided herein, the rules of interpretation set forth in Annex A to the Common Agreement shall apply to this Agreement.

ARTICLE II.
ESTABLISHMENT AND ADMINISTRATION OF ACCOUNTS

2.1 Establishment of Accounts. Each Financing Party hereby directs the Depositary Agent to establish on or prior to the Closing Date and maintain until the termination of this

Agreement in accordance with Section 7.1 or as otherwise expressly set forth herein, at its office located at 101 Barclay Street, New York, NY 10286, the following special, segregated and irrevocable non-interest bearing trust accounts (collectively, including any sub-accounts contained therein, the "Accounts"), in the name of the Issuer but under the exclusive dominion and control of the Collateral Agent as contemplated by Section 3.1:

Name of Account at Depositary Agent	Account Number	Defined Term for Account
NRG Peaker Finance Company LLC Acquisition Indemnity/Performance LD Reserve Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269087	"Acquisition Indemnity/Performance LD Reserve Account"
NRG Peaker Finance Company LLC Bayou Cove Fuel Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269526	"Bayou Cove Fuel Account"
NRG Peaker Finance Company LLC Bayou Cove Operating Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269527	"Bayou Cove Operating Account"
NRG Peaker Finance Company LLC Big Cajun Fuel Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269528	"Big Cajun Fuel Account"
NRG Peaker Finance Company LLC Big Cajun Operating Account Subject to the Security Interest of The Bank of New York, as	269529	"Big Cajun Operating Account"

Collateral Agent		
NRG Peaker Finance Company LLC Completion Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269530	"Completion Account"
NRG Peaker Finance Company LLC Corporate Services Payment Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269531	"Corporate Services Payment Account"
NRG Peaker Finance Company LLC Debt Payment Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	268784	"Debt Payment Account"
NRG Peaker Finance Company LLC Debt Service Reserve Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269532	"Debt Service Reserve Account"

Name of Account at Depositary Agent	Account Number	Defined Term for Account
NRG Peaker Finance Company LLC Distribution Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	268786	"Distribution Account"
NRG Peaker Finance Company LLC Excess Cash Flow Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269533	"Excess Cash Flow Account"
NRG Peaker Finance Company LLC Loss Proceeds Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	268787	"Loss Proceeds Account"
NRG Peaker Finance Company LLC Major Maintenance Reserve Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269534	"Major Maintenance Reserve Account"
NRG Peaker Finance Company LLC NRG Claim Settlement Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269535	"NRG Claim Settlement Account"
NRG Peaker Finance Company LLC Peaker Collateralization Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269088	"Peaker Collateralization Account"
NRG Peaker Finance Company LLC Revenue Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	268783	"Revenue Account"
NRG Peaker Finance Company LLC Rockford I Fuel Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269536	"Rockford I Fuel Account"
NRG Peaker Finance Company LLC Rockford I Operating Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269537	"Rockford I Operating Account"
NRG Peaker Finance Company LLC Rockford II Fuel Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269538	"Rockford II Fuel Account"

Name of Account at Depositary Agent	Account Number	Defined Term for Account
NRG Peaker Finance Company LLC Rockford II Operating Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269539	"Rockford II Operating Account"
NRG Peaker Finance Company LLC Sterlington Fuel Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269540	"Sterlington Fuel Account"
NRG Peaker Finance Company LLC Sterlington Operating Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	269543	"Sterlington Operating Account"
NRG Peaker Finance Company LLC EMS Letter of Credit Account Subject to the Security Interest of The Bank of New York, as Collateral Agent	273558	"EMS Letter of Credit Account"

The complete wire instructions for the Accounts are as follows:

The Bank of New York
ABA #021000018
Corporate Trust GLA 111-565
TAS Account No: [PROJECT ACCOUNT NUMBER]
Ref: NRG Peaker Finance Company LLC

The Depositary Agent may (but shall not be obligated to unless requested by the Collateral Agent) establish sub-accounts within the Accounts listed above from time to time as necessary for the Depositary Agent to comply with and carry out the terms of this Agreement.

Issuer, each of the Project Companies and XLCA (if XLCA is the Controlling Party) shall have unlimited access to any information relating to any of the Accounts (including, without limitation, electronic access).

2.2 Agreement of Depositary Agent. The Depositary Agent agrees to (i) establish and maintain the Accounts set forth in Section 2.1, (ii) accept all Account Funds to be delivered to or held by the Depositary Agent pursuant to the terms of this Agreement and (iii) to make the disbursements from such Account Funds contemplated by this Agreement as and when directed by the Collateral Agent in accordance with the terms hereof. The Depositary Agent shall hold and safeguard the Accounts and the Account Funds during the term of this Agreement and shall treat the Accounts and the Account Funds as pledged by the Financing Parties (to the extent of their respective rights and interests therein) to the Collateral Agent for the benefit of the Secured Parties, to be held by the Depositary Agent in trust for the Secured Parties in accordance with the provisions hereof and of the other Financing Documents.

2.3 Deposit of Funds. In the event that any Financing Party receives any Project Revenues, Loss Proceeds or other amounts required to be deposited into the Accounts in accordance with the terms hereof, such Financing Party shall hold the same in precisely the form received in trust for and on behalf of the Secured Parties, segregated from other funds of such Financing Party, and without any notice or demand whatsoever shall promptly deliver the same to the Depositary Agent for application in accordance with the terms of this Agreement. Any deposit made into the Accounts hereunder shall be irrevocable.

2.4 Issuer Event of Default. At any time when no Issuer Event of Default has occurred and is continuing, the Collateral Agent shall direct the Depositary Agent to administer the Accounts and disburse Account Funds therefrom in accordance with the express terms of this Agreement. Upon the occurrence and during the continuation of an Issuer Event of Default (a) the Collateral Agent shall direct the Depositary Agent to administer the Accounts and disburse Account Funds therefrom as directed by the Controlling Party in accordance with the Common Agreement and (b) the Depositary Agent shall execute and deliver (or cause to be executed and delivered) to the Collateral Agent all proxies and other instruments as the Collateral Agent may reasonably request for the purpose of enabling the Collateral Agent to exercise any voting or other consensual rights pertaining to the Accounts and the Account Funds.

2.5 Unspecified Funds; Insufficient Funds. In the event that the Depositary Agent receives any funds without adequate instruction as to the Account into which such funds are to be deposited, the Depositary Agent shall promptly deposit such funds into the Revenue Account and notify the Collateral Agent and the Issuer of the receipt of such funds. If at any time there are insufficient Account Funds in any Account to make any disbursement in accordance with this Agreement, the Depositary Agent shall inform the Issuer as to such insufficiency on the same date that a Disbursement Request is received by the Depositary Agent. The Issuer shall be required to promptly submit a revised Disbursement Request, but no later than the following Business Day, upon receipt of notice of any such insufficiency from the Depositary Agent.

2.6 Powers of Collateral Agent and Depositary Agent. The Collateral Agent and, where appropriate, the Depositary Agent shall have the right (but not the obligation) to (unless otherwise directed by XLCA (if XLCA is the Controlling Party)) (a) refuse any item for credit to any Account except as required by the terms of this Agreement and (b) refuse to honor any request for a disbursement of Account Funds that is not consistent with the terms of this Agreement. If any Financing Party fails to perform any of its agreements contained herein, the Collateral Agent may itself perform, or cause the performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Issuer upon demand and shall be part of the Obligations. The powers conferred on the Collateral Agent and the Depositary Agent in this Agreement are solely to protect the interests of the Collateral Agent, for the benefit of the Secured Parties, in the Accounts and the Account Funds and shall not impose any duty on the Collateral Agent or the Depositary Agent to exercise any of such powers. Except for the reasonable care of any Account in its possession or under its control and the accounting of funds received by it hereunder, neither the Collateral Agent nor the Depositary Agent shall have any duty with respect to the Accounts or Account Funds, or with respect to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to the Accounts or Account Funds.

2.7 Valuation of Account Funds and Any Acceptable Letter of Credit. Account Funds and any Acceptable Letter of Credit shall be valued as follows:

(a) cash shall be valued at the face amount thereof;

(b) each Permitted Investment shall be valued at the market value thereof (excluding accrued interest) at the time of determination, but, if such market value cannot then be determined, such Permitted Investment shall be valued at the purchase price thereof, plus earned interest; and

(c) any Acceptable Letter of Credit shall be valued at the Stated Amount thereof.

2.8 Disputes. In the event of any dispute as to any amount to be disbursed by the Depositary Agent from the Accounts, the Depositary Agent is

authorized and directed to retain in its possession, without liability to any Financing Party, any Secured Party or any other Person, all or any part of the Account Funds until such dispute shall have been settled by a mutual agreement of the Issuer and the Collateral Agent or by a final order, decree or judgment of a Federal or state court of competent jurisdiction located in the State of New York, but the Depositary Agent shall be under no duty whatsoever to institute or defend any such proceedings.

2.9 Account Statements; Other Information. Not later than the 20th day of each calendar month, the Depositary Agent shall provide to the Issuer and the Collateral Agent a statement of the Account Funds held in each of the Accounts open as of the last day of the prior calendar month. The Depositary Agent shall also promptly provide the Collateral Agent and the Issuer with any information reasonably requested by the Collateral Agent or the Issuer concerning deposits to, balances in and disbursements from the Accounts.

ARTICLE III.
SECURITY INTEREST; REMEDIES

3.1 Grant of Security Interest; Dominion and Control. In order to secure the Obligations, each Financing Party hereby grants, pledges and assigns to the Collateral Agent, and grants in favor of the Collateral Agent, for the benefit of the Secured Parties, a security interest in and to, all of its right, title and interest, whether now owned or hereafter acquired and whether now existing or hereafter coming into existence, in, to and under this Agreement and in and to each of the Accounts and all Account Funds and all proceeds thereof. Each Financing Party hereby confirms its pledges and assignments to the Collateral Agent effected by, and the security interests in favor of the Collateral Agent created by, the other Collateral Documents in and to the Projects and all Project Revenues and Loss Proceeds. The Accounts and Account Funds shall, subject to the provisions of this Agreement and the other Financing Documents, be subject to the exclusive dominion and control of the Collateral Agent, and the Collateral Agent shall have the sole and exclusive right to direct the Depositary Agent to disburse Account Funds from the Accounts, and each Financing Party hereby appoints the Collateral Agent as its true and lawful attorney, with full power of substitution, for the purpose of directing the Depositary Agent to make any such disbursement of Account Funds from any Account, which appointment is coupled with an interest and is irrevocable. None of the Financing Parties shall have any rights or powers

with respect to the Accounts or Account Funds, except as expressly provided herein. None of the Financing Parties shall make, attempt to make or consent to the making of any disbursement from any Account, except in strict adherence to the terms of this Agreement.

3.2 UCC Provisions. The parties hereto hereby agree that: (a) each Account is and will be maintained as a "securities account" (as defined in Section 8-501(a) of the UCC), and, to the extent that credit balances not constituting financial assets are credited thereto, as a "deposit account" (as defined in Section 9-102(a)(29) of the UCC); (b) the Depositary Agent is acting in the capacity of "securities intermediary" (as defined in Section 102(a)(14) of the UCC) with respect to the Accounts to the extent of financial assets deposited therein or credited thereto, and as a "bank" (as defined in Section 9-102(a)(8) of the UCC) with respect to the Accounts to the extent of credit balances not constituting financial assets credited thereto; (c) each item of property (whether cash, cash equivalents, instruments, investments, investment property or other) credited to the Accounts shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC; (d) the Issuer is an "entitlement holder" (as defined in Section 8-102(a)(7) of the UCC) with respect to the "financial assets" (as defined in Section 8-102(a)(9) of the UCC) credited to the Accounts; (e) the "securities intermediary's jurisdiction" (as defined in Section 8-110(e) of the UCC) and the "bank's jurisdiction" (as defined in Section 9-304(b) of the UCC) shall be the State of New York; (f) all securities and other property underlying any financial assets credited to the

Accounts shall be registered in the name of the Depositary Agent or endorsed to the Depositary Agent or in blank, and in no case whatsoever will any financial asset credited to an Account be registered in the name of any Financing Party, payable to the order of any Financing Party or specially endorsed to any Financing Party except to the extent that the foregoing have been specially endorsed to the Depositary Agent or in blank; and (g) the Depositary Agent shall not change the name of or account number for any Account without the prior written consent of the Collateral Agent.

3.3 Entitlement Orders. Notwithstanding any provision to the contrary contained herein or in any other Financing Document, if at any time the Depositary Agent shall receive any entitlement order or any other order or instruction from or originated by the Collateral Agent directing the transfer, redemption or other disposition of any financial asset relating to, or credit balances or funds carried in, the Accounts, the Depositary Agent shall comply with such entitlement order or other order or instruction without further consent by any Financing Party or any other Person. If any Financing Party is otherwise entitled to issue any orders directing the transfer, redemption or other disposition of any financial asset credited to an Account or instructions with respect to the disposition of funds of credit balances in an Account and such orders or instructions conflict with any orders or instruction issued by the Collateral Agent, the Depository Agent shall follow the orders and/or instructions issued by the Collateral Agent. The parties hereto agree that until the Depositary Agent's obligations under this Agreement shall terminate in accordance with the terms hereof, the Collateral Agent shall have control of each of the Financing Parties' security entitlements with respect to the financial assets credited to the Accounts and credit balances carried therein. The Depositary Agent hereby represents that it has not entered into, and agrees that, until the termination of this Agreement, it will not enter into, any agreement with any other Person (other than the Collateral Agent) in respect of the Accounts pursuant to which it agrees to comply with entitlement orders made by, or disposition instructions originated by, such Person.

3.4 Other Liens; Adverse Claims.

3.4.1 Each Financing Party represents and warrants, as of the date hereof, that: (a) it has not granted a security interest in, or assigned its right, title and interest in, all or any part of the Accounts or the Account Funds or any proceeds thereof, other than the Liens in favor of the Collateral Agent for the benefit of the Secured Parties granted hereunder and under the other Financing Documents and other Permitted Liens; (b) it has not executed and is not aware of any effective financing statement, security agreement, control agreement or other instrument similar in effect covering all or any part of the Accounts or the Account Funds or any proceeds thereof, except such as may have been filed in connection with this Agreement and the other Financing Documents or in connection with Permitted Liens and (c) it has full power and authority to grant a security interest in, and assign its right, title and interest in, the Accounts and the Account Funds and all proceeds thereof pursuant to this Agreement. Each Financing Party covenants that it will not grant a security interest in, or assign its right, title and interest in, the Accounts or the Account Funds or any proceeds thereof, other than the Liens granted hereunder and under the other Financing Documents and other Permitted Liens.

3.4.2 The Depositary Agent, to the best of its knowledge without any independent investigation, has no knowledge of any Lien on the Accounts or the Account Funds other than the interests of the Collateral Agent, the Depositary Agent and the Financing Parties as provided herein. In the event that the Depositary Agent has or subsequently obtains by agreement, operation of law or otherwise a security interest in any Account or Account Funds, the Depositary Agent hereby agrees that such security interest shall be subordinate to the security interest of the Collateral Agent for the benefit of the Secured Parties.

3.4.3 Each of the Collateral Agent and the Depositary Agent, to the best of its knowledge without any independent investigation, has no notice of any adverse claim to the Account Funds, any Account or any financial asset credited thereto, or to security entitlements with respect thereto.

3.4.4 The Account Funds shall not be subject to deduction, set-off, banker's lien or any other right in favor of any Person other than the Liens in favor of the Collateral Agent and other Permitted Liens.

3.5 Further Assurances. Each Financing Party agrees that from time to time it shall promptly execute and deliver all instruments and documents, and take all actions, that may be reasonably necessary, or that the Collateral Agent may reasonably request, in order to perfect and protect the assignment and security interest granted or intended to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to the Accounts and the Account Funds and all proceeds thereof.

3.6 Location of Account Records. Each Financing Party agrees that all records of such Financing Party concerning the Accounts shall be kept at 901 Marquette Avenue, Suite 2300, Minneapolis, MN 55402.

3.7 Remedies. If an Issuer Event of Default shall have occurred and be continuing: (a) the Collateral Agent may exercise, in respect of the Accounts and the Account Funds, in

addition to other rights and remedies provided for in the Financing Documents or otherwise available to it, all the rights and remedies of a secured party on default under the UCC at that time and consistent with the provisions of the other Financing Documents, including the right to proceed to protect and enforce the rights vested in it by this Agreement, to sell, liquidate or otherwise dispose of all or any part of the Accounts and the Account Funds, and to cause the Accounts and the Account Funds to be sold, liquidated or otherwise disposed of, in each case in such manner as the Collateral Agent may elect (acting at the direction of the Controlling Party in accordance with the Common Agreement) and (b) the proceeds of Account Funds and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of the Accounts and Account Funds may, in the discretion of the Collateral Agent (acting at the direction of the Controlling Party in accordance with the Common Agreement), then or at any time thereafter, be applied (after payment of any amounts payable to the Depositary Agent pursuant to the terms hereof) in whole or in part by the Collateral Agent against all or any part of the Obligations in accordance with the Financing Documents. No right, power or remedy herein conferred upon or reserved to the Collateral Agent is intended to be exclusive of any other right, power or remedy and every such right, power and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right, power and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right, power or remedy hereunder or otherwise shall not prevent the concurrent assertion or employment of any other appropriate right, power or remedy. Resort to any or all security now or hereafter held by the Collateral Agent may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawfully taken nonjudicial proceedings, or both.

ARTICLE IV.
DEPOSITS INTO AND DISBURSEMENTS FROM ACCOUNTS

4.1 Revenue Account.

4.1.1 Deposits into the Revenue Account.

(a) Each Financing Party shall promptly deposit, or cause to be deposited, the following amounts in the Revenue Account:

(i) all Project Revenues (other than Loss Proceeds) received or receivable by such Financing Party;

(ii) all unscheduled amounts, such as termination payments received in connection with a Partial Early Termination Event (as defined in the Swap Agreement), received by the Issuer from the Swap Counterparty or any guarantor thereof under the Swap Agreement;

(iii) all amounts received from any replacement swap provider in connection with its entry into a Replacement Swap Agreement (other than to the extent such proceeds are required to be otherwise applied in accordance with Section 2.11 of the Common Agreement); and

(iv) all other amounts (other than Excluded Revenues and amounts required to be deposited into other Accounts in accordance with the terms hereof) received or receivable by such Financing Party.

(b) The Collateral Agent shall direct the Depositary Agent to transfer all Account Funds remaining in the Distribution Account to the Revenue Account on the 30th day following each Scheduled Payment Date or on such later date to the extent permitted in accordance with Section 4.6.2.

(c) The Collateral Agent shall direct the Depositary Agent to transfer all earnings on Permitted Investments credited to any Account from such Account to the Revenue Account.

(d) The Collateral Agent shall direct the Depositary Agent to transfer Casualty Insurance Proceeds and Condemnation Proceeds from the Loss Proceeds Account to the Revenue Account in accordance with Section 4.7.2.

(e) The Collateral Agent shall direct the Depositary Agent to transfer the excess Account Funds from the Major Maintenance Reserve Account to the Revenue Account in accordance with Section 4.10.2.

4.1.2 Disbursements from the Revenue Account. Account Funds in the Revenue Account shall be used only for the purposes described in this Section 4.1.2. At least 3 Business Days prior to each Monthly Date or Designated Monthly Date, as applicable, the Issuer shall deliver a Disbursement Request or a Fuel and Operating Accounts Disbursement Request to the Collateral Agent, as applicable, specifying the disbursements to be made from the Revenue Account on such Monthly Date or Designated Monthly Date, as applicable, in accordance with the following priority, to the extent of the Account Funds in the Revenue Account on such Monthly Date or Designated Monthly Date, as applicable:

First , transfer, on each Designated Monthly Date, to the Fuel Account of each Project Company an amount of immediately available funds in Dollars equal to (a) the aggregate of all Energy Transaction Costs for such Project Company's Project that are due and payable on such Designated Monthly Date or that will be due and payable prior to the next Designated Monthly Date minus (b) Available Fuel Funds on such Designated Monthly Date;

Second , transfer, on each Designated Monthly Date, to the Operating Account of each Project Company an amount of immediately available funds in Dollars equal to the O&M Expenses for such month for such Project Company that are due and payable prior to the next Designated Monthly Date in an aggregate amount of up to (a) 110% of the (x) aggregate O&M Expenses for such month for such Project Company provided in

the Annual Operations Budget plus (y) any year-to-date O&M Expenses provided for in the Annual Operations Budget not used as of such Designated Monthly Date minus (b) Available Operating Funds on such Designated Monthly Date;

Third , transfer, on each Designated Monthly Date, to the Energy Manager, an amount of immediately available funds in Dollars equal to the Energy Manager Fee that is due and payable on such Designated Monthly Date;

Fourth , transfer, on each Monthly Date to the Collateral Agent for payment to the Secured Parties, the Trustee, the Collateral Agent and/or the Depositary Agent in accordance with the Financing Documents, an amount of immediately available funds in Dollars equal to the aggregate of all unscheduled costs, fees, additional premium payments and expenses that are due and payable to any such Persons under the Financing Documents as of such Monthly Date (it being understood that such unscheduled costs shall not include any Swap Breakage Costs, any Redemption Premium or any indemnity payment under any Financing Document);

Fifth , transfer, on each Monthly Date which is also a Scheduled Payment Date, to the Collateral Agent for payment to the Secured Parties, the Trustee, the Collateral Agent and/or the Depositary Agent in accordance with the Financing Documents, an amount of immediately available funds in Dollars equal to the amount of all scheduled trustee fees, collateral agent fees, depositary agent fees, premiums to XLCA in respect of the Swap Policy and other scheduled fees that are due and payable on such Scheduled Payment Date;

Sixth , transfer, on each Monthly Date which is also a Scheduled Payment Date, to the Debt Payment Account:

(A) if such Scheduled Payment Date is not the penultimate Scheduled Payment Date, an amount of Account Funds equal to the difference, if any, between (a) Scheduled Debt Service due and payable on such Scheduled Payment Date less (b) the amount of funds on deposit in the Debt Payment Account on such Scheduled Payment Date; or

(B) if such Scheduled Payment Date is the penultimate Scheduled Payment Date, an amount of Account Funds equal to the difference, if any, between (a) Scheduled Debt Service due and payable on such Scheduled Payment Date plus Scheduled Debt Service due and payable on the Final Scheduled Payment Date and (b) the amount of funds on deposit in the Debt Payment Account on such Scheduled Payment Date;

Seventh , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, to XLCA an amount of immediately available funds in Dollars equal to the Accrued Insurer Loss Amount (Swap) (if any) as of such Annual Scheduled Payment Date (after giving effect to all reimbursements to XLCA made on or prior to such Annual Scheduled Payment Date);

Eighth , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, to XLCA an amount of immediately available funds in Dollars equal to the Accrued Insurer Loss Amount (Bond) (if any) as of such Annual

Scheduled Payment Date (after giving effect to all reimbursements to XLCA made on or prior to such Annual Scheduled Payment Date);

Ninth , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, to the Collateral Agent for payment to the Secured Parties, pro rata based on the amount then owed to each Secured Party under the Financing Documents, an amount of immediately available funds in Dollars equal to the aggregate of all other amounts that are due and payable to the Secured Parties under the Financing Documents as of such Annual Scheduled Payment Date and are not covered by any of priorities First through Eighth above (it being understood that such other amounts shall include any Swap Breakage Costs, any Redemption Premium and any indemnity payment under any Financing Document (to the extent not included in the foregoing) then due and payable);

Tenth , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date to the Major Maintenance Reserve Account, an amount of Account Funds equal to the Major Maintenance Reserve Amount as of such Annual Scheduled Payment Date;

Eleventh , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, to the Corporate Services Payment Account an amount of Account Funds equal to the Corporate Services Annual Fee as of such Annual Scheduled Payment Date;

Twelfth , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, to the Debt Service Reserve Account an amount of Account Funds equal to (a) the Debt Service Reserve Amount as of such Annual Scheduled Payment Date minus (b) the amount of Available Debt Service Reserve Funds on such Annual Scheduled Payment Date;

Thirteenth , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, to the Corporate Service Payment Account an amount of Account Funds equal to the Corporate Services Accumulation Amount as of such Annual Scheduled Payment Date; and

Fourteenth , transfer, on each Monthly Date which is also an Annual Scheduled Payment Date, Account Funds remaining in the Revenue Account after giving effect to the disbursements described in priorities First through Thirteenth above (A) to the Distribution Account, if the Distribution Test is satisfied as of the Determination Date immediately prior to such Annual Scheduled Payment Date or (B) to the Excess Cash Flow Account, if the Distribution Test is not satisfied as of the Determination Date immediately prior to such Annual Scheduled Payment Date.

Upon receipt of such Disbursement Request or Fuel and Operating Accounts Disbursement Request, and if no Issuer Event of Default has occurred and is continuing at the time the disbursements are made (unless otherwise directed by the Controlling Party pursuant to the

Common Agreement), the Collateral Agent shall provide a copy of such Disbursement Request or Fuel and Operating Accounts Disbursement Request to the Depositary Agent and direct the Depositary Agent to make the disbursements specified in such Disbursement Request or Fuel and Operating Accounts Disbursement Request. All Account Funds in the Revenue Account that are not disbursed in accordance with the foregoing shall remain in the Revenue Account. If the Issuer fails to deliver a Disbursement Request for any Monthly Date in accordance with this Section 4.1.2, the Collateral Agent shall provide notice thereof prior to such Monthly Date to the Controlling Party under the Common Agreement and shall, unless otherwise instructed by the Controlling Party under the Common Agreement, direct the Depositary Agent to make the disbursements described in priorities Fourth through Twelfth above on such Monthly Date in an amount to be determined by the Controlling Party. The Collateral Agent shall be required to transfer Account Funds on deposit in the Distribution Account to the Revenue Account on any Monthly Date upon which insufficient funds are available in the Revenue Account to make the required transfers provided in this Section 4.1.2 to the extent of such insufficiency.

4.2 Debt Payment Account.

4.2.1 Deposits into the Debt Payment Account.

(a) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Debt Payment Account on any Annual Scheduled Payment Dates in accordance with Section 4.1.2.

(b) The Swap Counterparty shall deposit all scheduled amounts payable by it to the Issuer pursuant to the Swap Agreement into the Debt Payment Account.

(c) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Excess Cash Flow Account to the Debt Payment Account in accordance with Section 4.15.2.

(d) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Debt Service Reserve Account to the Debt Payment Account in accordance with Section 4.3.2.

(e) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Acquisition Indemnity/Performance LD Reserve Account to the Debt Payment Account in accordance with Section 4.5.2.

(f) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Major Maintenance Reserve Account to the Debt Payment Account in accordance with Section 4.10.2.

(g) The Collateral Agent shall direct the Depositary Agent to deposit the Equity Reimbursement Payment made by NRG Energy on any Annual Scheduled Payment Date pursuant to Section 2.1 of the Parent Agreement into the Debt Payment Account.

(h) The Collateral Agent shall direct the Depositary Agent to transfer funds from the Cash Collateral Deposit received by the Collateral Agent pursuant to Section 12.3 of the Parent Agreement to the Debt Payment Account.

(i) The Collateral Agent shall direct the Depositary Agent to transfer the Account Funds from the EMS Letter of Credit Account to the Debt Payment Account in accordance with Section 4.16.2.

(j) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the NRG Claim Settlement Account

to the Debt Payment Account in accordance with Section 4.14.2.

(k) The Collateral Agent shall direct the Depositary Agent to deposit any amounts drawn under (x) the Policy, in the event and to the extent not paid directly to the Trustee, and (y) the Swap Policy, in the event and to the extent not paid directly to the Swap Counterparty, into the Debt Payment Account.

(l) Other than as set forth in clauses (a) through (k) of this Section 4.2.1, no deposits shall be made into the Debt Payment Account.

4.2.2 Disbursements from the Debt Payment Account. Account Funds in the Debt Payment Account shall be used only to pay Scheduled Debt Service. On each Scheduled Payment Date, the Collateral Agent shall direct the Depositary Agent to transfer an amount of immediately available funds in Dollars equal to all Scheduled Debt Service due and payable on such Scheduled Payment Date from the Debt Payment Account to the Trustee and/or the Swap Counterparty, pro rata based on the amounts owed to the Trustee and/or the Swap Counterparty on such Scheduled Payment Date, for payment of such Scheduled Debt Service in accordance with the applicable Financing Documents.

4.2.3 Priority of Funding Sources. Scheduled Debt Service shall be paid on each Scheduled Payment Date from the following sources to the extent sufficient funds are available from such sources:

First , from Account Funds then on deposit in the Debt Payment Account (before giving effect to the transfers described in priorities Second through Eleventh below);

Second , from amounts deposited in the Debt Payment Account by the Swap Counterparty pursuant to the Swap Agreement;

Third , from amounts transferred to the Debt Payment Account from the Revenue Account on such Scheduled Payment Date pursuant to Section 4.1.2;

Fourth , from amounts transferred to the Debt Payment Account from the Excess Cash Flow Account pursuant to Section 4.15.2;

Fifth , from amounts transferred to the Debt Payment Account from the Debt Service Reserve Account pursuant to Section 4.3.2;

Sixth , from amounts transferred to the Debt Payment Account from the Acquisition Indemnity/Performance LD Reserve Account pursuant to Section 4.5.2;

Seventh , from amounts transferred to the Debt Payment Account from the Major Maintenance Reserve Account pursuant to Section 4.10.2;

Eighth , from any Cash Collateral Deposit received by the Collateral Agent pursuant to Section 12.3 of the Parent Agreement;

Ninth , from the Equity Reimbursement Payments made to the Collateral Agent by NRG Energy on such Scheduled Payment Date pursuant to Section 2.1 of the Parent Agreement;

Tenth , from amounts transferred to the Debt Payment Account from the EMS Letter of Credit Account pursuant to Section 4.16.2;

Eleventh , from amounts transferred to the Debt Payment Account from the NRG Claim Settlement Account pursuant to Section 4.14.2; and

Twelfth , (a) with respect to Scheduled Debt Service under the Indenture, from amounts drawn under the Policy, whether such amounts are paid directly to the Trustee or first deposited into the Debt Payment Account, and (b) with respect to Scheduled Debt Service under the Swap Agreement, from amounts drawn under the Swap Policy, whether such amounts are paid directly to the Swap Counterparty or first deposited into the Debt Payment Account.

4.2.4 Claims Under Policies. Within one Business Day following the receipt of (a) the statement provided by the Depositary Agent to the Collateral Agent pursuant to Section 2.9 each November and (b) the statement provided by the Swap Counterparty to the Collateral Agent pursuant to Section 12.21 of the Common Agreement, the Collateral Agent shall determine whether there will be sufficient funds from the sources specified in clauses First through Eleventh under Section 4.2.3 to pay in full Scheduled Debt Service due on the next Annual Scheduled Payment Date. If the Collateral Agent determines that there will be insufficient funds from such sources, it shall notify XLCA, the Trustee and the Swap Counterparty at least 3 Business Days prior to such Annual Scheduled Payment Date of the amount of such shortfall.

4.3 Debt Service Reserve Account.

4.3.1 Deposits into the Debt Service Reserve Account.

(a) On the Closing Date, the Depositary Agent shall transfer all amounts then on deposit in the Collateralized Experience Account and the Collateralized Deductible Account (each as defined in the Original Common Agreement) to the Debt Service Reserve Account. In connection with any Permitted Peaker Buyout (Peaker Sale / Project Event of Default), the Issuer shall be required to deliver, or cause to be delivered, to the Depositary Agent for credit to the Debt Service Reserve Account, the amount of funds required to be

deposited into the Debt Service Reserve Account pursuant to clause (ii) of the definition of Permitted Peaker Buyout (Peaker Sale/Project Event of Default).

(b) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Debt Service Reserve Account on Annual Scheduled Payment Dates in accordance with Section 4.1.2.

(c) The Collateral Agent shall deposit all proceeds of drawings under any applicable Acceptable Letter of Credit in the Debt Service Reserve Account.

(d) Other than as set forth in clauses (a) through (c) of this Section 4.3.1, no deposits shall be made into the Debt Service Reserve Account.

4.3.2 Disbursements from the Debt Service Reserve Account. Account Funds in the Debt Service Reserve Account shall be used either (i) to pay Scheduled Debt Service or (ii) to purchase the Spare Parts. If on any Annual Scheduled Payment Date there are insufficient Account Funds in the Debt Payment Account to pay the Scheduled Debt Service due and payable on such Annual Scheduled Payment Date (after giving effect to funding priority set forth in Section 4.2.3 on such Annual Scheduled Payment Date), the Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Debt Service Reserve Account to the Debt Payment Account in an amount sufficient to make up the deficiency in the Debt Payment Account (after making any drawings on an

applicable Acceptable Letter of Credit in accordance with Section 5.2). At any time on or before the third anniversary of the Closing Date, the Issuer may request disbursements to purchase any of the Spare Parts from the Debt Service Reserve Account by submitting a Spare Parts Disbursement Request for such purpose to the Collateral Agent (with a copy to the Depositary Agent) at least 5 Business Days prior to the requested date for such disbursements. Upon receipt of a Spare Parts Disbursement Request and if no Issuer Event of Default has occurred and is continuing at the time the disbursements are made (unless otherwise directed by XLCA (if XLCA is the Controlling Party) pursuant to the Common Agreement), the Collateral Agent shall provide a copy of such Spare Parts Disbursement Request to the Depositary Agent and direct the Depositary Agent to make the disbursements in accordance with such Spare Parts Disbursement Request. If on any Scheduled Payment Date or LOC Substitution Date the aggregate of all Available Debt Service Reserve Funds exceeds the then current Debt Service Reserve Amount, the Collateral Agent shall direct the Depositary Agent to transfer an amount of immediately available funds in Dollars equal to such excess from the Debt Service Reserve Account to the Distribution Account. Account Funds in the Debt Service Reserve Account that are not disbursed in accordance with this Section 4.3.2 shall remain in the Debt Service Reserve Account.

4.4 Intentionally Omitted

4.5 Acquisition Indemnity/Performance LD Reserve Account.

4.5.1 Deposits into the Acquisition Indemnity/Performance LD Reserve Account. All (a) Performance Liquidated Damages (including amounts paid under Section 3.14 of the Common Agreement by the Project Companies to the extent the Rockford II Contractors' and/or the Bayou Cove Contractors' limitation of liability provisions in the applicable

agreements reduced their obligation to pay such Performance Liquidated Damages in full) and (b) Acquisition Indemnity Payments shall be deposited into the Acquisition Indemnity/Performance LD Reserve Account. Other than as set forth in the preceding sentence, no deposits shall be made into the Acquisition Indemnity/Performance LD Reserve Account.

4.5.2 Disbursements from the Acquisition Indemnity/Performance LD Reserve Account. Account Funds in the Acquisition Indemnity/Performance LD Reserve Account shall be used only to pay Scheduled Debt Service on any Annual Scheduled Payment Date. If on any Annual Scheduled Payment Date there are insufficient Account Funds in the Debt Payment Account to pay the Scheduled Debt Service due and payable on such Annual Scheduled Payment Date (after giving effect to funding priority set forth in Section 4.2.3 on such Annual Scheduled Payment Date), the Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Acquisition Indemnity/Performance LD Reserve Account to the Debt Payment Account in an amount sufficient to make up the deficiency in the Debt Payment Account (after making any drawings on an applicable Acceptable Letter of Credit in accordance with Section 5.2). Account Funds in the Acquisition Indemnity/Performance LD Reserve Account that are not disbursed in accordance with this Section 4.5.2 shall remain in the Acquisition Indemnity/Performance LD Reserve Account.

4.6 Distribution Account.

4.6.1 Deposits into the Distribution Account.

(a) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Distribution Account on each Annual Scheduled Payment Date in accordance with Section 4.1.2.

(b) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Excess Cash Flow Account to

the Distribution Account on each Annual Scheduled Payment Date in accordance with Section 4.15.2.

(c) If on any Scheduled Payment Date or LOC Substitution Date the aggregate of all Available Debt Service Reserve Funds exceeds the then current Debt Service Reserve Amount, the Collateral Agent shall direct the Depositary Agent to transfer such excess from the Debt Service Reserve Account to the Distribution Account in accordance with Section 4.3.2.

(d) Other than as set forth in clauses (a) through (c) of this Section 4.6.1, no deposits shall be made into the Distribution Account.

4.6.2 Disbursements from the Distribution Account. Account Funds in the Distribution Account shall either be (a) transferred to the Revenue Account as provided in the last sentence of Section 4.1.2 or (b) subject to the conditions set forth in Section 4.5 of the Common Agreement, used to make Restricted Payments or Tax Distributions in accordance with this Section 4.6.2; provided that any and all Restricted Payments made pursuant to this Section 4.6.2 shall be subject to Section 2.1 of the Parent Agreement. Restricted Payments or Tax Distributions may be made from the Distribution Account only on Annual Scheduled Payment Dates (or within 30 days thereafter (or on such later date to the extent permitted under

Section 4.5 of the Common Agreement)). The Issuer may request that Restricted Payments or Tax Distributions be made from the Distribution Account by submitting a Disbursement Request for such purpose to the Collateral Agent at least 5 Business Days prior to the proposed Restricted Payment Date. Upon receipt of such Disbursement Request and the certificate required to be delivered by the Issuer pursuant to Section 4.5(a)(vii) of the Common Agreement (provided that no such certificate will be required for Tax Distributions), the Collateral Agent shall, unless it receives notice from the Controlling Party under the Common Agreement that such Disbursement Request fails to comply with the requirements set forth in this Agreement and the other Financing Documents, direct the Depositary Agent to withdraw Account Funds from the Distribution Account to make the Restricted Payments or Tax Distributions specified in such Disbursement Request (and shall provide an executed copy of such Disbursement Request to the Depositary Agent as part of such direction) on the proposed Restricted Payment Date so long as each of the conditions set forth in Section 4.5 of the Common Agreement are satisfied as of such Restricted Payment Date. Account Funds in the Distribution Account that are not disbursed in accordance with this Section 4.6.2 by the 30th day following an Annual Scheduled Payment Date shall be transferred to the Revenue Account, or on such later date to the extent permitted in accordance with Section 4.5 of the Common Agreement.

4.7 Loss Proceeds Account.

4.7.1 Deposits into the Loss Proceeds Account.

(a) Each Financing Party shall promptly deposit, or cause to be deposited, the following amounts into the Loss Proceeds Account:

(i) all Casualty Insurance Proceeds;

(ii) all Condemnation Proceeds;

(iii) all Net Peaker Buyout Proceeds;

(iv) any Peaker Buyout Profits remaining after the deposits into the Debt Service Reserve Account and the Major Maintenance Reserve Account in accordance with clause (ii) of the definition of Permitted Peaker Buyout (Peaker Sale/ Project Event of Default); and

(v) any Account Funds in the Revenue

Account in respect of a Project that is subject to a Project Release Event in accordance with Section 7.1.2.

(b) Other than as set forth in clause (a) of this Section 4.7.1, no deposits shall be made into the Loss Proceeds Account.

4.7.2 Disbursements from the Loss Proceeds Account. Account Funds in the Loss Proceeds Account shall not be disbursed other than in accordance with this Section 4.7.2. Account Funds in the Loss Proceeds Account that are not disbursed in accordance with this Section 4.7.2 shall remain in the Loss Proceeds Account.

(a) Casualty Insurance Proceeds.

(i) Promptly upon deposit into the Loss Proceeds Account of any Casualty Insurance Proceeds in an aggregate amount of less than $15,000,000, the Collateral Agent shall direct the Depositary Agent to transfer all or such portion of such Casualty Insurance Proceeds to the affected Project Company required to restore, rebuild or replace the affected Project or part thereof as so certified by a Responsible Officer of the Issuer, in such Responsible Officer's capacity as an officer of the Issuer, to the Collateral Agent (with a copy to the Depositary Agent). Any such Casualty Insurance Proceeds not so disbursed after the completion of the restoration, rebuilding or replacement shall be transferred to the Revenue Account.

(ii) Any Casualty Insurance Proceeds other than those described in clause (i) immediately above shall be applied in accordance with this clause (ii). If such Casualty Insurance Proceeds are with respect to a Significant Casualty Event, the Issuer may apply such Casualty Insurance Proceeds to effect a Permitted Peaker Buyout (Completion / Loss Event) or Peaker Collateralization in order to cure the resulting Issuer Event of Default pursuant to Section 7.1(o)(i) of the Common Agreement. If such Casualty Insurance Proceeds are with respect to a Casualty Event that is not a Significant Casualty Event and the Issuer elects to use such Casualty Insurance Proceeds to restore, rebuild or replace the affected Project or part thereof, the Issuer shall, within 60 days after such Casualty Event, deliver to the Collateral Agent (with a copy to the Depositary Agent) a certificate of a Responsible Officer of the Issuer, in such Responsible Officer's capacity as an officer of the Issuer, stating that (1) such Casualty Event is not a Significant Casualty Event and (2) the Issuer has reasonably determined and certified (and XLCA (if XLCA is the Controlling Party) after consultation with the Independent Engineer has consented thereto or the Independent Engineer (if XLCA is not the Controlling Party) has confirmed the statements set forth in such certificate) that (x) the affected Project or part thereof can be restored, rebuilt or replaced on a commercially feasible basis and (y) such Casualty Insurance Proceeds, together with any other amounts available to Issuer or the applicable Project Company for such purpose under the Financing Documents or otherwise available to the Issuer or such Project Company on terms reasonably satisfactory to XLCA (if XLCA is the Controlling Party), are sufficient to permit the restoration, rebuilding or replacement of the Project or part thereof. If the Issuer delivers such certificate, such Casualty Insurance Proceeds shall be disbursed from the Loss Proceeds Account from time to time in accordance with clause (iii) immediately below. If the Issuer does not deliver such certificate (or XLCA or the Independent Engineer, as applicable, does not consent thereto or confirm the statements therein, as applicable), it shall be an Issuer Event of Default under Section 7.1(o)(i) of the Common Agreement unless the Issuer effects a Permitted Peaker Buyout (Completion / Loss Event) or Peaker Collateralization under Section 7.1(o)(i) of the Common Agreement.

(iii) Casualty Insurance Proceeds to be used to restore, rebuild or replace an affected Project or part thereof as contemplated by clause (ii) immediately above shall be disbursed in accordance with this clause (iii). The Issuer may request disbursements of such Casualty Insurance Proceeds from the Loss Proceeds Account by

submitting a Disbursement Request for such purpose to the Collateral Agent (with a copy to the Depositary Agent) at least 5 Business Days prior to the proposed date of the requested disbursements. Upon receipt of such Disbursement Request, the Collateral Agent shall direct the Depositary Agent to withdraw such Casualty Insurance Proceeds from the Loss Proceeds Account to make the disbursements as and when specified in such Disbursement Request (and shall provide an executed copy of such Disbursement Request to the Depositary Agent as part of such direction) so long as no Issuer Event of Default or, if XLCA is the Controlling Party, Disbursement Project Event of Default (other than any Disbursement Project Event of Default waived by XLCA (if XLCA is the Controlling Party) in connection with its consent to the Issuer's certification as described in clause (ii) immediately above) has occurred and is continuing at the time the disbursements are made. The applicable Project Company shall use such Casualty Insurance Proceeds to restore, rebuild or replace the affected Project or part thereof and shall promptly and diligently restore, rebuild or replace the affected Project or part thereof using the as-built plans and specifications for such Project or part thereof (as modified to give effect to any subsequent modifications to such Project in accordance with the Financing Documents and all applicable Legal Requirements) so as to restore, rebuild or replace such Project or part thereof to substantially the same condition, operation, function and value as existed immediately prior to such Casualty Event. If any Casualty Insurance Proceeds remain after completion of the restoration, rebuilding or replacement, the Collateral Agent shall direct the Depositary Agent to transfer such Casualty Insurance Proceeds to the Revenue Account.

(b) Condemnation Proceeds.

(i) Promptly upon deposit into the Loss Proceeds Account of any Condemnation Proceeds in an aggregate amount of less than $15,000,000, the Collateral Agent shall direct the Depositary Agent to transfer all or such portion of such Condemnation Proceeds to the affected Project Company required to restore, rebuild or replace the affected Project or part thereof as so certified by a Responsible Officer of the Issuer, in such Responsible Officer's capacity as an officer of the Issuer, to the Collateral Agent (with a copy to the Depositary Agent). Any such Condemnation Proceeds not so disbursed after the completion of the restoration, rebuilding or replacement shall be transferred to the Revenue Account.

(ii) Any Condemnation Proceeds other than those described in clause (i) immediately above shall be applied in accordance with this clause (ii). If such Condemnation Proceeds are with respect to a Significant Condemnation Event, the Issuer may apply such Condemnation Proceeds to effect a Permitted Peaker Buyout (Completion / Loss Event) or Peaker Collateralization in order to cure the resulting Issuer Event of Default pursuant to Section 7.1(o)(i) of the Common Agreement. If such Condemnation Proceeds are with respect to a Condemnation Event that is not a Significant Condemnation Event and the Issuer elects to use such Condemnation Proceeds to restore, rebuild or replace the affected Project or part thereof, the Issuer shall, within 60 days after such Condemnation Event, deliver to the Collateral Agent (with a copy to the Depositary Agent) a certificate of a Responsible Officer of the Issuer, in such Responsible Officer's capacity as an officer of the Issuer, stating that (1) such

Condemnation Event is not a Significant Condemnation Event and (2) the Issuer has reasonably determined and certified (and XLCA (if XLCA is the Controlling Party) after consultation with the Independent Engineer has consented thereto or the Independent Engineer (if XLCA is not the Controlling Party) has confirmed the statements set forth in such certificate) that (x) the affected Project or part thereof can be restored, rebuilt or replaced on a commercially feasible

basis and (y) such Condemnation Proceeds, together with any other amounts available to Issuer or the applicable Project Company for such purpose under the Financing Documents or otherwise available to the Issuer or such Project Company on terms reasonably satisfactory to XLCA (if XLCA is the Controlling Party), are sufficient to permit the restoration, rebuilding or replacement of the Project or part thereof. If the Issuer delivers such certificate, such Condemnation Proceeds shall be disbursed from the Loss Proceeds Account from time to time in accordance with clause (iii) immediately below. If the Issuer does not deliver such certificate (or XLCA or the Independent Engineer, as applicable, do not consent thereto or confirm the statements therein, as applicable), it shall be an Issuer Event of Default under Section 7.1(o)(ii) of the Common Agreement unless the Issuer effects a Permitted Peaker Buyout (Completion / Loss Event) or Peaker Collateralization under Section 7.1(o)(i) of the Common Agreement.

(iii) Condemnation Proceeds to be used to restore, rebuild or replace an affected Project or part thereof as contemplated by clause (ii) immediately above shall be disbursed in accordance with this clause (iii). The Issuer may request disbursements of such Condemnation Proceeds from the Loss Proceeds Account by submitting a Disbursement Request for such purpose to the Collateral Agent (with a copy to the Depositary Agent) at least 5 Business Days prior to the proposed date of the requested disbursements. Upon receipt of such Disbursement Request, the Collateral Agent shall direct the Depositary Agent to withdraw such Condemnation Proceeds from the Loss Proceeds Account to make the disbursements as and when specified in such Disbursement Request (and shall provide an executed copy of such Disbursement Request to the Depositary Agent as part of such direction) so long as no Issuer Event of Default or, if XLCA is the Controlling Party, Disbursement Project Event of Default (other than any Disbursement Project Event of Default waived by XLCA (if XLCA is the Controlling Party) in connection with its consent to the Issuer's certification as described in clause (ii) immediately above) has occurred and is continuing at the time the disbursements are made. The Issuer and the applicable Project Company shall use such Condemnation Proceeds to restore, rebuild or replace the affected Project and shall promptly and diligently restore, rebuild or replace the affected Project or part thereof using the as-built plans and specifications for such Project (as modified to give effect to any subsequent modifications to such Project in accordance with the Financing Documents and all applicable Legal Requirements) so as to restore, rebuild or replace such Project or part thereof to substantially the same condition, operation, function and value as existed immediately prior to such Condemnation Event. If any Condemnation Proceeds remain after completion of the restoration, rebuilding or replacement, the Collateral Agent shall direct the Depositary Agent to transfer such Condemnation Proceeds to the Revenue Account.

(c) Net Peaker Buyout Proceeds and Peaker Buyout Profits. The Issuer shall deposit into the Loss Proceeds Account (i) any Net Peaker Buyout Proceeds received in connection with a Permitted Peaker Buyout and (ii) any Peaker Buyout Profits remaining following the deposits into the Debt Service Reserve Account and the Major Maintenance Reserve Account pursuant to clause (ii) of the definition of Permitted Peaker Buyout (Peaker Sale / Project Event of Default). The Depositary Agent shall transfer any Account Funds in the Revenue Account in respect of a Project to the Loss Proceeds Account in accordance with Section 7.1.2. Upon any such deposit, the Collateral Agent shall direct the Depositary Agent to transfer such Net Peaker Buyout Proceeds, Peaker Buyout Profits or the Account Funds, pro rata, to the Trustee for application to the prepayment of Bonds in accordance with Section 12 of the Indenture and to the Swap Counterparty for payment of any Swap Breakage Costs in accordance with Section 15 of the Swap Agreement.

4.8 Completion Account. Account Funds in the Completion Account shall be used only (i) to make payments for the purpose of effectuating Completion of the Rockford II Project or the Bayou Cove Project or (ii) to pay for any costs, damages or other liabilities in connection with the Bayou Cove EPC Agreement (Electric Interconnection Facility). The Issuer may request disbursements of Account Funds from the Completion Account by submitting a

Disbursement Request for such purpose to the Collateral Agent (with a copy to the Depositary Agent) at least 5 Business Days prior to the proposed date of the requested disbursements specifying the disbursements to be made. Upon receipt of such Disbursement Request ,the Collateral Agent shall direct the Depositary Agent to withdraw such Account Funds from the Completion Account to make the disbursements as and when specified in such Disbursement Request (and shall provide an executed copy of such Disbursement Request to the Depositary Agent as part of such direction) so long as no Issuer Event of Default has occurred and is continuing at the time the disbursements are made. The Collateral Agent shall direct the Depositary Agent to disburse Account Funds remaining on deposit in the Completion Account following the Completion of the Rockford II Project and the Bayou Cove Project to NRG Energy or any Affiliate thereof as directed by the Issuer.

4.9 Peaker Collateralization Account. If the Issuer elects to effect a Peaker Collateralization, the Issuer shall deposit the amount described in the definition thereof into the Peaker Collateralization Account. The Issuer may at any time replace cash on deposit in the Peaker Collateralization Account with an Acceptable Letter of Credit. Account Funds in the Peaker Collateralization Account shall be applied solely in connection with an exercise of remedies by the Collateral Agent following the occurrence and during the continuation of an Issuer Event of Default. If (a) the event for which the Issuer effected a Peaker Collateralization is cured or waived or (b) the Issuer elects not to continue such Peaker Collateralization in respect of such event, as evidenced by a certificate of a Responsible Officer of the Issuer delivered to the Collateral Agent, the Collateral Agent shall instruct the Depositary Agent to disburse the related Account Funds (or any Acceptable Letter of Credit held in lieu thereof) on deposit in the Peaker Collateralization Account to NRG Energy or any Affiliate thereof as directed by the Issuer, provided, however, that at the time of such disbursement no Issuer Event of Default shall have occurred and be continuing.

4.10 Major Maintenance Reserve Account.

4.10.1 Deposits into the Major Maintenance Reserve Account.

(a) On the Closing Date, the Issuer shall deliver to the Depositary Agent for credit to the Major Maintenance Reserve Account an amount equal to $1,647,127. In connection with any Permitted Peaker Buyout (Peaker Sale/Project Event of Default), the Issuer shall deliver, or cause to be delivered, to the Depositary Agent for credit to the Major Maintenance Reserve Account, the amount of funds required to be deposited into the Major Maintenance Reserve Account pursuant to clause (ii) of the definition of Permitted Peaker Buyout (Peaker Sale/Project Event of Default). The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Major Maintenance Reserve Account on each Annual Scheduled Payment Date in accordance with Section 4.1.2.

(b) Other than as set forth in clause (a) of this Section 4.10.1, no deposits shall be made into the Major Maintenance Reserve Account.

4.10.2 Disbursements from the Major Maintenance Reserve Account. Account Funds in the Major Maintenance Reserve Account shall either be used to (i) make a Major Maintenance Payment on each Designated Monthly Date in accordance with the Annual Operations Budget and the Common Agreement or (ii) pay Scheduled Debt Service on any Annual Scheduled Payment Date. The Issuer may request disbursements of such Major Maintenance Payment from the Major Maintenance Reserve Account by submitting a Disbursement Request for such purpose to the Collateral Agent (with a copy to the Depositary Agent) at least 3 Business Days prior to such Designated Monthly Date. Upon receipt of such Disbursement Request and if no Issuer Event of Default has occurred and is continuing at the time the disbursements are made (unless otherwise directed by XLCA (if XLCA is the Controlling Party) pursuant to the Common Agreement), the

Collateral Agent shall provide a copy of such Disbursement Request to the Depositary Agent and direct the Depositary Agent to make the disbursements in accordance with such Disbursement Request. If on any Annual Scheduled Payment Date there are insufficient Account Funds in the Debt Payment Account to pay the Scheduled Debt Service due and payable on such Annual Scheduled Payment Date (after giving effect to funding priority set forth in Section 4.2.3 on such Annual Scheduled Payment Date), the Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Major Maintenance Reserve Account (prior to making any disbursements for the Major Maintenance Reserve Payment payable on such Annual Scheduled Payment Date) to the Debt Payment Account in an amount sufficient to make up the deficiency in the Debt Payment Amount. Account Funds in the Major Maintenance Reserve Account that are not disbursed in accordance with this Section 4.10.2 shall remain in the Major Maintenance Reserve Account. In the event that the Independent Engineer determines that the Major Maintenance Reserve Account is overfunded and such over funding is greater than $500,000 pursuant to Section 2.7(d) of the Common Agreement, such excess Account Funds shall be disbursed to the Revenue Account within 15 days following the date of such determination.

4.11 Corporate Services Payment Account.

4.11.1 Deposits into the Corporate Services Payment Account.

(a) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Corporate Services Payment Account on each Annual Scheduled Payment Date in an amount equal to the Corporate Services Annual Fee and the Corporate Services Accumulation Amount in accordance with Section 4.1.2.

(b) Other than as set forth in clause (a) of this Section 4.11.1, no deposits shall be made into the Corporate Services Payment Account.

4.11.2 Disbursements from the Corporate Services Payment Account. Account Funds in the Corporate Services Payment Account shall only be used to make the Corporate Services Payment in accordance with the Corporate Services Agreement on each Annual Scheduled Debt Payment Date; provided that any and all Corporate Services Payments made under this Section 4.11.2 shall be subject to Section 2.1 of the Parent Agreement. The Issuer may request that a Corporate Services Payment that is due and payable on an Annual Scheduled Debt Payment Date be made from the Corporate Services Payment Account by submitting a Disbursement Request for such purpose to the Collateral Agent at least 5 Business Days prior to the Annual Scheduled Debt Payment Date. Upon receipt of such Disbursement Request and if no Issuer Event of Default has occurred and is continuing at the time the disbursements are made (unless otherwise directed by XLCA (if XLCA is the Controlling Party) pursuant to the Common Agreement), the Collateral Agent shall provide a copy of such Disbursement Request to the Depositary Agent and direct the Depositary Agent to make the disbursements in accordance with such Disbursement Request. Account Funds in the Corporate Services Payment Account that are not disbursed in accordance with this Section 4.11.2 shall remain in the Corporate Services Payment Account.

4.12 Operating Accounts.

4.12.1 Deposits into the Operating Accounts.

(a) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Operating Account of each Project Company on each Designated Monthly Date in accordance with Section 4.1.2.

(b) Other than as set forth in clause (a) of this Section 4.12.1, no deposits shall be made into the Operating Accounts.

4.12.2 Disbursements from the Operating Accounts.

(a) Account Funds in the Operating Account of each Project Company shall only be used by each Project Company to make payments for Total O&M Expenses in accordance with the Annual Operations Budget and the Common Agreement; provided, that no Issuer Event of Default has occurred and is continuing at the time the disbursements are made (unless otherwise directed by XLCA (if XLCA is the Controlling Party) pursuant to the Common

Agreement). Account Funds in the Operating Accounts that are not disbursed in accordance with this Section 4.12.2 shall remain in such Operating Accounts.

4.13 Fuel Accounts.

4.13.1 Deposits into the Fuel Accounts.

(a) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Fuel Account of each Project Company on each Designated Monthly Date in accordance with Section 4.1.2.

(b) Other than as set forth in clause (a) of this Section 4.13.1, no deposits shall be made into the Fuel Accounts.

4.13.2 Disbursements from the Fuel Accounts. Account Funds in the Fuel Account of each Project Company shall only be used by each Project Company to make payments for Energy Transaction Costs pursuant to the Project Company's Energy Marketing Services Agreement, provided that no Issuer Event of Default has occurred and is continuing at the time the disbursements are made (unless otherwise directed by XLCA (if XLCA is the Controlling Party) pursuant to the Common Agreement). Account Funds in the Fuel Accounts that are not disbursed in accordance with this Section 4.13.2 shall remain in such Fuel Accounts.

4.14 NRG Claim Settlement Account.

4.14.1 Deposits into the NRG Claim Settlement Account.

(a) The Collateral Agent shall deposit all amounts received pursuant to Section 2.6 of the Parent Agreement in the NRG Claim Settlement Account.

(b) Other than as set forth in clause (a) of this Section 4.14.1, no deposits shall be made into the NRG Claim Settlement Account.

4.14.2 Disbursements from the NRG Claim Settlement Account. The Acceptable Letter of Credit in the NRG Claim Settlement Account shall be used only to pay Scheduled Debt Service on any Annual Scheduled Payment Date. If on any Annual Scheduled Payment Date there are not sufficient Account Funds in the Debt Payment Account to pay the Scheduled Debt Service due and payable on such Annual Scheduled Payment Date (after giving effect to funding priority set forth in Section 4.2.3 on such Annual Scheduled Payment Date), the Collateral Agent shall draw on the Acceptable Letter of Credit in the NRG Claim Settlement Account in an amount sufficient to make up such deficiency and direct the Depositary Agent to transfer such amount to the Debt Payment Account. The Acceptable Letter of Credit in the NRG Claim Settlement Account that are not disbursed in accordance with this Section 4.14.2 shall remain in the NRG Claim Settlement Account.

4.15 Excess Cash Flow Account.

4.15.1 Deposits into the Excess Cash Flow Account.

(a) The Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Revenue Account to the Excess Cash Flow Account on each Annual Scheduled Payment Date in accordance with Section 4.1.2.

(b) Other than as set forth in clause (a) of this Section 4.15.1, no deposits shall be made into the Excess Cash Flow Account.

4.15.2 Disbursements from the Excess Cash Flow Account. Account Funds in the Excess Cash Flow Account shall first be used to pay Scheduled Debt Service on any Annual Scheduled Payment Date. If on any Annual Scheduled Payment Date there are insufficient Account Funds in the Debt Payment Account to pay the Scheduled Debt Service due and payable on such Annual Scheduled Payment Date (after giving effect to funding priority set forth in Section 4.2.3 on such Annual Scheduled Payment Date), the Collateral Agent shall direct the Depositary Agent to transfer Account Funds from the Excess Cash Flow Account to the Debt Payment Account in an amount sufficient to make up the deficiency in the Debt Payment Amount. 50% of any Account Funds remaining in the Excess Cash Flow Account after making Scheduled Debt Service Payment on such Annual Scheduled Payment Date may be disbursed to the Distribution Account if the Distribution Test shall have been met for each of the previous 3 Determination Periods ending on the Determination Date immediately prior to such Annual Scheduled Payment Date. The remaining 50% of such Account Funds may be disbursed on the next Annual Scheduled Payment Date only if the Distribution Test is met on the Determination Date immediately prior to such next Annual Scheduled Payment Date. The Issuer may request that Account Funds in the Excess Cash Flow Account be disbursed to the Distribution Account by submitting a Disbursement Request for such purpose to the Collateral Agent at least 5 Business Days prior to any Annual Scheduled Payment Date. Upon receipt of such Disbursement Request and if no Issuer Event of Default has occurred and is continuing at the time the disbursement is to be made (unless otherwise directed by XLCA (if XLCA is the Controlling Party) pursuant to the Common Agreement), the Collateral Agent shall provide a copy of such Disbursement Request to the Depositary Agent and direct the Depositary Agent to make the disbursement from the Excess Cash Flow Account to the Distribution Account in accordance with such Disbursement Request. Account Funds in the Excess Cash Flow Account that are not disbursed in accordance with this Section 4.15.2 shall remain in the Excess Cash Flow Account.

4.16 EMS Letter of Credit Account.

4.16.1 Deposits into the EMS Letter of Credit Account.

(a) The Collateral Agent shall deposit all letters of credit received pursuant to the Energy Marketing Services Agreements in the EMS Letter of Credit Account.

(b) Other than as set forth in clause (a) of this Section 4.16.1, no deposits shall be made into the EMS Letter of Credit Account.

4.16.2 Disbursements from the EMS Letter of Credit Account. Any drawing on the letter of credit in the EMS Letter of Credit Account shall be used only to pay Scheduled Debt Service on any Annual Scheduled Payment Date. Upon the satisfaction of the conditions to draw on the letter of credit in the EMS Letter of Credit Account pursuant to the Energy Marketing Services Agreements, the Collateral Agent shall draw on such letter of credit and deposit the amount so drawn in the EMS Letter of Credit Account. If on any Annual Scheduled Payment Date there are not sufficient Account Funds in the Debt

Payment Account to pay the Scheduled Debt Service due and payable on such Annual Scheduled Payment Date (after giving effect to funding priority set forth in Section 4.2.3 on such Annual Scheduled Payment Date), the Collateral Agent shall direct the Depositary Agent to transfer Account Funds in the EMS Letter of Credit Account in an amount sufficient to make up such deficiency to the Debt Payment Account. The letter of credit and Account Funds in the EMS Letter of Credit Account that are not disbursed in accordance with this Section 4.16.2 shall remain in the EMS Letter of Credit Account.

ARTICLE V.
PERMITTED INVESTMENTS; ACCEPTABLE LETTERS OF CREDIT

5.1 Permitted Investments.

5.1.1 Making of Permitted Investments. Cash held in the Accounts shall be invested and reinvested in Permitted Investments by the Depositary Agent, which shall make such Permitted Investments (a) when no Issuer Event of Default has occurred and is continuing, at the written direction of the Issuer, and (b) when an Issuer Event of Default has occurred and is continuing, at the written direction of XLCA (if XLCA is the Controlling Party). If there is no direction from the Issuer or XLCA (if XLCA is the Controlling Party), any cash held in any Account shall be deposited in the Cash Reserve Account at The Bank of New York, an interest bearing demand cash account at the Depositary Agent. The Depositary Agent shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment instructions, and in no event shall the Depositary Agent be liable for the selection of Permitted Investments or for investment losses, if any, incurred thereon. Any and all commissions, broker fees or other charges, penalties, fees or expenses incurred in connection with the investment in, or liquidation of, any Permitted Investment shall be solely for the account of the Issuer, and shall be debited against the cash balance in the applicable Account.

5.1.2 Liquidation of Permitted Investments. The Depositary Agent shall sell or liquidate all or any portion of the Permitted Investments held in any Account at any time the proceeds thereof are required to make any disbursement from such Account in accordance with the terms of this Agreement. Unless the Depositary Agent is otherwise instructed by the Collateral Agent, any such sale or liquidation shall be in the order of maturity of the applicable Permitted Investments, with Permitted Investments closest to maturity being sold or liquidated first. In no event shall the Depositary Agent be liable for any losses incurred as a result of the liquidation of any Permitted Investment prior to its stated maturity (including, without limitation, any early withdrawal or liquidation penalty) or the failure of any Person to provide timely written investment instructions.

5.1.3 Crediting of Permitted Investments; Earnings. Each Permitted Investment and the net proceeds of the sale or liquidation thereof shall be held in the same Account from which the cash was taken to purchase such Permitted Investment. All earnings on Permitted Investments shall be transferred to the Revenue Account.

5.1.4 Further Assurances. The Issuer shall take or cause to be taken all actions reasonably requested by the Collateral Agent that are necessary to perfect the security interests in the Permitted Investments created or purported to be created hereby.

5.2 Acceptable Letters of Credit: EMS Letter of Credit.

5.2.1 Posting of Acceptable Letters of Credit. The Issuer may satisfy its obligation to make or maintain a deposit of Account Funds in the Debt Service Reserve Account, the Acquisition Indemnity/Performance LD Reserve Account, the Peaker Collateralization Account and the NRG Claim Settlement Account or to make or maintain a Cash Collateral Deposit pursuant to the Parent Agreement by posting an Acceptable Letter of Credit in lieu thereof. Except as

provided in Section 4.3.2, if after giving effect to the posting of any such Acceptable Letter of Credit the amount of Account Funds in the applicable Account or Cash Collateral Deposit in the applicable Cash Collateral Account, as the case may be, exceeds the amount required to be maintained on deposit therein pursuant to this Agreement or the Parent Agreement, the Collateral Agent shall direct to the Depositary Agent to disburse an amount of immediately available funds in Dollars equal to such excess from such Account or Cash Collateral Account to NRG Energy or any Affiliate thereof as directed by the Issuer.

5.2.2 Drawings on Acceptable Letters of Credit or EMS Letter of Credit. At any time when an Acceptable Letter of Credit or the EMS Letter of Credit is outstanding for an Account or a Cash Collateral Account, the Collateral Agent shall request drawings under such Acceptable Letter of Credit or the EMS Letter of Credit as follows:

(a) if on any date there are insufficient funds in such Account or Cash Collateral Account to make the disbursements required to be made therefrom in accordance with this Agreement or the Parent Agreement, the Collateral Agent shall request a drawing under such Acceptable Letter of Credit in an amount equal to such deficiency;

(b) if the Collateral Agent receives a notice from the issuer of an Acceptable Letter of Credit or the EMS Letter of Credit that such Acceptable Letter of Credit or the EMS Letter of Credit will terminate on a specified date and the Issuer or NRG Energy, as the case may be, does not provide to the Collateral Agent, at least 5 Business Days prior to the termination date set forth in the termination notice or at least 15 Business Days with respect to the EMS Letter of Credit, a replacement Acceptable Letter of Credit, the replacement EMS Letter of Credit and/or immediately available funds in Dollars in an amount (the "Replacement Amount") sufficient to achieve the balance required to be maintained in such Account or Cash Collateral Account pursuant to this Agreement, the Energy Marketing Services Agreement or the Parent Agreement, the Collateral Agent shall, prior to such termination date, request a drawing under such Acceptable Letter of Credit or the EMS Letter of Credit in an amount equal to the lesser

of (i) the then current Stated Amount of such Acceptable Letter of Credit or the EMS Letter of Credit and (ii) the Replacement Amount;

(c) if the Issuer or NRG Energy, as the case may be, has not provided to the Collateral Agent, at least 15 days prior to the scheduled expiration date of such Acceptable Letter of Credit or the EMS Letter of Credit, a replacement Acceptable Letter of Credit or the replacement EMS Letter of Credit, as applicable, and/or immediately available funds in Dollars in an amount equal to the then current Replacement Amount, the Collateral Agent shall promptly request a drawing under such Acceptable Letter of Credit or the EMS Letter of Credit in an amount equal to the lesser of (i) the then current Stated Amount of such Acceptable Letter of Credit or the EMS Letter of Credit and (ii) such Replacement Amount; and

(d) if the Collateral Agent obtains notice that the long-term debt rating of the issuer of such Acceptable Letter of Credit or the EMS Letter of Credit has fallen below A2 as determined by Moody's or A as determined by S&P and the Issuer or NRG Energy, as the case may be, does not provide to the Collateral Agent, prior to the date which is 30 days after the date of such ratings decrease, a replacement Acceptable Letter of Credit, the replacement EMS Letter of Credit and/or immediately available funds in Dollars in an amount equal to the then current Replacement Amount, the Collateral Agent shall promptly request a drawing under such Acceptable Letter of

Credit or the EMS Letter of Credit in an amount equal to the lesser of (i) the then current Stated Amount of such Acceptable Letter of Credit or the EMS Letter of Credit and (ii) such Replacement Amount.

The Collateral Agent shall deposit the proceeds of drawings under an Acceptable Letter of Credit or the EMS Letter of Credit into the Account or Cash Collateral Account for such Acceptable Letter of Credit or the EMS Letter of Credit is posted.

5.2.3 Priority of Funding Sources. Unless otherwise directed in writing by the Issuer, the Collateral Agent shall first apply amounts on deposit in an Account or a Cash Collateral Account prior to drawing on any Acceptable Letter of Credit or the EMS Letter of Credit posted therefor. On any date on which a drawing under an Acceptable Letter of Credit or the EMS Letter of Credit posted for an Account may otherwise be made pursuant to clause (b), (c) or (d) of Section 5.2.2, the Collateral Agent shall, upon the written request of the Issuer, direct the Depositary Agent to first transfer Account Funds (if any) from the Distribution Account to such Account in an amount equal to the lesser of (i) the amount of such proposed drawing and (ii) the amount of Account Funds in the Distribution Account on such date.

ARTICLE VI.
DEPOSITARY AGENT

6.1 Appointment; Powers and Immunities. The Collateral Agent hereby appoints and authorizes the Depositary Agent to act as depositary agent hereunder with such powers as are expressly delegated to the Depositary Agent by the terms of this Agreement. The Depositary Agent hereby accepts such appointment and each Financing Party hereby acknowledges such appointment. The Depositary Agent shall not have any duties or responsibilities except those

expressly set forth in this Agreement, nor shall it be a trustee or a fiduciary for any Financing Party or any Secured Party. Notwithstanding anything to the contrary contained herein, the Depositary Agent shall not be required to take any action which is contrary to this Agreement or any other Financing Document or any Legal Requirement or which exposes the Depositary Agent to any liability. The Depositary Agent and its directors, officers, employees and agents shall not be responsible or held liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct. The Depositary Agent may employ agents, custodians, nominees and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents, custodians, nominees or attorneys-in-fact selected by it with reasonable care. Except as otherwise provided under this Agreement, the Depositary Agent shall take only such action with respect to the Accounts and Account Funds as shall be directed by the Collateral Agent. None of the provisions of this Agreement shall require the Depositary Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

6.2 Reliance by Depositary Agent. The Depositary Agent shall be fully entitled to conclusively rely upon any certificate, notice, resolution, statement, instrument, opinion, report, request, consent, order, approval or other paper or document (including facsimile) believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Depositary Agent. The Depositary Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, entitlement order, approval or other paper or document. Whenever in the administration of the provisions of this Agreement the Depositary Agent shall deem it necessary or desirable that a matter be proved or

established prior to taking or suffering any action to be taken hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the Depositary Agent, be deemed to be conclusively proved and established by a certificate signed by a Responsible Officer of any Financing Party or the Collateral Agent, and delivered to the Depositary Agent and such certificate, in the absence of gross negligence or bad faith on the part of the Depositary Agent, shall be full warrant to the Depositary Agent for any action taken, suffered or omitted by it under the provisions of this Agreement upon the faith thereof. As to any other matters not expressly provided for by this Agreement, the Depositary Agent shall not be required to take any action or exercise any discretion, but shall be required to act or to refrain from acting upon instructions of the Collateral Agent (except the Depositary Agent shall not be required to take any action which exposes the Depositary Agent to personal liability or which is contrary to this Agreement, any other Financing Document or any Legal Requirement) and shall in all cases be fully protected in acting, or in refraining from acting, hereunder in accordance with the instructions of the Collateral Agent. The Depositary Agent shall not be deemed to have knowledge or notice of the occurrence of any Issuer Inchoate Default, Issuer Event of Default, Project Event of Default or Project Inchoate Default unless a Responsible Officer of the Depositary Agent has received a written notice from the Collateral Agent or a Financing Party, referring to this Agreement, describing such Issuer Inchoate Default, Issuer Event of Default, Project Event of Default or Project Inchoate Default and indicating that such written notice is a

notice of default. In addition, the Depositary Agent may conclusively rely, as to the correctness of the mathematical calculations and any dollar amounts set forth in any Disbursement Request or contained in any other instructions, directions and certificates, and need not confirm or investigate the accuracy of such mathematical calculations, dollar amounts or other facts stated therein.

6.3 Indemnification. The Issuer assumes all liabilities for, and agrees to indemnify, protect, save and keep harmless the Depositary Agent and its successors, assigns, agents, attorneys and servants from and against, any and all claims, liabilities, obligations, losses, damages, penalties, costs and reasonable expenses that may be imposed on, incurred by, or asserted against, at any time, the Depositary Agent and in any way relating to or arising out of the execution, delivery and performance of this Agreement, the establishment of the Accounts, the acceptance of deposits, the purchase or sale of Permitted Investments, the retention of cash and Permitted Investments or the proceeds thereof, draws on an Acceptable Letter of Credit and any payment, transfer or other application of cash, Permitted Investments or the proceeds of draws on an Acceptable Letter of Credit by the Depositary Agent in accordance with the provisions of this Agreement, or as may arise by reason of any act, omission or error of the Depositary Agent made in good faith in the conduct of its duties; except that the Issuer shall not be required to indemnify, protect, save and keep harmless the Depositary Agent against its own gross negligence or willful misconduct. The indemnities contained in this Section 6.3 shall survive the termination of this Agreement or removal or resignation of the Depositary Agent.

6.4 Resignation and Removal.

6.4.1 Resignation. The Depositary Agent may at any time resign by giving notice to each other party to this Agreement, such resignation to be effective upon the appointment of a successor depositary agent as provided below. The Collateral Agent (upon the direction of the Controlling Party) may remove the Depositary Agent at any time by giving written notice to each other party to this Agreement, such removal to be effective upon the appointment of a successor depositary agent as provided below.

6.4.2 Removal. In the event of any resignation or removal of the Depositary Agent, a successor depositary agent, which shall be a bank or trust company organized under the laws of the United States of America or of the

State of New York, having a corporate trust office in New York City and capital and surplus of not less than $50,000,000, shall be promptly appointed by the Collateral Agent with (so long as no Issuer Event of Default has occurred and is continuing) the approval of Issuer. If a successor depositary agent shall not have been appointed and accepted its appointment as depositary agent within 45 days after such notice of resignation of the Depositary Agent or such notice of removal of the Depositary Agent, the Depositary Agent, the Collateral Agent or any Financing Party may apply (at the sole cost and expense of the Issuer) to any court of competent jurisdiction to appoint a successor depositary agent to act until such time, if any, as a successor depositary agent shall have accepted its appointment as provided above. A successor depositary agent so appointed by such court shall immediately and without further act be superseded by any successor depositary agent appointed by the Collateral Agent as provided above. Any successor depositary agent shall be capable of acting as a "securities intermediary" (within the meaning of Section 8-102(14) of the UCC) and a "bank" (within the meaning of Section 9-102(a)(8) of the UCC) and shall promptly deliver to each party

to this Agreement a written instrument accepting such position and thereupon such successor depositary agent shall succeed to all the rights and duties of the Depositary Agent, and release the Depositary Agent from its obligations, under this Agreement and shall be entitled to receive the Accounts and the Account Funds from the Depositary Agent upon executing a security deposit agreement substantially in the form of this agreement.

6.4.3 Transfer of Funds. Upon the replacement of the Depositary Agent hereunder, all Account Funds in the Accounts shall be transferred to the successor depositary agent. In the event of the resignation or removal of the Depositary Agent, the Depositary Agent shall be entitled to its fees and expenses in accordance with the terms hereof up to the time such resignation or removal becomes effective in accordance with this Section 6.4.

6.5 Directions to Depositary Agent. All written directions and instructions (which may be provided by facsimile transmission) by the Issuer and the Collateral Agent to the Depositary Agent pursuant to this Agreement shall be executed by an authorized signatory (each, an "Authorized Signatory") of the Issuer or the Collateral Agent, as applicable. No Person shall be deemed to be an Authorized Signatory of the Issuer unless such person is named on a certificate of incumbency delivered to the Depositary Agent on the Closing Date or is otherwise named in a written notice signed by an Authorized Signatory and delivered by the Issuer to the Depositary Agent at any time subsequent to the Closing Date. All directions, orders and other instructions provided by the Collateral Agent to the Depositary Agent hereunder shall be in writing.

6.6 Payment of Fees and Expenses to Depositary Agent. The Issuer covenants and agrees to pay to the Depositary Agent from time to time, or, if the Issuer fails to make such payment, the Depositary Agent may reimburse itself for from the Revenue Account, and the Depositary Agent shall be entitled to, the fees and expenses agreed in writing between the Issuer and the Depositary Agent, and will further pay or reimburse the Depositary Agent, or, if the Issuer fails to make such payment, the Depositary Agent may reimburse itself from the Revenue Account, upon its request for all expenses, disbursements and advances incurred or made by the Depositary Agent in accordance with any of the provisions hereof or any other documents executed in connection herewith (including the reasonable compensation and the reasonable expenses and disbursements of its counsel and of all persons not regularly in its employ). The obligations of the Issuer under this Section 6.6 to compensate the Depositary Agent and to pay or reimburse the Depositary Agent for reasonable expenses, disbursements and advances shall survive the satisfaction and discharge of this Agreement or the earlier resignation or removal of the Depositary Agent.

ARTICLE VII.
MISCELLANEOUS

7.1 Termination and Release.

7.1.1 Termination. The rights and powers granted herein to the Collateral Agent have been granted in order to, among other things, perfect its security interest in the Accounts and Account Funds, are powers coupled with an interest, and will be affected neither by the bankruptcy of any Financing Party nor by the lapse of time. Except as otherwise provided

herein, the obligations of the Depositary Agent hereunder shall continue in effect until the security interest of the Collateral Agent in the Accounts and Account Funds have been terminated pursuant to the terms of this Agreement and the other Financing Documents and the Collateral Agent has notified the Depositary Agent of such termination in writing. When the Common Agreement has expired or has otherwise earlier terminated and all Obligations have been paid or satisfied in full in cash, all right, title and interest of the Collateral Agent in the Accounts and Account Funds shall revert to the Financing Parties. At such time, the Collateral Agent shall direct the Depositary Agent to, and upon such direction the Depositary Agent shall, pay any Account Funds (including Permitted Investments) then remaining in the Accounts to the Issuer. No termination of any Secured Party's interest hereunder shall affect the rights of any other Secured Party hereunder.

7.1.2 Release. Upon the occurrence of a Project Release Event with respect to a Project, the applicable Project Company shall be released from its obligations hereunder and the Collateral Agent shall direct the Depositary Agent to transfer any Account Funds then remaining in the Revenue Account in respect of such Project (after giving effect to all payments required to be made in connection with such Project Release Event under the Financing Documents) to the Loss Proceeds Account to be disbursed in accordance with Section 4.7.2(c). The Collateral Agent and the Depository Agent agree to execute such documents and take such other actions as are reasonably requested by, and at the expense of, the Issuer to effect or evidence the releases described in this Section 7.1.2.

7.2 Notices. Any communications between the parties hereto or notices provided herein to be given may be given to the following addresses:

If to the Collateral Agent:
The Bank of New York
101 Barclay Street, Floor 8 West
New York, NY 10286
Attention: Corporate Trust Administration
Telephone No.: (212) 815-4816
Facsimile No.: (212) 815-5707

If to the Issuer:
901 Marquette Avenue
Suite 2300
Minneapolis, Minnesota 55402
Attn: General Counsel
Telephone No.: (612) 373-5300
Telecopy No.: (612) 373-5392

with a copy to:

Kirkland & Ellis LLP
153 East 53rd Street
New York, New York 10022
Attention: Lisa M. Anastos
Telephone No.: (212) 446-4761
Telecopy No.: (212) 446-4900

If to any Project Company:	901 Marquette Avenue Suite 2300 Minneapolis, Minnesota 55402 Attn: General Counsel Telephone No.: (612) 373-5300 Telecopy No.: (612) 373-5392
	with a copy to:
	Kirkland & Ellis LLP 153 East 53rd Street New York, New York 10022 Attention: Lisa M. Anastos Telephone No.: (212) 446-4761 Telecopy No.: (212) 446-4900
If to the Depositary Agent:	The Bank of New York 101 Barclay Street, Floor 8 West New York, NY 10286 Attention: Corporate Trust Administration Telephone No.: (212) 815-4816 Facsimile No.: (212) 815-5707

All notices, directions or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery service (including Federal Express, UPS, ETA, Emery, DHL, AirBorne and other similar overnight delivery services), (c) in the event overnight delivery services are not readily available, if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, (d) if sent by prepaid telegram or by facsimile or (e) if sent by other electronic means (including electronic mail) confirmed by facsimile or telephone (provided that notices in the form described in clause (e) shall not be considered properly given to the extent such notice is provided to the Collateral Agent or the Depositary Agent). Notice so given shall be effective upon receipt by the addressee, except that communication or notice so transmitted by facsimile or other direct electronic means shall be deemed to have been validly and effectively given on the day (if a Business Day and, if not, on the next following Business Day) on which it is transmitted if transmitted before 4:00 p.m., recipient's time, and if transmitted after that time, on the next following Business Day; provided, however, that if any

notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States by giving of 30 days' notice to the other parties in the manner set forth above.

7.3 Benefit of Agreement. Nothing in this Agreement, expressed or implied, shall give or be construed to give to any Person other than the parties hereto and the Secured Parties any legal or equitable right, remedy or claim under this Agreement, or under any covenants and provisions of this Agreement, each such covenant and provision being for the sole benefit of the parties hereto and the Secured Parties.

7.4 Delay and Waiver. No failure or delay by the Collateral Agent or the Depositary Agent in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce any such right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent and the Depositary Agent hereunder are cumulative and are not exclusive of any

rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Financing Party therefrom shall in any event be effective unless the same shall be permitted by Section 7.5, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

7.5 Amendments. This Agreement may not be terminated, amended, amended and restated, supplemented or otherwise modified, except pursuant to a writing signed by each of the parties hereto.

7.6 Governing Law. This Agreement, including all matters of construction, validity and performance and the creation, validity, enforcement or priority of the lien of, and security interests created by, this Agreement in or upon the Accounts and Account Funds shall be governed by the laws of the State of New York, without reference to conflicts of law (other than Section 5-1401 of the New York General Obligations Law), except as required by mandatory provisions of law and except to the extent that the validity or perfection of the lien and security interests hereunder, or remedies hereunder, in respect of any particular Account are governed by the laws of a jurisdiction other than the State of New York. Regardless of any provision herein or in any other agreement, for purposes of the UCC, the "securities intermediary's jurisdiction and the "bank's jurisdiction" of the Depositary Agent with respect to the Accounts is the State of New York.

7.7 Consent to Jurisdiction. The Collateral Agent, the Depositary Agent and each Financing Party agree that any legal action or proceeding by or against any Financing Party or with respect to or arising out of this Agreement may be brought in or removed to the courts of the State of New York, in and for the County of New York, or of the United States of America for the Southern District of New York, as the Collateral Agent may elect. By execution and delivery of this Agreement, the Collateral Agent, the Depositary Agent and each Financing Party accept, for themselves and in respect of their property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Collateral Agent, the Depositary Agent and each Financing Party irrevocably consent to the service of process out of any of the aforementioned

courts in any manner permitted by law. Nothing herein shall affect the right of the Collateral Agent or the Depositary Agent to bring legal action or proceedings in any other competent jurisdiction. The Collateral Agent, the Depositary Agent and each Financing Party hereby waive any right to stay or dismiss any action or proceeding under or in connection with this Agreement brought before the foregoing courts on the basis of forum non conveniens.

7.8 WAIVER OF JURY TRIAL. EACH FINANCING PARTY, THE DEPOSITARY AGENT AND THE COLLATERAL AGENT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY FINANCING PARTY, THE DEPOSITARY AGENT OR THE COLLATERAL AGENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO THIS AGREEMENT.

7.9 Severability. The provisions of this Agreement are severable, and if any clause or provision shall be held invalid or unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

7.10 Headings. Article and Section headings have been inserted in this Agreement as a matter of convenience for reference only and it is agreed that such article and section headings are not parts of this Agreement and shall not be used in the interpretation of any provision of this Agreement.

7.11 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided that (a) no Financing Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Collateral Agent (in accordance with Section 9.2 of the Common Agreement) or as otherwise expressly permitted by the Financing Documents and (b) the Depositary Agent may only assign or otherwise transfer any of its rights or obligations hereunder in accordance with the terms of this Agreement (including Article VI).

7.12 Entire Agreement. This Agreement and any agreement, document or instrument attached hereto or referred to herein among the parties hereto integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings in respect of the subject matter hereof.

7.13 Consequential Damages. In no event shall the Depositary Agent or the Collateral Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including lost profits), in connection with, arising out of or in any way related to the transactions contemplated by this Agreement, even if the Depositary Agent has been advised of the likelihood of such loss or damage and regardless of the form of action.

7.14 Survival of Agreements. All covenants, agreements, representations and warranties made by the Financing Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and shall continue in full force and effect as long as any of the Obligations are outstanding and unpaid. The provisions of this Agreement regarding the payment of expenses and indemnification obligations, including Sections 6.3 and 6.6, shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment of all Obligations or the termination of this Agreement or any provision hereof.

7.15 Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

7.16 Ownership of Account Funds. On any day each Project Company shall be deemed to own an amount of Account Funds in each Account determined in accordance with the following:

(a) With respect to the Revenue Account, the Debt Payment Account, the Excess Cash Flow Account and the Distribution Account, each Project Company will be deemed to own on any given day an amount of Account Funds in such Account equal to (i)(A) the aggregate amount of Project Revenues deposited into the Revenue Account in respect of such Project Company on or prior to such day divided by (B) the aggregate amount of Project Revenues deposited into the Revenue Account in respect of all Project Companies on or prior to such day, multiplied by (ii) the aggregate amount of Account Funds in such Account on such day.

(b) With respect to the Debt Service Reserve Account, each Project Company will be deemed to own on any given day an amount of Account Funds in such Account equal to (i) such Project Company's Allocation Percentage multiplied by (ii) the aggregate amount of

Account Funds in such Account on such day.

(c) With respect to the Completion Account, the Loss Proceeds Account and the Peaker Collateralization Account and the Major Maintenance Reserve Account, each Project Company will be deemed to own on any given day an amount of Account Funds in such Account equal to (i) the amount of funds deposited into such Account in respect of such Project Company on or prior to such day minus (b) the amount of funds disbursed from such Account in respect of such Project Company on or prior to such day.

(d) With respect to the Acquisition Indemnity/Performance LD Reserve Account, each Project Company will be deemed to own any given day an amount of Account Funds in such Account equal to (i) the amount of funds deposited into such Account in respect of such Project Company on or prior to such day minus (ii)(A) (1) the

amount of funds deposited into such Account in respect of such Project Company on or prior to such day divided by (2) the aggregate amount of funds deposited into such Account in respect of all Project Companies on or prior to such day multiplied by (B) the aggregate amount of funds withdrawn from such Account on or prior to such day.

(e) With respect to the Fuel Accounts and the Operating Accounts, each Project Company owns its own Fuel Account and Operating Account.

(f) With respect to the Corporate Services Payment Account, each Project Company will be deemed to own on any given day an amount of Account Funds in such Account equal to such Project Company's pro rata share of the aggregate amount of Account Funds in such Account on such day.

Notwithstanding the foregoing, Project Revenues paid by a Project Company to the Issuer constituting a mandatory prepayment of amounts evidenced by a Project Loan Note executed by such Project Company, shall be the property of the Issuer.

7.17 Rights of Collateral Agent. In acting under or by virtue of this Agreement, the Collateral Agent shall be entitled to all the rights, privileges, and immunities provided to it in the Common Agreement, all of which are incorporated by reference herein with the same force and effect as if set forth herein in their entirety.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, intending to be legally bound, have caused this Security Deposit Agreement to be duly executed and delivered as of the date first above written.

NRG PEAKER FINANCE COMPANY LLC,
as Issuer

By:_____
Name:
Title:

BAYOU COVE PEAKING POWER, LLC,
as Project Company

By:_____
Name:
Title:

BIG CAJUN I PEAKING POWER LLC,
as Project Company

By:_____
Name:
Title:

NRG ROCKFORD LLC,
as Project Company

By:_____
Name:
Title:

NRG ROCKFORD II LLC,
as Project Company

By:_____
Name:
Title:

NRG STERLINGTON POWER LLC,
as Project Company

By:_____
Name:
Title:

THE BANK OF NEW YORK,
as Collateral Agent

By:_____
Name:
Title:

THE BANK OF NEW YORK,
as Depositary Agent

By:_____
Name:
Title:

EXHIBIT A
to Security Deposit Agreement

FORM OF DISBURSEMENT REQUEST(1)

[Date]

The Bank of New York, as Collateral Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

The Bank of New York, as Depositary Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

Re: NRG Peaker Finance Company LLC

Ladies and Gentlemen:

NRG Peaker Finance Company LLC (the "Issuer") is delivering this Disbursement Request pursuant to the Amended and Restated Security Deposit Agreement, dated January 6, 2004 (the "Depositary Agreement"), among the Issuer, each Project Company party thereto, The Bank of New York, as Collateral Agent and The Bank of New York, as Depositary Agent. Capitalized terms used but not defined herein shall have the meanings given to such terms in Annex A to the Common Agreement (as defined in the Depositary Agreement).

[Insert the following, as applicable in accordance with Section 4.1.2 of the Depositary Agreement, for disbursements from the Revenue Account --

Pursuant to Section 4.1.2 of the Depositary Agreement, we hereby request that the following disbursements be made from the Revenue Account:

(1) On [INSERT MONTHLY DATE], transfer $_____ to the Collateral Agent for payment to the Secured Parties, the Trustee, the Collateral Agent and/or the Depositary Agent, in accordance with priority Fourth in Section 4.1.2 of the Depositary Agreement, the following amounts:

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(1) To the extent there are not sufficient Account Funds in the Accounts to make the disbursements therefrom, such disbursements will be made in accordance with the Depositary Agreement.

(a) $_____, to XLCA [Insert wire/account information];

(b) $_____, to the Trustee for the benefit of the Bondholders;

(c) $_____, to the Swap Counterparty [Insert wire/account information];

(d) $_____, to the Trustee in its trust capacity;

(e) $_____, to the Collateral Agent in its trust capacity; and

(f) $_____, to the Depositary Agent.

(2) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO A SCHEDULED PAYMENT DATE], transfer $_____ to the Collateral Agent for payment to the Secured Parties, the Trustee, the Collateral Agent and/or the Depositary Agent, in accordance with priority Fifth in Section 4.1.2 of the Depositary Agreement, the following amounts:

(a) $_____, to XLCA [Insert wire/account information];

(b) $_____, to the Trustee for the benefit of the Bondholders;

(c) $_____, to the Swap Counterparty [Insert wire/account information];

(d) $_____, to the Trustee in its trust capacity;

(e) $_____, to the Collateral Agent in its trust capacity; and

(f) $_____, to the Depositary Agent.

(3) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO A

SCHEDULED PAYMENT DATE], transfer $_____ to the Debt Payment Account in accordance with priority Sixth in Section 4.1.2 of the Depositary Agreement.

(4) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to XLCA in accordance with priority Seventh in Section 4.1.2 of the Depositary Agreement.

(5) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to XLCA in accordance with priority Eighth in Section 4.1.2 of the Depositary Agreement.

(6) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN. ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to the Collateral Agent for payment to the Secured Parties, in accordance with priority Ninth in Section 4.1.2 of the Depositary Agreement, the following amounts:

(a) $_____, to XLCA [Insert wire/account information];

(b) $_____, to the Trustee for the benefit of the Bondholders;

(c) $_____, to the Swap Counterparty [Insert wire/account information];

(d) $_____, to the Trustee in its trust capacity;

(e) $_____, to the Collateral Agent in its trust capacity; and

(f) $_____, to the Depositary Agent.

(7) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to the Major Maintenance Reserve Account in accordance with priority Tenth in Section 4.1.2 of the Depositary Agreement.

(8) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to the Corporate Service Payment Account in accordance with priority Eleventh in Section 4.1.2 of the Depositary Agreement.

(9) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to the Debt Service Reserve Account in accordance with priority Twelfth in Section 4.1.2 of the Depositary Agreement.

(10) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to the Corporate Service Payment

Account in accordance with priority Thirteenth in Section 4.1.2 of the Depositary Agreement.

(11) On [INSERT APPLICABLE MONTHLY DATE THAT IS ALSO AN ANNUAL SCHEDULED PAYMENT DATE], transfer $_____ to [DELETE AS APPLICABLE] [the Distribution Account] [the Excess Cash Flow Account] in accordance with priority Fourteenth in Section 4.1.2 of the Depositary Agreement.

We hereby certify, as of [INSERT THE MONTHLY DATE], that (a) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby and (b) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.]

[Insert the following for disbursements from the Distribution Account--

Pursuant to Section 4.6.2 of the Depositary Agreement, we hereby request that the [Restricted Payments] [Tax Distributions] specified on Part A of Schedule I hereto be made from the Distribution Account on [INSERT PROPOSED [RESTRICTED PAYMENT DATE] [SUBSEQUENT RESTRICTED PAYMENT DATE] [SUBSEQUENT PROJECT RESTRICTED PAYMENT DATE]] (the "Restricted Payment Date").

[INSERT AS APPLICABLE- [Attached hereto is the certificate required to be delivered pursuant to Section 4.5(a)(vii) of the Common Agreement.] [The Issuer hereby certifies that the Tax Distributions requested hereby are of the kind described in Section 4.5[e][f] of the Common Agreement and each of the conditions set forth in Section 4.5[e][f] are satisfied.]]

We hereby [FURTHER] certify that we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.]

[Insert the following for disbursements from the Excess Cash Flow Account--

Pursuant to Section 4.15.2 of the Depositary Agreement, we hereby request that the disbursement be made from the Excess Cash Flow Account to the Distribution Account on [INSERT ANNUAL SCHEDULED PAYMENT DATE].

The total amount of the requested disbursements is $_____.

We hereby certify, as of [INSERT ANNUAL SCHEDULED PAYMENT DATE], that (a) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby and (b) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.]

[Insert the following for disbursements of Casualty Insurance Proceeds or Condemnation Proceeds from the Loss Proceeds Account --

Pursuant to Section 4.7.2([a][b](iii)) of the Depositary Agreement, we hereby request that the disbursements specified on Part B of Schedule I hereto be made from the Loss Proceeds Account on [INSERT DATE(S) OF REQUESTED DISBURSEMENT] (the "Disbursement Date"). Such disbursements are being requested for the [NAME OF AFFECTED PROJECT] (the "Project") and are due and payable on or prior to the Disbursement Date, and all invoices with respect thereto are attached. The total amount of the requested disbursements is $_____, which amount does not exceed the cost of restoration work completed or incurred since the prior Disbursement Request.

Attached hereto is the certificate described in Section 4.7.2[a][b](ii) of the Depositary Agreement, which certificate is hereby made a part hereof.

We hereby further certify, as of the Disbursement Date, as follows:

(1) the funds requested by this Disbursement Request will be used solely to pay the costs related to the restoration, rebuilding or replacement of the Project. [insert if the Project has not achieved Completion

[(2) the work performed to date has been satisfactorily performed in a good and workmanlike manner and in accordance with the applicable Construction Contracts for the Project;]

[insert if the Project has achieved Completion---

[(2) the work performed to date has been satisfactorily performed in a good and workmanlike manner and in accordance with the as-built plans and specifications for the Project;]

(3) all undisbursed Account Funds in the Loss Proceeds Account to be used for the restoration, rebuilding or replacement of the Project, and any other amounts available to [NAME OF APPLICABLE PROJECT COMPANY] under the Operative Documents for

such purpose or otherwise available for such purpose, are sufficient to restore, rebuild or replace the Project;

(4) all disbursements requested in prior Disbursement Requests, if any, in respect of the restoration, rebuilding or replacement of the Project have been expended or applied pursuant to the provisions of the Financing Documents and (b) the items for which amounts are requested in this Disbursement Request have not been the basis of a previous Disbursement Request;

(5) no Issuer Event of Default [INSERT IF XLCA IS THE CONTROLLING PARTY-- or Disbursement Project Event of Default (other than any Disbursement Project Event of Default waived by XLCA (if XLCA is then the Controlling Party) in connection with its consent to the Issuer's certification as described in Section 4.7.2[a][b](ii) of the Depositary Agreement)] has occurred and is continuing; and

(6) the insurance required under Section 3.10 of the Common Agreement to which the Project Company is a party is in full force and effect.

(7) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.

[Insert the following for disbursements from the Completion Account--

Pursuant to Section 4.8 of the Depositary Agreement, we hereby request that the disbursements specified on Part C of Schedule I hereto be made from the Completion Account on [INSERT DATE]. Such disbursements are being requested for the [NAME OF APPLICABLE PROJECT].

We hereby certify, as of [INSERT DATE UPON WHICH DISBURSEMENT FROM COMPLETION ACCOUNT IS TO BE MADE] that (a) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby, and (b) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.]

[Insert the following for disbursements from the Major Maintenance Reserve Account--

Pursuant to Section 4.10 of the Depositary Agreement, we hereby request that the disbursements specified on Part D of Schedule I and on the Request for Expenditure attached as Exhibit I hereto be made from the Major Maintenance Reserve Account on [INSERT THE DESIGNATED MONTHLY DATE].

Such disbursements are being requested for the [NAME OF THE PROJECT COMPANY] in accordance with the Annual Operations Budget.

We hereby certify, as of [INSERT THE DESIGNATED MONTHLY DATE], that (a) the funds requested by this Disbursement Request will be used solely to pay the

costs related to the major maintenance of [THE NAME OF THE PROJECT COMPANY]; (b) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby, and (c) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.

[Insert the following for disbursements from the Corporate Services Payment Account--

Pursuant to Section 4.11 of the Depositary Agreement, we hereby request that the disbursements be made from the Corporate Services Payment Account on [INSERT THE ANNUAL SCHEDULED PAYMENT DATE].

The total amount of the requested disbursements is $_____.

We hereby certify, as of [INSERT THE ANNUAL SCHEDULED PAYMENT DATE], that (a) the funds requested by this Disbursement Request will be used solely to make the Corporate Services Payment under the Corporate Services Agreement; (b) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby, and (c) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.

The agreements, statements, certifications, representations and warranties contained in this Disbursement Request shall survive and remain effective until the Obligations are paid or otherwise satisfied in full.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer has caused this Disbursement Request to be duly executed and delivered by a Responsible Officer of the Issuer as of the date first above written.

NRG PEAKER FINANCE COMPANY LLC

By:_____
Name:
Title:

[insert for disbursements of Casualty Insurance Proceeds or Condemnation Proceeds from the Loss Proceeds Account pursuant to Section 4.7.2(a)(ii) of the Depositary Agreement or Section 4.7.2 (b)(ii) of the Depositary Agreement, as the case may be--

I, the undersigned, hereby confirm that, to the best of my knowledge, the certification set forth in Item 4(2) above are accurate.

Dated: _____ ___, _____

For and on behalf of:

[NAME OF INDEPENDENT ENGINEER]

By:_____
Name:
Title:]

The Collateral Agent hereby directs the Depositary Agent to make the disbursements specified in this Disbursement Request.

THE BANK OF NEW YORK,
as Collateral Agent

By:_____
Name:
Title:

Schedule I
to Disbursement Request

PART A

Disbursements from the Distribution Account:

APPLICABLE PROJECT	DESCRIPTION OF PAYMENT	AMOUNT OF PAYMENT	PAYEE AND WIRE INSTRUCTIONS (OR ADDRESS FOR DISBURSEMENTS BY CHECK)

PART B

Disbursements from the Loss Proceeds Account:

APPLICABLE PROJECT	DESCRIPTION OF PAYMENT	AMOUNT OF PAYMENT	PAYEE AND WIRE INSTRUCTIONS (OR ADDRESS FOR DISBURSEMENTS BY CHECK)

PART C

Disbursements from the Completion Account:

APPLICABLE PROJECT	DESCRIPTION OF PAYMENT	AMOUNT OF PAYMENT	PAYEE AND WIRE INSTRUCTIONS (OR ADDRESS FOR DISBURSEMENTS BY CHECK)

PART D

Disbursements from the Major Maintenance Reserve Account:

APPLICABLE PROJECT	DESCRIPTION OF PAYMENT	AMOUNT OF PAYMENT	PAYEE AND WIRE INSTRUCTIONS (OR ADDRESS FOR DISBURSEMENTS BY CHECK)

EXHIBIT I
TO EXHIBIT A

FORM OF REQUEST FOR EXPENDITURE

EXHIBIT B
to Security Deposit Agreement

FORM OF ACCEPTABLE LETTER OF CREDIT

EXHIBIT C
to Security Deposit Agreement

FORM OF FUEL AND OPERATING ACCOUNTS DISBURSEMENT REQUEST(1)

[Date]

The Bank of New York, as Collateral Agent
101 Barclay Street
New York, New York 10286
Attention: Corporate Trust Department

The Bank of New York, as Depositary Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

Re: NRG Peaker Finance Company LLC

Ladies and Gentlemen:

NRG Peaker Finance Company LLC (the "Issuer") is delivering this Disbursement Request pursuant to the Amended and Restated Security Deposit Agreement, dated January 6, 2004 (the "Depositary Agreement"), among the Issuer, each Project Company party thereto, The Bank of New York, as Collateral Agent and The Bank of New York, as Depositary Agent. Capitalized terms used but not defined herein shall have the meanings given to such terms in Annex A to the Common Agreement (as defined in the Depositary Agreement).

[Insert the following, as applicable in accordance with Section 4.1.2 of the Depositary Agreement, for disbursements from the Revenue Account --

Pursuant to Section 4.1.2 of the Depositary Agreement, we hereby request that the following disbursements be made from the Revenue Account:

(1) On [INSERT THE APPLICABLE DESIGNATED MONTHLY DATE]; transfer to the Fuel Account of each Project Company, in accordance with priority First in Section 4.1.2 of the Depositary Agreement, the following amounts:

---

(1) To the extent there are not sufficient Account Funds in the Revenue Account to make the disbursements therefrom, such disbursements will be made in accordance with the Depositary Agreement.

(a) $_____ to the Bayou Cove Project Company Fuel Account [Insert account number];

(b) $_____ to the Big Cajun Project Company Fuel Account [Insert account number];

(c) $_____ to the Rockford I Project Company Fuel Account [Insert account number];

(d) $_____ to the Rockford II Project Company Fuel Account [Insert account number]; and

(e) $_____ to the Sterlington Project Company Fuel Account [Insert account number].

(2) On [INSERT THE APPLICABLE DESIGNATED MONTHLY DATE];

transfer to the Operating Account of each Project Company, in accordance with priority Second in Section 4.1.2 of the Depositary Agreement, the following amounts:

(a) $_____ to the Bayou Cove Project Company Operating Account [Insert account number];

(b) $_____ to the Big Cajun Project Company Operating Account [Insert account number];

(c) $_____ to the Rockford I Project Company Operating Account [Insert account number];

(d) $_____ to the Rockford II Project Company Operating Account [Insert account number]; and

(e) $_____ to the Sterlington Project Company Operating Account [Insert account number].

(3) On [INSERT APPLICABLE DESIGNATED MONTHLY DATE], transfer $_____ to the Energy Manager in accordance with priority Third in Section 4.1.2 of the Depositary Agreement.

We hereby certify, as of [INSERT THE DESIGNATED MONTHLY DATE], that (a) the funds requested by this Disbursement Request will be used solely to pay the Energy Transaction Costs, operating costs and the Energy Manager Fee of [THE NAME OF THE PROJECT COMPANY]; (b) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby, and (c) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.

The agreements, statements, certifications, representations and warranties contained in this Fuel and Operating Accounts Disbursement Request shall survive and remain effective until the Obligations are paid or otherwise satisfied in full.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer has caused this Fuel and Operating Accounts Disbursement Request to be duly executed and delivered by a Responsible Officer of the Issuer as of the date first above written.

NRG PEAKER FINANCE COMPANY LLC

By:_____
Name:
Title:

The Collateral Agent hereby directs the Depositary Agent to make the disbursements specified in this Disbursement Request.

THE BANK OF NEW YORK,
as Collateral Agent

By:_____
Name:

EXHIBIT D
to Security Deposit Agreement

SPARE PARTS DISBURSEMENT REQUEST(1)

[Date]

The Bank of New York, as Collateral Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

The Bank of New York, as Depositary Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

Re: NRG Peaker Finance Company LLC

Ladies and Gentlemen:

NRG Peaker Finance Company LLC (the "Issuer") is delivering this Disbursement Request on behalf of the Rockford II Project Company pursuant to the Amended and Restated Security Deposit Agreement, dated January 6, 2004 (the "Depositary Agreement"), among the Issuer, the Rockford II Project Company and each of the other Project Companies party thereto, The Bank of New York, as Collateral Agent and The Bank of New York, as Depositary Agent. Capitalized terms used but not defined herein shall have the meanings given to such terms in Annex A to the Common Agreement (as defined in the Depositary Agreement).

[Insert the following, as applicable in accordance with Section 4.3.2 of the Depositary Agreement, for disbursements from the Debt Service Reserve Account --

Pursuant to Section 4.3.2 of the Depositary Agreement, we hereby request that the disbursements specified on Schedule I hereto be made from the Debt Service Reserve Account on [INSERT DATE(S) OF REQUESTED DISBURSEMENT] (the "Disbursement Date"). Such disbursements are due and payable on or prior to the Disbursement Date and all invoices with respect thereto are attached. The total

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(1) To the extent there are not sufficient Account Funds in the Debt Service Reserve Account to make the disbursements therefrom, such disbursements will be made in accordance with the Depositary Agreement.

amount of the requested disbursements is $_____, which amount does not exceed the cost of the Spare Parts to be paid.

We hereby certify, as of [INSERT THE DATE(S) OF REQUESTED DISBURSEMENT], that (a) the funds requested by this Spare Parts Disbursement Request will be used solely to pay the costs of the Spare Parts; (b) no Issuer Event of Default has occurred and is continuing or will result from the disbursements requested hereby, and (c) we have complied with all applicable provisions of the relevant Financing Documents relating to the disbursements requested hereby.

The agreements, statements, certifications, representations and warranties contained in this Spare Parts Disbursement Request shall survive and remain effective until the Obligations are paid or otherwise satisfied in full.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer has caused this Spare Parts Disbursement Request to be duly executed and delivered by a Responsible Officer of the Issuer as of the date first above written.

NRG PEAKER FINANCE COMPANY LLC

By:_____
Name:
Title:

The Collateral Agent hereby directs the Depositary Agent to make the disbursements specified in this Spare Parts Disbursement Request.

THE BANK OF NEW YORK,
as Collateral Agent

By:_____
Name:
Title:

SCHEDULE I
To Spare Parts
Disbursement Request

Description of Payment	Amount of Payment	Payee and wire Instructions (or address for disbursements by check)

EXHIBIT 4.11

EXECUTION COPY

NRG PARENT AGREEMENT

BY

NRG ENERGY, INC.

IN FAVOR OF

THE BANK OF NEW YORK
(Collateral Agent)

DATED AS OF JANUARY 6, 2004

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NRG PARENT AGREEMENT

This NRG PARENT AGREEMENT dated as of January 6, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), is made by NRG ENERGY, INC. ("NRG Energy") in favor of THE BANK OF NEW YORK, as collateral agent on behalf of the Secured Parties referred to herein (the "Collateral Agent"). Capitalized terms used herein and not otherwise defined shall be defined as provided in Section 1 hereof.

RECITALS

WHEREAS:

1. NRG Energy (a) indirectly owns 100% of the membership interests in NRG Peaker Finance Company LLC (the "Issuer") and (b) indirectly owns 100% of the membership interests in each of the Project Companies (as defined in the Common Agreement referred to below).

2. Reference is made to that certain Amended and Restated Common Agreement, dated as of the date hereof (the "Common Agreement"), among the Issuer, each of the Project Companies, XL Capital Assurance Inc. ("XLCA"), the Swap Counterparty, the Trustee and the Collateral Agent, and to the original Common Agreement, dated as of June 18, 2002 (the "Original Common Agreement"), among the Issuer, each of the Project Companies, XLCA, the Swap Counterparty and the Original Trustee.

3. Pursuant to that certain Indenture, dated as of June 18, 2002, the Issuer issued $325 million of Series A Floating Rate Senior Secured Bonds due 2019 (the "Series A Bonds"). The full and timely payment of regularly scheduled payments of principal and interest on the Series A Bonds is unconditionally and irrevocably guaranteed by XLCA pursuant to that certain Financial Guaranty Insurance Policy dated as of June 18, 2002 (including the endorsement thereto, the "Policy"), between XLCA and the Original Trustee.

4. Reference is made to that certain ISDA Master Agreement, dated as of June 18, 2002 (including the schedule, the credit support annex and the confirmation thereto) (the "Swap Agreement"), between the Issuer and Goldman Sachs Mitsui Marine Derivative Products, L.P. (the "Swap Counterparty"). The full and timely payment of regularly scheduled net payments due to the Swap Counterparty under the Swap Agreement is unconditionally and irrevocably guaranteed by XLCA pursuant to that certain Financial Guaranty Insurance Policy dated as of June 18, 2002 (the "Swap Policy"), between XLCA and the Swap Counterparty.

5. Pursuant to the Common Agreement, each of the Project Companies guarantees the payment by the Issuer of all of the Issuer's obligations under (a) the Indenture and the Series A Bonds and (b) the Swap Agreement and (c) that certain Financial Guaranty Insurance and Reimbursement Agreement, dated as of June 18, 2002 (the "Insurance and Reimbursement Agreement"), among XLCA, the Issuer and the Project Companies.

6. As a condition precedent to (a) the issuance of the Series A Bonds, the Policy and the Swap Policy and (b) the execution of the Swap Agreement by the Swap Counterparty, NRG Energy executed and delivered a Contingent Guaranty Agreement, dated June 18, 2002 (the "Contingent Guaranty Agreement"), in favor of the Collateral Agent on behalf of the Secured Parties providing for certain guarantees and performance obligations.

7. On May 12, 2003, as a consequence of certain Issuer Events of Default under the Original Common Agreement, XLCA, as Controlling Party, declared and made all sums of accrued and outstanding principal, accrued but unpaid interest and accrued but unpaid premium remaining under the Financing Documents, together with all unpaid amounts, fees, costs and charges due under any Financing Documents, immediately due and payable (the "Acceleration"), which Acceleration gave rise to an Early Termination Date under the Contingent Guaranty Agreement.

8. On May 14, 2003, NRG Energy and certain of its subsidiaries filed voluntary petitions for bankruptcy under Chapter 11 of the United States Bankruptcy Code (the "NRG Bankruptcy").

9. Following the Acceleration and the NRG Bankruptcy, NRG Energy, NRG Power Marketing Inc., the Issuer, the Project Companies and XLCA agreed to implement a financial restructuring of the Obligations (the "Restructuring") substantially on the terms set forth in a Restructuring

Agreement, dated September 18, 2003 (the "Restructuring Agreement"), by and among NRG Energy, NRG Power Marketing Inc., the Issuer, the Project Companies and XLCA.

10. On October 1, 2003, the United States District Court for the Southern District of New York entered an order (the "Approval Order") in the NRG Bankruptcy authorizing and approving the transactions provided in the Restructuring including the execution and delivery of this Agreement by NRG Energy. The Approval Order became a Final Order (as defined in the Restructuring Agreement) on October 11, 2003.

11. It is a condition precedent to the consummation of the Restructuring that the parties hereto shall have executed and delivered this Agreement.

NOW THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as an inducement to the consummation of the Restructuring, the parties agree:

SECTION 1
DEFINITIONS; RULES OF INTERPRETATION

All capitalized terms used but not defined in this Agreement shall have the meanings attributed to them in Annex A to the Common Agreement. The rules of interpretation set forth in Annex A to the Common Agreement shall apply hereto as though fully set forth herein.

SECTION 2

NRG OBLIGATIONS

Section 2.1 Equity Reimbursement Payments; Corporate Services Accumulation Amount.

(a) If on any Annual Scheduled Payment Date, there exists a Debt Service Shortfall, then NRG Energy agrees to pay, or cause to be paid, on such Annual Scheduled Payment Date, an amount in Dollars equal to the lesser of (x) the Debt Service Shortfall and (y) the Equity Reimbursement Amount, in immediately available funds (the "Equity Reimbursement Obligation"). Any amount which is not paid when due pursuant to this Section 2.1 shall bear interest at the Late Payment Rate, as in effect from time to time, until paid in full. Equity Reimbursement Payments (plus any accrued interest thereon (if any)) shall be paid to the Collateral Agent and applied on the applicable Annual Scheduled Payment Date in accordance with the Depositary Agreement, provided, however, that any Equity Reimbursement Payment received by the Collateral Agent following the Annual Scheduled Payment Date on which such Equity Reimbursement Payment was due in accordance with this Section 2.1 shall be immediately paid by the Collateral Agent (i) first, to XLCA in respect of the Accrued Insurer Loss Amount (Swap) (if any), (ii) second, to XLCA in respect of the Accrued Insurer Loss Amount (Bond) (if any) and (iii) third, to the Debt Payment Account.

(b) The Equity Reimbursement Amount shall be immediately due and payable upon the occurrence of an NRG Event of Default and no further Restricted Payments under the Financing Documents shall be permitted upon the occurrence thereof.

(c) Upon the occurrence and during the continuation of an NRG Event of Default no payments or distributions of the Corporate Services Accumulation Amount under the Financing Documents and the Corporate Services Agreement shall be permitted.

Section 2.2 Claim Swap.

(a) NRG Energy shall use commercially reasonable efforts to cause an Acceptable Assumption of the Big Cajun PPA and the Sterlington PPA by Louisiana Generating and the reinstatement of the guarantee by NRG South Central to occur by March 31, 2004.

(b) NRG Energy hereby unconditionally and irrevocably agrees that: (i) if an Acceptable Assumption has not occurred by March 31, 2004 and until an Acceptable Assumption has occurred with respect to the Big Cajun PPA (including the reinstatement of the guarantee by NRG South Central), it shall, for the benefit of the Secured Parties, make prompt and complete payment to the Collateral Agent three (3) days following the date on which payment is due from Louisiana Generating and NRG South Central under the Big Cajun I PPA, of an amount in Dollars, in immediately available funds, equal to the amount of any Big Cajun PPA Shortfall for the month with respect to which such shortfall relates and (ii) if an Acceptable Assumption has not occurred by March 31, 2004 and until an Acceptable Assumption has occurred with respect to the Sterlington PPA (including the reinstatement of the guarantee by

NRG South Central), it shall, for the benefit of the Secured Parties, make prompt and complete payment to the Collateral Agent three (3) days following the date on which payment is due from Louisiana Generating and NRG South Central, of an amount in Dollars, in immediately available funds, equal to the amount of any Sterlington PPA Shortfall for the month with respect to which such shortfall relates (such payments under clauses (i) and (ii) hereof, collectively a "PPA Shortfall Payment"); provided that a PPA Shortfall Payment shall not include any amounts of any Big Cajun I PPA Shortfall and/or any Sterlington PPA Shortfall relating to any time period on or prior to December 31, 2003. Any amount which is not paid when due pursuant to this Section 2.1 shall bear interest at the Late Payment Rate, as in effect from time to time, until paid in full. PPA Shortfall Payments (plus any accrued interest thereon) shall be paid to the Collateral Agent and deposited in the Revenue Account.

(c) NRG Energy shall, upon making any PPA Shortfall Payment, be subrogated to any claim of Big Cajun Project Company or Sterlington Project Company, as applicable, against Louisiana Generating or NRG South Central to the extent of such PPA Shortfall Payments and such right of subrogation shall survive any termination of this Agreement. Payments to NRG Energy in respect of the foregoing subrogation shall in all cases be subject to and subordinate to the rights of Big Cajun Project Company or Sterlington Project Company, as applicable, to receive payment of all amounts due or to become due (other than with respect to such subrogated claim) from Louisiana Generating or NRG South Central and NRG Energy agrees that it shall not be entitled to take any action to enforce such subrogated claim until such amounts are paid in full.

Section 2.3 Interconnection Solution.

(a) NRG Energy shall take, or cause to be taken, in a timely manner, all commercially reasonable steps necessary to cause the Interconnection Solution to be in full force and effect by May 31, 2004, including, without limitation, (i) by the Closing Date, preparing a deed of transfer and any other documents appropriate or necessary to transfer title in order to effect the Interconnection Solution, to be executed upon the transfer of title in substantially the form attached hereto as Exhibit B, (ii) by January 31, 2004, make, or cause to be made, filings required to receive any necessary consents and approvals from FERC or any other Governmental Authority with respect to the Interconnection Solution and (iii) by April 30, 2004, use commercially reasonable efforts to obtain any necessary consents and approvals from FERC or any other Governmental Authority with respect to the Interconnection Solution.

(b) NRG Energy shall pay for (i) all reasonable out-of-pocket expenses of the Secured Parties and Big Cajun Project Company in connection with the negotiation, preparation and implementation of the Interconnection Solution, (ii) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of the

Interconnection Solution and all costs and expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest in favor of the Secured Parties and (iii) all costs, expenses and other charges in respect of title insurance procured with respect to liens created pursuant to any mortgage in favor of the

Secured Parties in connection with the Interconnection Solution. For the avoidance of doubt, Big Cajun Project Company shall pay to Louisiana Generating $200,000 as consideration for the actual assets being transferred in connection with the Interconnection Solution.

Section 2.4 Rockford Compressor. NRG Energy agrees to pay, or cause to be paid, to, or for the benefit of, each of Rockford I Project Company and Rockford II Project Company an amount in Dollars which will enable such Project Company to install (a) a permanent gas compressor at such Project (i) adequate to maintain a minimum gas pressure of 490 psig or such other pressure as may be acceptable under the Manufacturer's Guidelines (as defined in the Rockford I Tolling Agreement) at all times or (ii) as otherwise specified in the Rockford I Tolling Agreement, if (A) the Independent Engineer determines that the gas pressure falls below the Manufacturer's Guidelines (as defined in the Rockford I Tolling Agreement) to operate at full load, (B) if the gas pressure falls below the minimum pressure of 490 psig or such minimum pressure as otherwise specified in the Rockford I Tolling Agreement or (C) upon a notice of default by Exelon to the Collateral Agent in connection with the Rockford I Tolling Agreement, provided that the obligation under this clause (a) shall terminate on September 1, 2004, or (b) if a permanent gas compressor has not previously been installed pursuant to clause (a) hereof, a temporary gas compressor for the period commencing on May 1, 2004 and ending on September 1, 2004 (collectively, the "Rockford Compressors").

Section 2.5 Completion. In the event that Completion has not occurred by the Closing Date:

(a) NRG Energy shall pay the Completion Expenses and the costs associated with the Completion Items; and

(b) NRG shall (x) cause Bayou Cove Project Company to transfer or assign certain assets to Entergy Gulf States, Inc. in accordance with Section 6.1 of the Bayou Cove EPC Agreement (Electric Interconnection Facilities) and (y) take, or cause to be taken, any other actions necessary for the Bayou Cove Project Company to comply with the Bayou Cove EPC Agreement (Electric Interconnection Facilities).

Section 2.6 Deposit in the NRG Claim Settlement Account. On the Closing Date, NRG Energy shall deliver, or cause to be delivered, to the Depositary Agent for credit to the NRG Claim Settlement Account an Acceptable Letter of Credit with a stated amount equal to $36,236,137.33.

Section 2.7 Deposit in the Major Maintenance Reserve Account. On the Closing Date, NRG Energy shall deliver to the Depositary Agent for credit to the Major Maintenance Reserve Account an amount equal to $3,000,000 in immediately available funds.

Section 2.8 Cash Reconciliation.

(a) NRG Energy shall take, or cause to be taken, all reasonable steps necessary to (i) perform a cash reconciliation among the Issuer, the Project Companies, NRG Energy and

their Affiliates (to the extent such cash reconciliation with respect to such

Affiliates relates to the Issuer and/or any of the Project Companies) covering the period from September 30, 2003 to December 31, 2003 (the "Cash Reconciliation III"), in a manner substantially similar in substance and form to the methodology, which was agreed to by the parties, used to perform a cash reconciliation for the period from November 1, 2002 to September 30, 2003 ("Cash Reconciliation II") and any other period prior to December 31, 2003 ("Cash Reconciliation I"), and (ii) cause the payment of any amounts due in connection with such Cash Reconciliation III to be paid to the Issuer or the applicable Project Company and deposited in the Revenue Account, provided that, regardless of whether NRG Energy succeeds in the correction of the Issuer and the Project Companies' books, the amounts that would have been due if such corrections would have been made would still be paid to the Issuer or the applicable Project Company by January 31, 2004.

(b) NRG Energy shall provide all operating, financial and any other information, including supporting documentation, regarding the actual O&M Expenses and Fuel Costs relating to the Cash Reconciliation III as reasonably requested by XLCA (if XLCA is the Controlling Party) and necessary to effect such Cash Reconciliation III consistently with historical practices.

(c) NRG Energy shall pay, or cause to paid, an amount equal to $16,162,852.08 to the Issuer with respect to Cash Reconciliation I and Cash Reconciliation II to be deposited in the Revenue Account within 30 days following the Closing Date.

Section 2.9 Intercompany Account Balances.

(a) NRG Energy shall take, within 30 days of the Closing Date, or cause to be taken, all reasonable steps necessary to (i) clear all Intercompany Account Balances listed on Schedule A as consideration for the payment of the Cash Reconciliation I and the Cash Reconciliation II pursuant to Section 2.8, (ii) reclassify the Intercompany Account Balances listed on Schedule B as an equity account on the Issuer or the respective Project Company's balance sheet, (iii) with respect to each Intercompany Account Balance listed on Schedule C, either (x) clear such Intercompany Account Balance, or (y) settle such Intercompany Account Balance by reclassifying such balance as an equity account on the respective Project Company's balance sheet and (iv) clear all other Intercompany Account Balances which remain outstanding on the Issuer or the Project Companies' balance sheet as of December 31, 2003, except for the Intercompany Account Balances that, subject to XLCA's (if XLCA is the Controlling Party) written consent, may remain outstanding following such period.

(b) NRG Energy shall provide all operating, financial and any other information reasonably requested by XLCA (if XLCA is the Controlling Party) that supports any calculation made in connection with Section 2.9(a) above and any additional information reasonably requested by XLCA (if XLCA is the Controlling Party) in connection therewith.

Section 2.10 Pledge of Membership Interests. NRG Energy shall take, or cause to be taken, all commercially reasonable steps necessary to cause the membership interests in the

Big Cajun Project Company and the Sterlington Project Company to be pledged to the Collateral Agent for the benefit of the Secured Parties within 90 days following the Closing Date.

Section 2.11 Energy Marketing Services Agreement.

(a) NRG Energy shall provide for letters of credit for the benefit of the Collateral Agent substantially in the form of Exhibit K to the Energy Marketing Services Agreements (the "EMS Letter of Credit") in accordance with the terms, conditions and limitations set forth in the Energy Marketing Services Agreements to be deposited in the EMS Letter of Credit Account under

the Depositary Agreement. NRG Energy shall provide the initial EMS Letter of Credit to the Depositary Agent for the benefit of the Collateral Agent on or before the later of (i) February 1, 2004 or (ii) five (5) Business Days after the amount of the initial EMS Letter of Credit is determined, but not later than February 15, 2004.

(b) NRG Energy shall not allow any Person other than Energy Manager or its permitted successors or assigns under the Energy Marketing Services Agreement to engage in the wholesale purchase and sale of electric power on behalf of the Project Companies during the term of the Energy Marketing Services Agreements, except as otherwise specified in the Energy Marketing Services Agreement.

SECTION 3
REPRESENTATIONS AND WARRANTIES

NRG Energy represents and warrants to the Collateral Agent for the benefit of the Secured Parties that, as of the date hereof:

Section 3.1 Organization and Qualification. It is a corporation, duly organized and validly existing under the laws of the jurisdiction of its formation, with full right, power and authority under its certificate of incorporation and bylaws and under the laws of the jurisdiction of its formation to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.

Section 3.2 Authorization and Enforceability. It has taken all necessary corporate action to authorize the execution, delivery and performance by it of this Agreement and no consent of any shareholder of NRG Energy is required therefore which has not already been obtained. This Agreement has been duly executed and delivered by NRG Energy and constitutes a legal, valid and binding obligation of NRG Energy enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and (ii) general equitable principles regardless of whether the issue of enforceability is considered in a proceeding in equity or at law.

Section 3.3 No Conflict; No Default. Neither the execution and delivery of this Agreement nor compliance with any of the terms and provisions hereof (a) violates any Legal Requirement, (b) violates the provisions of its certificate of incorporation and bylaws or

(c) results in the creation or imposition of any Liens upon any of its property or assets or in a condition or an event that constitutes (or that, upon notice or lapse of time or both, would constitute) an event of default under any material contractual obligation of NRG Energy.

Section 3.4 No Consent. No consent, authorization, filing or other act by or in respect of any other Person or any Governmental Authority is required in connection with the execution, delivery or performance by NRG Energy of this Agreement or the validity or enforceability hereof as to NRG Energy, except such consents or authorizations which have already been obtained or such consents or authorizations that the failure to obtain could not reasonably be expected to have an NRG Energy Material Adverse Effect.

Section 3.5 Compliance with Law. It is in compliance with applicable Legal Requirements, except to the extent any non-compliance could not reasonably be expected to have an NRG Energy Material Adverse Effect.

Section 3.6 Financing Documents. In connection with its f execution of this Agreement, it has received and reviewed copies of the Operative Documents.

Section 3.7 Financial Statements. In the case of NRG Energy's delivery on the Closing Date of its (i) Form 10-K for the year ended December 31, 2002 and (ii) Form 10-Q for each of the periods ended March 31, June 30 and September 30, 2003 (in each of case (i) and (ii), as such may be amended from time to time (including by Form 8-K or 10-Q/A) and as filed with the Securities and Exchange Commission) pursuant to the terms of this Agreement, each such financial statement shall have been prepared in conformity with GAAP and fairly present, in all material respects, the financial position (on a consolidated basis) of NRG Energy as of the respective dates thereof and the results of operations and cash flows (on a consolidated basis) of NRG Energy for each of the periods ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year end adjustments and the absence of footnotes; provided, the parties acknowledge and agree that in the event any such financial statements listed in (i) and (ii) above have been filed with the Securities and Exchange Commission prior to the Closing Date, such financial statements shall be deemed delivered pursuant to this Agreement.

Section 3.8 Taxes. It has filed all material United States federal tax returns, and all other material tax returns, required to be filed and has paid all taxes due pursuant to such returns or pursuant to any assessment received by it, except such taxes, if any, as are being contested in good faith and for which adequate reserves have been provided. No notices of tax liens have been filed and no claims are being asserted concerning any such taxes, which liens or claims are material to the financial condition of NRG Energy. The charges, accruals and reserves on the books of NRG Energy for any taxes or other governmental charges are adequate.

Section 3.9 Regulatory Matters. It is not an investment company or a company controlled by an investment company, within the meaning of the Investment Company Act of 1940, as amended. NRG Energy is not a "public utility company," an "electric utility company" or a "holding company" within the meaning of PUHCA. The execution, delivery and

performance of this Agreement by NRG Energy does not violate any provision of PUHCA or any rule or regulation thereunder. Except as set forth on Schedule D, NRG Energy is not subject to regulation as a "public utility," an "electric utility" or a "transmitting utility" under the FPA.

SECTION 4
COVENANTS

Until this Agreement is terminated in accordance with Section 9 hereof, NRG Energy covenants and agrees with the Collateral Agent, for the benefit of the Secured Parties, as follows:

Section 4.1 Corporate Existence; Business. NRG Energy shall preserve and maintain (i) its legal existence and form and (ii) all of its rights, privileges and franchises, if any, necessary to perform its obligations under this Agreement; provided, however, that NRG Energy may merge or consolidate with or into, or may sell, convey, transfer or lease all or substantially all of its properties and assets, as an entirety, to any Person so long as (A) NRG Energy is the surviving or continuing corporation, or the surviving or continuing corporation that acquires by sale, conveyance, transfer or lease is incorporated in the United States of America or Canada and expressly assumes the payment and performance of all obligations of NRG Energy under this Agreement and (B) immediately prior to and immediately following such consolidation, merger, sale, conveyance, transfer or lease, no NRG Event of Default shall have occurred and be continuing.

Section 4.2 Compliance with Legal Requirements. NRG Energy shall comply in all material respects with all Legal Requirements binding on it, except where failure to do so could not reasonably be expected to have an NRG Energy Material Adverse Effect.

Section 4.3 Taxes.

(a) Other than as provided for in clause (b) below with respect to taxes of Affiliates, NRG Energy shall duly pay and discharge all material taxes, rates, assessments, fees and governmental charges upon or against it or against its properties, in each case before the same becomes delinquent and before penalties accrue thereon, unless and to the extent that the same is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefore on the books of NRG Energy.

(b) NRG Energy shall cause the due payment and discharge of all taxes, rates, assessments, fees and governmental charges with respect to taxes that are payable by an Affiliate of NRG Energy and NRG Energy is not directly liable for, in each case before the same becomes delinquent and before penalties accrue thereon, to the extent that a failure to take any such action shall result in an NRG Energy Material Adverse Effect, unless and to the extent that the same is being contested in good faith by appropriate proceedings and reserves in conformity with GAAP have been provided therefor.

Section 4.4 Ranking. NRG Energy shall cause its obligations hereunder to at all times rank at least pari passu with all other senior unsecured obligations of NRG Energy.

Section 4.5 Reporting Requirements. NRG Energy shall, deliver, or cause to be delivered to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) with such information and other documents (it being acknowledged that XLCA shall have no obligation to provide any notices or other information provided to it pursuant to this Section 4.5 to any other Person): within 20 days following an Annual Scheduled Payment Date, an Equity Reimbursement Certificate in the form of Exhibit A setting forth the information required therein. If XLCA is the Controlling Party, XLCA shall notify NRG Energy of any errors in any of the calculations set forth in such certificate within 10 days following the receipt of such certificate and NRG Energy and XLCA shall diligently work to reach a mutual agreement with respect to the correction of any such errors.

Section 4.6 Financial and Other Information. NRG shall deliver, or cause to be delivered, to the Collateral Agent, the Trustee, the Swap Counterparty and XLCA (if XLCA is the Controlling Party) with such other information and other documents (it being acknowledged that XLCA shall have no obligation to provide any notices or other information provided to it pursuant to this Section 4.6 to any other Person):

(a) as soon as available and in any event within 120 days after the end of each fiscal year of NRG Energy, an audited consolidated balance sheet of NRG Energy as of the end of such fiscal year and the related audited statements of income, retained earnings and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, to the extent available, all reported by an independent public accountant of nationally recognized standing; provided that NRG Energy shall be deemed to have satisfied this covenant if it files its annual report on Form 10-K for the applicable fiscal year with the Securities and Exchange Commission within the period set forth in this Section 4.6(a).

(b) as soon as available and in any event within 60 days after the end of its first three fiscal quarters, a consolidated balance sheet of NRG Energy as of the end of such fiscal quarter and the related statements of income, retained earnings and cash flows for such fiscal quarter; provided that NRG Energy shall be deemed to have satisfied this covenant if it files its quarterly report on Form 10-Q for the applicable fiscal quarter with the Securities and Exchange Commission within the period set forth in this Section 4.6(b).

(c) Concurrently with the delivery of each of the financial statements referred to in Sections 4.6(a) and (b), an officer's certificate, executed by the chief financial officer, treasurer, assistant chief financial officer or assistant treasurer of NRG Energy, stating that (x) such officer, on behalf of NRG Energy, has reviewed the terms of this Agreement and has made, or caused to be made under its supervision, a review in reasonable detail of the transactions and condition of NRG Energy during the accounting period covered by such financial statements and that such review has not disclosed the existence during or at the end of such accounting period, and that such officer does not have knowledge of the existence as at the date of such officer's certificate, of any condition or event that constitutes a default hereunder, including without

limitation in respect of the Specified Financial Covenants referred to in Section 12.1(e), or, if any such condition or event existed or exits, specifying the nature and period of the existence thereof and what action NRG Energy has taken, is taking and proposes to take with respect thereto and (y) each financial statement and accompanying information delivered by NRG Energy pursuant to the terms of this Agreement, other than those delivered pursuant to Section 3.7, each such financial statement and accompanying information has been prepared in conformity with GAAP and fairly present, in all material respects, the financial position (on a consolidated basis) of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows (on a consolidated basis) of the Persons described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year end adjustments and the absence of footnotes.

(d) promptly, upon acquiring notice or giving notice, as the case may be, or obtaining knowledge thereof, written notice (together with copies of any underlying notices or other documentation) of:

(i) any action, suit, arbitration or litigation pending or threatened against NRG Energy and involving claims against NRG Energy in excess of $50,000,000, in the aggregate, or involving any injunctive, declaratory or other equitable relief that, if determined adversely to NRG Energy, could reasonably be expected to have an NRG Material Adverse Effect, such notice to include, if requested by the Controlling Party, copies of all material papers filed in such litigation involving NRG Energy, and such notice to be given monthly if any such papers have been filed since the last notice given;

(ii) any dispute or disputes which may exist between NRG Energy and any Governmental Authority and which involve (A) claims against NRG Energy which exceed $50,000,000 in the aggregate or, (B) injunctive or declaratory relief that, if determined adversely to NRG Energy, could reasonably be expected to have an NRG Material Adverse Effect;

(iii) any material amendment, modification or alteration to the NRG Credit Risk Policy (it being understood that any change to Appendix I (Enterprise Limits And Authorization) or Appendix J (Counterparty Credit Risk Policy) thereof will be deemed to be material); and

(iv) any change in ratings given to NRG Energy by Moody's or S&P, including the placement of NRG Energy on "credit watch negative" or similar status.

Notwithstanding the foregoing, NRG Energy shall not be required to give notice of any matter described in this Section 4.6(d) that is described in any form 10-K, 10-Q, or 8-K or other form or document filed by NRG Energy or any of its Affiliates with the Securities and Exchange Commission and available on the Commission's Electronic Data Gathering, Analysis and Retrieval

(EDGAR) system which shall be deemed to be a timely notice under this Section

4.6(d) so long as such document is filed with the Securities and Exchange Commission in a timely manner.

SECTION 5
OBLIGATIONS ABSOLUTE, ETC.

All rights of the Secured Parties and all obligations of NRG Energy hereunder shall be absolute and unconditional irrespective of:

(a) any lack of validity, legality or enforceability of this Agreement or any other Financing Document;

(b) the failure of any Secured Party:

(i) to assert any claim or demand or to enforce any right or remedy against the Issuer, NRG Energy, any Project Company or any other Person (including any guarantor) under the provisions of any Financing Document or otherwise, or

(ii) to exercise any right or remedy against any guarantor of, or collateral securing, any of the Obligations;

(c) any change in the time, manner or place of payment, any change of another term of any of the Obligations or any extension or renewal of any of the Obligations;

(d) any reduction, limitation, impairment or termination of any of the Obligations for any reason other than the written agreement of the Secured Parties to terminate the Obligations in full, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to, and NRG Energy hereby waives any right to or claim of, any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any of the Obligations;

(e) any amendment, rescission, waiver or other modification of, or any consent to departure from, any of the terms of this Agreement or any other Financing Document;

(f) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver, release or addition of, or consent to departure from, any other security interest held by any Secured Party;

(g) the Bankruptcy, dissolution or receivership of the Issuer or any Project Company and the occurrence of any other proceeding as a result of such Bankruptcy, any other disposition of all or any portion of the assets of the Issuer or any Project Company, or the consolidation or merger of the Issuer or any Project Company;

(h) any sale, transfer or other disposition by NRG Energy or any other Person of any capital stock or other voting rights or ownership or direct or indirect economic interest, including debt, that it may have in the Issuer and/or the Project Companies; or

(i) any other circumstance which might otherwise constitute a

defense available to, or a legal or equitable discharge of, the Issuer, any Project Company, NRG Energy, any surety or any guarantor.

SECTION 6
SPECIFIC PROVISIONS

Section 6.1 Reinstatement. This Agreement and the obligations of NRG Energy hereunder shall be reinstated automatically if and to the extent that for any reason any payment made pursuant to this Agreement is rescinded or otherwise restored to NRG Energy, whether as a result of any proceeding in bankruptcy, reorganization or otherwise with respect to Issuer or any other Person or as a result of any settlement or compromise with any Person (including NRG Energy) in respect of such payment. Upon written demand, NRG Energy shall pay the Collateral Agent all of its reasonable costs and expenses (including reasonable fees of counsel) incurred by the Collateral Agent in connection with such rescission or restoration.

Section 6.2 Specific Performance. NRG Energy hereby irrevocably waives, to the extent it may do so under applicable Legal Requirements, any defense based on the adequacy of a remedy at law that may be asserted as a bar to the remedy of specific performance in any action brought against NRG Energy for specific performance of this Agreement by the Issuer or any successor or assign thereof (including the Collateral Agent) or for their benefit by a receiver, custodian or trustee appointed for the Issuer or in respect of all or a substantial part of its assets, under the bankruptcy or insolvency laws of any jurisdiction to which the Issuer or its assets are subject.

Section 6.3 Bankruptcy Code Waiver. NRG Energy hereby irrevocably waives, to the extent it may do so under applicable Legal Requirements, any protection to which it may be entitled under Sections 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Law or equivalent provisions of the laws or regulations of any other jurisdiction with respect to any proceedings, or any successor provision of law of similar import, in the event of any Bankruptcy Event of it, the Issuer or any Project Company. Specifically, in the event that the trustee (or similar official) in a Bankruptcy Event of NRG Energy, the Issuer or any Project Company or the debtor-in-possession takes any action, NRG Energy shall not assert any defense, claim or counterclaim denying liability hereunder on the basis that this Agreement is an executory contract or a "financial accommodation" that cannot be assumed, assigned or enforced or on any other theory directly or indirectly based on Section 365(c)(1), 365(c)(2) or 365(e)(2) of the Bankruptcy Law, or equivalent provisions of the laws or regulations of any other jurisdiction with respect to any proceedings or any successor provision of law of similar import. If a Bankruptcy Event of NRG Energy, the Issuer or any Project Company shall occur, NRG Energy agrees, after the occurrence of such Bankruptcy Event, to reconfirm in writing, to the extent permitted by applicable Legal Requirements, its pre-petition waiver of any protection to which it

may be entitled under Sections 365(c)(1), 365(c)(2) and 365(e)(2) of the Bankruptcy Law or equivalent provisions of the laws or regulations of any other jurisdiction with respect to proceedings and, to give effect to such waiver, NRG Energy consents to the assumption and enforcement of each provision of this Agreement by the debtor-in-possession or the Issuer's or any Project Company's trustee in bankruptcy, as the case may be.

Section 6.4 Cash Collateral Accounts.

(a) All amounts deposited as cash collateral with the Collateral Agent pursuant to Section 12.3 shall be deposited in separate cash collateral accounts (such accounts, and any replacement or supplemental account into which any such cash collateral may at any time be deposited, collectively, the "Cash Collateral Accounts") established by NRG Energy with the Collateral Agent and under the dominion and control of the Collateral Agent, to be held or

applied, or released for application, as provided in this Section 6.4. NRG Energy hereby grants to the Collateral Agent, for the benefit of Secured Parties, as security for the payment and performance of the NRG's obligations hereunder, a security interest in and lien on (i) the Cash Collateral Accounts, (ii) all amounts now or at any time on deposit therein, (iii) all investment property or other financial assets from time to time credited thereto, and (iv) all proceeds of any of the foregoing, in whatever form. In connection with the making of the initial deposit in any Cash Collateral Account, NRG Energy shall be required to (a) execute such documentation as may be necessary, or that is reasonably requested by the Collateral Agent, in order to grant to the Collateral Agent, for the benefit of the Secured Parties, a first priority perfected security interest in the Cash Collateral Accounts (subject to NRG Permitted Liens), including, without limitation, an account control agreement containing control provisions substantially similar to those contained in the Depositary Agreement and (b) deliver an opinion of counsel with respect to the Cash Collateral Accounts substantially similar to the opinion given with respect to the Accounts on the Closing Date. Upon the earlier to occur of (i) termination of this Agreement in accordance with Section 9 or (ii) the cure of the NRG Event of Default which triggered the making of a Cash Collateral Deposit, the Collateral Agent shall take, at NRG Energy's expense, such actions as NRG Energy may reasonably request to effect the release of such Cash Collateral Deposit and the security interest and lien granted pursuant to this clause (a), provided, however, that in the case of clause (ii) of this sentence, at the time of such proposed release no other NRG Event of Default shall have occurred and be continuing.

(b) Interest and other payments and distributions made on or with respect to the cash collateral held by the Collateral Agent pursuant to clause (a) of this Section 6.4 shall be for the account of NRG Energy and shall constitute cash collateral to be held by the Collateral Agent or returned to NRG Energy in accordance with clause (a) of this Section 6.4 or in accordance with Section 12.3.

(c) NRG Energy may at any time replace cash on deposit in any Cash Collateral Account with an Acceptable Letter of Credit. Such Acceptable Letter of Credit shall be administered in accordance with Section 5.2 of the Depositary Agreement.

(d) Cash held in any Cash Collateral Account shall be invested and reinvested in Permitted Investments (which Permitted Investments shall be only those described in clauses (a), (b), (e), (f) or (g) of the definition thereof) by the Collateral Agent, which shall make such Permitted Investments (a) when no Issuer Event of Default has occurred and is continuing, at the written direction of NRG Energy, and (b) when an Issuer Event of Default has occurred and is continuing, at the written direction of XLCA (if XLCA is the Controlling Party). If there is no direction from NRG Energy or XLCA (if XLCA is the Controlling Party), any cash held in any Cash Collateral Account shall be deposited in the Cash Reserve Account at The Bank of New York, an interest bearing demand cash account at the Depositary Agent. The Collateral Agent shall have no obligation to invest or reinvest any amounts held hereunder in the absence of written investment instructions, and in no event shall the Collateral Agent be liable for the selection of Permitted Investments or for investment losses, if any, incurred thereon. Any and all commissions, broker fees or other charges, penalties, fees or expenses incurred in connection with the investment in, or liquidation of, any Permitted Investment shall be solely for the account of NRG Energy, and shall be debited against the cash balance in the applicable Cash Collateral Account.

(e) The Collateral Agent shall sell or liquidate all or any portion of the Permitted Investments held in any Cash Collateral Account at any time the proceeds thereof are required to make any disbursement from such Cash Collateral Account in accordance with the terms of this Agreement. Any such sale or liquidation shall be in the order of maturity of the applicable Permitted Investments, with Permitted Investments closest to maturity being sold or

liquidated first. In no event shall the Collateral Agent be liable for any losses incurred as a result of the liquidation of any Permitted Investment prior to its stated maturity (including, without limitation, any early withdrawal or liquidation penalty) or the failure of any Person to provide timely written investment instructions.

Section 6.5 Set-Off. In addition to any rights now or hereafter granted under applicable Legal Requirements or otherwise, and not by way of limitation of any such rights, upon the failure of NRG Energy to make any payments as required by Section 2 hereunder, the Collateral Agent is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to NRG Energy or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by any Secured Party (including by branches and agencies of each of the Secured parties wherever located) to or for the credit or the account of NRG Energy, against and on account of the obligations of NRG Energy then due under this Agreement, irrespective of whether or not the Collateral Agent shall have made any demand hereunder.

SECTION 7
DEDUCTIONS/WITHHOLDING

All sums, if any, payable by NRG Energy hereunder shall be paid in full, free of any deductions or withholdings for any and all Taxes imposed by any governmental authority of

any jurisdiction through which payment is made. In the event that NRG Energy is prohibited by law from making any such payments hereunder free of such deductions or withholdings, then NRG Energy shall pay such additional amount as may be necessary in order that the actual amount received after such deduction or withholding shall equal the full amount stated to be payable hereunder. NRG Energy shall pay directly to all appropriate taxing authorities any and all Taxes, and all liabilities with respect to such Taxes imposed by law or by any taxing authority on or with regard to any payment required to be made by NRG Energy hereunder. Notwithstanding the foregoing, if a payment due from NRG Energy hereunder relates to a payment which, if directly made by the Issuer or other primary obligor, would have been subject to deduction or withholding of Taxes without any gross-up obligation (or an obligation to pay an additional amount) on the part of the Issuer or other primary obligor, NRG Energy shall not be required to pay additional amounts under this Section 7.

SECTION 8
NOTICES

Section 8.1 Notices. Any communication between the parties hereto or notices provided herein to be given may be given to the following addresses:

(a) If to NRG Energy, at:

NRG Energy, Inc.
901 Marquette Avenue
Suite 2300
Minneapolis, Minnesota 55402
Attn: General Counsel
Telephone No.: (612) 373-5300
Telecopy No.: (612) 373-5392

with copy to:

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022

Attention: Lisa M. Anastos
Telephone No.: (212) 446-4761
Telecopy No.: (212) 446-4900

and

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020
Attention: Surveillance
Telecopy: (212) 478-3587
Confirmation: (212) 478-3400

(b) If to the Collateral Agent, at:

The Bank of New York
101 Barclay Street, Floor 8 West
New York, NY 10286
Attn: Corporate Trust Administration
Telephone No.: (212) 815-4816
Telecopy No.: (212) 815-5707

with copy to:

Kirkland & Ellis LLP
153 East 53rd Street
New York, NY 10022
Attention: Lisa M. Anastos
Telephone No.: (212) 446-4761
Telecopy No.: (212) 446-4900

and

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020
Attention: Surveillance
Telecopy: (212) 478-3587
Confirmation: (212) 478-3400

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery services (including Federal Express, UPS, ETA, Emery, DHL, Airborne and other similar overnight delivery services), (c) in the event overnight delivery services are not readily available, if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, (d) if sent by prepaid telegram or by facsimile or (e) other electronic means (including electronic mail) confirmed by facsimile or telephone (except to the Collateral Agent). Notice so given shall be effective upon receipt by the addressee, except that communication or notice so transmitted by facsimile or other direct electronic means shall be deemed to have been validly and effectively given on the day (if a Business Day and, if not, on the next following Business Day) on which it is transmitted if transmitted before 4:00 p.m.,

recipient's time, and if transmitted after that time, on the next following Business Day; provided, however, that if any notice is tendered to an addressee and the delivery thereof is refused by such addressee, such notice shall be effective upon such tender. Any party shall have the right to change its address for notice hereunder to any other location within the continental United States

by giving of 30 days' notice to the other parties in the manner set forth above.

SECTION 9
TERMINATION

This Agreement shall terminate upon the payment in full of the Obligations and any obligations hereunder.

SECTION 10
SUCCESSORS AND ASSIGNS

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by NRG Energy except with the consent of the Collateral Agent (in accordance with Section 9.2 of the Common Agreement) unless assigned, in part, in connection with a Permitted Change of Control in accordance with the Common Agreement, in which case the Associated Parent Obligations (if any) in respect of the transferred assets or ownership interests, as the case may be, shall be assumed by a party (an "Acceptable Assignee") that either (x) is rated at least A3 by Moody's and A- by S&P or (y) is rated at least Baa2 by Moody's and BBB by S&P and has provided cash, Acceptable Letters of Credit or other credit support acceptable to the Controlling Party in its sole discretion in an amount of the Equity Reimbursement Amount assumed by the Acceptable Assignee.

SECTION 11
AMENDMENT

No amendment or waiver of any provision of this Agreement nor any consent to any departure by NRG Energy herefrom shall in any event be effective unless the same shall be in writing and signed by NRG Energy and the Collateral Agent (in accordance with Section 9.2 of the Common Agreement), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 12
EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default. The occurrence of any of the following events shall constitute an event of default hereunder (an "NRG Event of Default"):

(a) NRG Energy shall fail to make any payment as and when due under this Agreement;

(b) any representation or warranty by NRG Energy set forth in this Agreement or in any document entered into in connection herewith in favor of or for the benefit of any Secured Party or in any certificate, financial statement or other document delivered in connection herewith for the benefit of any Secured Party shall prove to have been incorrect in any material respect (in the case of any representation or warranty without any materiality qualification) or in any respect (in the case of any representation or warranty containing any materiality qualification) when made (or deemed made) and the facts or events underlying such incorrect representation or warranty shall not be changed so as to correct such representation or warranty in all material respects for a period of 30 days (or so long as the facts or events underlying such incorrect representation or warranty are capable of being changed so as to correct such incorrect representation or warranty in all material respects and NRG Energy is diligently proceeding to change such events or facts, such longer period but in no event for an aggregate period in excess of 90 days) after a Responsible Officer of NRG Energy becomes aware thereof or NRG Energy first received a notice from or on behalf of the Controlling Party specifying such material inaccuracy and requiring that facts or events underlying such incorrect representation or warranty be changed so as to correct such incorrect

representation or warranty in all material respects;

(c) NRG Energy shall default in the due observance or performance of any agreement contained in Sections 2.5 through 2.7, 2.11 or 4.1;

(d) NRG Energy shall default in the due observance or performance of any covenant, condition or agreement contained in this Agreement (other than Section 2.10 and those specified in Section 12.1(c) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Collateral Agent, provided, however, if (i) such failure does not consist of a failure to pay money and cannot be cured within such 30 day period, (ii) such failure is susceptible of cure within 90 days, (iii) NRG Energy is proceeding with diligence and in good faith to cure such failure, (iv) the existence of such failure has not had and cannot, after considering the nature of the cure, be reasonably expected to have an NRG Energy Material Adverse Effect, and (v) the Collateral Agent shall have received an officer's certificate signed by a Responsible Officer of NRG Energy, in such Responsible Officer's capacity as an officer of NRG Energy, to the effect of clauses (i), (ii), (iii) and (iv) above and stating what action NRG Energy is taking to cure such failure, then such 30 day cure period shall be extended to such date, not to exceed a total of 90 days, as shall be necessary for NRG Energy diligently to cure such failure; provided, further, that in the case of a default in the due observance or performance of Sections 2.3, 2.4, 2.8 and 2.9 the applicable cure period shall not exceed a total of 60 days;

(e) NRG Energy shall default for a period beyond any applicable grace period (i) in the payment of any principal, interest or other amount due on any Debt for Borrowed Money of NRG Energy (other than amounts under the Financing Documents) and such defaulted amount, together with any other principal, interest or other amount due and unpaid on any Debt for Borrowed Money of NRG Energy (other than amounts under the Financing Documents) equals or exceeds $50,000,000, or in the performance of any Specified Financial Covenant; or (ii) in the payment of any amount then due or performance of any obligation then required under any agreement evidencing Debt of NRG Energy (other than the Financing Documents) if

because of such default, the holder of such Debt accelerates the payment thereof and such accelerated amount, together with the amount of any other Debt of NRG Energy then so accelerated (other than the obligations under the Financing Documents) equals or exceeds $50,000,000, provided, that it shall not constitute an NRG Event of Default as set forth in clause (i) with respect to a breach of any Specified Financial Covenant if, and for so long as, NRG Energy provides an officer's certificate from a responsible officer stating that either NRG Energy and the holder(s) of the relevant obligation(s) under the relevant agreement(s) in which such Specified Financial Covenant appears are, and continue to be, in active discussions with respect to the waiver of such default (such officer's certificate to be renewed every 10 Business Days) or that a default no longer exists under such relevant agreements as a result of a breach of any Specified Financial Covenant;

(f) NRG Energy itself shall be subject to a Bankruptcy Event; or

(g) One or more final judgments for the payment of money (if such payments are not fully covered by insurance) in excess of $50,000,000 in the aggregate shall be rendered against NRG Energy, and NRG Energy shall fail to discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within 60 days after the date of entry thereof; provided, however, that any such judgment shall not be (and shall not constitute part of) an NRG Event of Default under this Section 12.1(g) if and for so long as either (i)(A) the amount of such judgment is fully covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (B) such insurer has been notified of, and has not disputed the claim made for payment of, the amount of such judgment, or (ii)

such judgment if left unstayed could not reasonably be expected to have an NRG Material Adverse Effect.

Section 12.2 Remedies. Upon the occurrence of an NRG Event of Default, the Collateral Agent (acting at the direction of the Controlling Party) shall (a) have the right to declare all obligations pursuant to Sections 2.1 under this Agreement to be immediately due and payable and require NRG Energy to immediately pay to the Collateral Agent in immediately available funds an amount equal to the Equity Reimbursement Amount (provided that in the event of an NRG Event of Default under Section 12.1(f) of this Agreement, such obligations shall be automatically accelerated) and any amounts due and payable that accrued under this Agreement prior to such date, and (b) have all the rights and remedies available to it at law or in equity in respect of any default or breach by NRG Energy of its obligations under this Agreement. Other than as expressly provided herein, no remedy conferred upon or reserved to any party is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. In order to entitle any party to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Agreement. No failure or delay on the part of any party in exercising any right, power or privilege hereunder and no course of dealing between NRG Energy and any Secured Party shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other

or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder.

Section 12.3 Cash Collateralization in Connection with Issuer Event of Default.

(a) On any date upon which there exists and is continuing an NRG Event of Default hereunder (other than an NRG Event of Default pursuant to Section 12.1(a) hereof), NRG Energy may, in order to cure the Issuer Event of Default resulting therefrom as contemplated by Section 7.1(m)(iii) of the Common Agreement, at its sole option, pay, or to cause to be paid in Dollars, in immediately available funds on such date, an amount equal to (i) the Equity Reimbursement Amount and (ii) any amounts due and payable that accrued under this Agreement prior to such date (such payment, a "Cash Collateral Deposit"). Cash Collateral Deposits shall be paid by NRG Energy to the Collateral Agent, for immediate deposit into a segregated cash collateral account maintained by the Collateral Agent for the benefit of the Secured Parties as further described in Section 6.4.

(b) No Issuer Event of Default under Section 7.1(m)(iii) of the Common Agreement shall occur upon the occurrence and during the continuation of an NRG Event of Default if at such time (i) there are no amounts due and payable under this Agreement and (ii) the Equity Reimbursement Amount equals zero.

(c) No Issuer Event of Default under Section 7.1(m)(iii) of the Common Agreement shall occur upon the occurrence and during the continuation of any NRG Event of Default under Section 12.1(e)(i), if at such time, the Equity Reimbursement Amount and any other amounts due and payable under this Agreement are less than $3,000,000.

SECTION 13
HEADINGS

The headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

SECTION 14

GOVERNING LAW

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW EXCEPT SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 15
CONSENT TO JURISDICTION;
APPOINTMENT OF AGENT FOR SERVICE OF PROCESS

With respect to any legal action or proceeding against NRG Energy arising out of or in connection with this Agreement, NRG Energy hereby irrevocably (i) consents to the jurisdiction of the courts of the State of New York, in and for the County of New York, and of the United States of America for the Southern District of New York, (ii) consents to the service of process outside the territorial jurisdiction of said courts in any such action or proceeding by mailing copies thereof by registered United States mail, postage prepaid, to the address specified pursuant to Section 8 hereof, and (iii) to the fullest extent permitted by Applicable Law, waives any objection to the venue of the aforesaid courts and any objection that the aforesaid courts are an inconvenient forum. NRG Energy hereby designates, appoints and empowers Corporation Service Company, with offices on the date hereof at 1177 Avenue of the Americas, 17th Floor, New York, New York 10036-2721, as its designee, appointee and agent with respect to any action or proceeding in New York to receive for and on its behalf service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding and agrees that the failure of such agent to give any advice of any such service of process to such person shall not impair or affect the validity of such service or of any judgment based thereon. If for any reason such designee, appointee and agent shall cease to be available to act as such, NRG Energy agrees to designate a new designee, appointee and agent in New York City on the terms and for the purposes of this provision.

SECTION 16
WAIVER OF JURY TRIAL

THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE PARTIES HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE COLLATERAL AGENT TO ENTER INTO THIS AGREEMENT.

SECTION 17
EXPENSES

Upon written demand, NRG Energy shall pay to the Collateral Agent, for itself and on behalf of the Secured Parties, any and all reasonable expenses, including reasonable attorneys' fees and expenses, which the Collateral Agent or the Controlling Party may incur in connection with the exercise or enforcement of any of the rights or interests of the Collateral Agent, on behalf of the Secured Parties, hereunder as a result of a breach of this Agreement by NRG Energy.

SECTION 18
MISCELLANEOUS

Section 18.1 Counterparts. This Agreement and any amendments,

waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

Section 18.2 Severability. In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 18.3 Limitation of Liability. Except as is specifically provided in this Agreement, neither Collateral Agent nor any other Secured Party shall have any recourse to NRG Energy in respect of the Obligations. The provisions of Article 8 of the Common Agreement shall apply to this Agreement.

Section 18.4 Third Party Rights. Except to the extent set forth in Section 6.5, nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon, or give to any Person (other than Issuer, Collateral Agent and the Secured Parties) any security, rights, remedies or claims, legal or equitable, under or by reason hereof, or any covenant or condition hereof; and this Agreement and the covenants and agreements herein contained are and shall be held to be for the sole and exclusive benefit of Issuer, Collateral Agent and the Secured Parties.

Section 18.5 Survival of Obligations. All representations, warranties, covenants and agreements made herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the parties hereto and shall survive the execution and delivery of this Agreement, the termination of this Agreement and the making of the payments required under Section 2. Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of NRG Energy set forth in Sections 6.1, 8 and 17 shall survive the making of the payments required under Section 2 and the termination of this Agreement.

Section 18.6 Rights of Collateral Agent. In acting under or by virtue of this Agreement, the Collateral Agent shall be entitled to all the rights, privileges, and immunities provided to it in the Common Agreement, all of which are incorporated by reference herein with the same force and effect as if set forth herein in their entirety.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized officer(s) or representative(s) all as of the date first above written.

NRG ENERGY, INC.,

By: _____
Name:
Title:

THE BANK OF NEW YORK,
as Collateral Agent

By: _____
Name:
Title:

EXHIBIT A

FORM OF EQUITY REIMBURSEMENT CERTIFICATE

_____ ___, _____ (1)

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10022
Attention: Surveillance

Law Debenture Trust Company of New York, as Trustee
767 Third Avenue, 31st Floor
New York, New York 10017
Attention: Daniel R. Fisher

The Bank of New York, as Collateral Agent
101 Barclay Street, Floor 8 West
New York, New York 10286
Attention: Corporate Trust Department

Goldman Sachs Mitsui Marine Derivations Products, L.P., as Swap Counterparty
85 Broad Street
New York, New York 10004
Attention: Swap Administration (with a copy to Treasury Administration)

Re: Equity Reimbursement Amount

Ladies and Gentlemen:

NRG Energy, Inc. ("NRG Energy") is delivering this certificate pursuant to Section 4.5(a) of the Parent Agreement, dated as of January 6, 2004, by NRG Energy in favor of the Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Parent Agreement"). Capitalized terms used but not defined herein shall have the meanings given in Annex A to the Amended and Restated Common Agreement, dated as of January 6, 2004, among XL Capital Assurance Inc., Swap Counterparty, Trustee, Collateral Agent, the Issuer, and each party thereto identified as a Project Company on the signature pages thereto (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Common Agreement").

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(1) Certificate to be dated and delivered within 20 days following the Annual Scheduled Payment Date and subsequently in accordance with Section 4.5(a) of the Parent Agreement.

SECTION 19 Restricted Payment Amount.

Section 19.1 The aggregate amount of the Restricted Payment that had been made or distributed to NRG Energy prior to [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE CUMULATIVE AMOUNT OF THE RESTRICTED PAYMENT EXCLUDING PAYMENTS MADE ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 19.2 The amount of the Restricted Payment that was made and distributed to NRG Energy on [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE AMOUNT OF THE RESTRICTED PAYMENT MADE ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

SECTION 20 Corporate Services Annual Fee.

Section 20.1 The aggregate amount of the Corporate Services Annual Fee that had been paid to NRG Energy prior to [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is:

$[PROVIDE THE CUMULATIVE AMOUNT OF THE CORPORATE SERVICES ANNUAL FEE EXCLUDING PAYMENTS MADE ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 20.2 The amount of the Corporate Services Annual Fee that was paid to NRG Energy on [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE AMOUNT OF THE CORPORATE SERVICES ANNUAL FEE PAID ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

SECTION 21 Corporate Services Accumulation Amount.

Section 21.1 The aggregate Corporate Services Accumulation Amount that was outstanding prior to [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE CUMULATIVE AMOUNT OF THE CORPORATE SERVICES SHORTFALL EXCLUDING THE AMOUNT THAT AROSE ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 21.2 The amount of the Corporate Services Payment Shortfall that arose on [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE AMOUNT OF THE CORPORATE SERVICES PAYMENT SHORTFALL THAT AROSE ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 21.3 The aggregate amount of the Corporate Services Payment that had been made pursuant to priority Thirteen of Section 4.1.2 of the Depositary Agreement in respect of such Corporate Services Accumulation Amount prior to [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE CUMULATIVE AMOUNT OF THE CORPORATE SERVICES PAYMENT MADE IN RESPECT OF THE CORPORATE SERVICES ACCUMULATION AMOUNT PRIOR TO SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 21.4 The amount of the Corporate Services Payment that was made pursuant to priority Thirteen of Section 4.1.2 of the Depositary Agreement in respect of such Corporate Services Accumulation Amount on [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE AMOUNT OF THE CORPORATE SERVICES PAYMENT MADE IN RESPECT OF THE CORPORATE SERVICES ACCUMULATION AMOUNT ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 21.5 The Corporate Services Accumulation Amount as of the date hereof is: $[PROVIDE THE CORPORATE SERVICES ACCUMULATION AMOUNT BY ADDING AMOUNTS UNDER 3(a) AND 3(b) ABOVE AND SUBTRACTING AMOUNTS UNDER 3(c) AND 3(d)].

SECTION 22 Equity Reimbursement Amount.

Section 22.1 The aggregate Equity Reimbursement Amount that had been made or distributed to NRG Energy prior to [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE AMOUNT OF THE EQUITY REIMBURSEMENT AMOUNT PRIOR TO THE ANNUAL SCHEDULED PAYMENT DATE BY ADDING AMOUNTS UNDER 1(a), 2(a) AND 3(c)].

Section 22.2 The Equity Reimbursement Amount that was made and distributed to NRG Energy on [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE EQUITY REIMBURSEMENT AMOUNT MADE ON SUCH ANNUAL SCHEDULED PAYMENT DATE BY ADDING AMOUNTS UNDER 1(b), 2(b) AND 3(d)].].

Section 22.3 The aggregate amount of the Equity Reimbursement Payments that had been made or paid by NRG Energy pursuant to Section 2.1 of the Parent Agreement (including that made on such date) as of [INSERT THE ANNUAL SCHEDULED PAYMENT DATE THAT IS IMMEDIATELY PRIOR TO THE DATE HEREOF] is: $[PROVIDE THE CUMULATIVE AMOUNT OF THE EQUITY REIMBURSEMENT PAYMENTS ON SUCH ANNUAL SCHEDULED PAYMENT DATE].

Section 22.4 The Equity Reimbursement Amount of NRG Energy as of the date hereof is: $[PROVIDE THE EQUITY REIMBURSEMENT AMOUNT BY ADDING AMOUNTS UNDER 4(a) AND 4(b) ABOVE AND SUBTRACTING AMOUNTS UNDER 4(c)].

SECTION 23 Supporting Documentation.

The following documentation is attached hereto as Annex A in support of the calculations set forth above: [INSERT DESCRIPTION OF SUPPORTING DOCUMENTATION].

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, NRG Energy has caused this Equity Reimbursement Amount Certificate to be duly executed and delivered by a Responsible Officer of NRG Energy as of the date first above written.

NRG Energy, Inc.

By:_____
Name:
Title:

Annex A to Exhibit A

Supporting Documentation

EXHIBIT B

FORM OF INTERCONNECTION SOLUTION TRANSFER DOCUMENTS

SCHEDULE A

INTERCOMPANY ACCOUNT BALANCES

COUNTER PARTY	COUNTER PARTY ACCOUNT NO	PEAKER	PEAKER ACCOUNT NO	BALANCE
Arthur Kill Power LLC	01372	Bayou Cove Peaking Power LLC	01442	$ 147,748
Arthur Kill Power LLC	01372	Bayou Cove Peaking Power LLC	01442	($ 118)
Arthur Kill Power LLC	01372	Big Cajun 1 Peaking Power LLC	01408	($ 469,912)
Kendall	01417	NRG Rockford II LLC	01277	($ 504,918)
Louisiana Generating	01386	Sterlington		$ 5,194,640
Louisiana Generating	01386	Sterlington		$ 21,794
Louisiana Generating	01386	Sterlington		($ 4,990,298)
Louisiana Generating	01386	Bayou Cove Peaking Power LLC	01442	($ 688,941)
Louisiana Generating	01386	Bayou Cove Peaking Power LLC	01442	$ 211,101
Louisiana Generating	01386	Big Cajun 1 Peaking Power LLC	01408	$ 7,810,642
Louisiana Generating	01386	Big Cajun 1 Peaking Power LLC	01408	($ 556,687)
Louisiana Generating	01386	NRG Bayou Cove LLC		($ 431)
Louisiana Generating	01386	NRG Rockford LLC	01274	($ 888)
Middletown Power LLC	01382	Bayou Cove Peaking Power LLC	01442	($ 6,576)
Middletown Power LLC	01382	Big Cajun 1 Peaking Power LLC	01408	($ 121,625)
None Noted - Louisiana Generating	[Blank]	Bayou Cove Peaking Power LLC	01442	($ 107,469)
None Noted - Louisiana Generating	[Blank]	Big Cajun 1 Peaking Power LLC	01408	$14,712,001
None Noted - Louisiana Generating	[Blank]	NRG Rockford II LLC	01277	$ 43,655
None Noted - Louisiana Generating	[Blank]	NRG Sterlington Power LLC	01388	$ 8,528,333
Power Marketing	01350	Bayou Cove Peaking Power LLC	01442	($ 831,517)
Power Marketing	01350	Big Cajun 1 Peaking Power LLC	01408	($ 2,003,576)
Power Marketing	01350	NRG Rockford II LLC	01277	$ 1,355,328
Power Marketing	01350	NRG Sterlington Power LLC	01388	$ 181,519
Power Marketing	01350	NRG Rockford LLC	01274	($ 1,072,380)
TOTAL SCHEDULE C				$26,851,424

SCHEDULE B

INTERCOMPANY ACCOUNT BALANCES

COUNTER PARTY	COUNTER PARTY ACCOUNT NO	PEAKER	PEAKER ACCOUNT NO	BALANCE
Kendall	01417			($ 45,936)
Meriden	01437	NRG Rockford II LLC	01277	($ 443,061)
NRG Energy	00001	Bayou Cove Peaking Power LLC	01442	($ 39,148,297)
NRG Energy	00001	Big Cajun 1 Peaking Power LLC	01408	$ 5,715,496
NRG Energy	00001	NRG Peaking Finance Co LLC	01249	($ 95,092,537)
NRG Energy	00001	NRG Rockford Equipment II LLC	01278	$ 218,863
NRG Energy	00001	NRG Rockford II LLC	01277	$ 3,851,758
NRG Energy	00001	NRG Rockford LLC	01274	$ 36,115,844
NRG Energy	00001	NRG Sterlington Power LLC	01388	($ 15,651,242)
NRG Ilion LP	11210	NRG Rockford LLC	01274	$ 1681,556
TOTAL SCHEDULE C				($103,797,556)

SCHEDULE C

INTERCOMPANY ACCOUNT BALANCES

COUNTER PARTY	COUNTER PARTY ACCOUNT NO	PEAKER	PEAKER ACCOUNT NO	BALANCE
Louisiana Generating	01386	Bayou Cove Peaking Power LLC	01442	($ 87,755)
Power Marketing	01350	NRG Rockford II LLC	01277	$218,016
NRG Operating Services	01100	Bayou Cove Peaking Power LLC	01442	($ 279)
NRG Operating Services	01100	Big Cajun 1 Peaking Power LLC	01408	$117,884
NRG Operating Services	01100	NRG Peaking Finance Co LLC	01249	($ 1,200)
NRG Operating Services	01100	NRG Rockford II LLC	01277	($ 376)
NRG Operating Services	01100	NRG Rockford LLC	01274	($ 1,299)
Vienna Operations, Inc	01407	Big Cajun 1 Peaking Power LLC	01408	($123,667)
Huntley Power LLC.	01298	Bayou Cove Peaking Power LLC	01442	($ 2,293)
Indian River Power LLC	01394	Bayou Cove Peaking Power LLC	01442	$ 4,524
Kaufman Cogen LP	01436	Big Cajun 1 Peaking Power LLC	01408	($ 5,365)
LSP Energy LP	01427	Big Cajun I		($ 108)
LSP-Nelson Energy LLC	01414	Various Peakers		($ 2,612)
LSP-Pike Energy LLC	01413	Various Peakers		$ 8,274
NRG Audrain Generating LLC	01426	NRG Sterlington Power LLC	01388	($ 13,719)
NRG Bourbonnais LLC	01276	NRG Rockford LLC	01274	($ 3,103)
NRG Dunkirk Operations Inc.	01297	Bayou Cove Peaking Power LLC	01442	($ 3,821)
NRG Energy Center Dover LLC	01036	Bayou Cove Peaking Power LLC	01442	$ 1,391
NRG Energy Center Harrisburg Inc.	01030	Various Peakers		($ 3,858)
NRG Energy Center Minneapolis LLC	01001	Various Peakers		($ 978)
NRG Energy Center Pittsburgh LLC	01013	Bayou Cove Peaking Power LLC	01442	($ 2,212)
NRG McClain LLC	01389	Various Peakers		($ 1,237)
NRG Services Inc.	01120	Various Peakers		($ 2,179)
NRG South Central LLC	01390	Bayou Cove Peaking Power LLC	01442	$ 1,000
NRG South Central Operations Inc.	01115	Bayou Cove Peaking Power LLC	01442	$ 3,796
NRG Turbine LLC	01247	NRG Rockford LLC	01274	($ 36)
Oswego Harbor Power LLC	01370	Various Peakers		($ 10,282)
Power Marketing	01350	Big Cajun 1 Peaking Power LLC	01408	$ 4,520
Power Marketing	01350	NRG Rockford II LLC	01277	$ 33,270
Power Marketing	01350	NRG Sterlington Power LLC	01388	($ 1,050)
Vienna Power LLC	01396	Bayou Cove Peaking Power LLC	01442	$ 696
Louisiana Generating	01386	Sterlington		$ 0
Louisiana Generating	01386	Bayou Cove Peaking Power LLC	01442	$ 0
Louisiana Generating	01386	Big Cajun 1 Peaking Power LLC	01408	$ 0
Power Marketing	01350	NRG Rockford II LLC	01277	$ 6,391
TOTAL SCHEDULE C				$132,336

SCHEDULE D

REGULATORY MATTERS

FERC has indicated in the following orders that it will treat the Company as a "public utility" for purposes of Section 204 of the FPA:

1. Letter from Michael C. McLaughlin to Scott J. Davido, Docket No. ES03-59-000, 105 FERC p. 62,006 (Oct. 2, 2003);

2. Letter from Michael C. McLaughlin to Scott J. Davido, Docket Nos. ES03-59-000, ES03-59-001, 105 FERC p. 62,037 (Oct. 22, 2003); and

3. Letter from Michael C. McLaughlin to Scott J. Davido, Docket Nos. ES03-59-003, 105 FERC p. 62,177 (Dec. 12, 2003).

EXHIBIT 10.1

EXECUTION COPY

EMPLOYMENT AGREEMENT

Between
NRG Energy, Inc.
and
David W. Crane

THIS AGREEMENT is made as of November 10, 2003, between NRG Energy, Inc. (the "Company"), and David W. Crane ("Executive").

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Employment. The Company shall employ Executive, and Executive hereby accepts employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the later of (i) December 1, 2003, or (ii) the date the bankruptcy court approves this Agreement (the "Commencement Date") and ending as provided in Section 5 or 6 hereof (the "Employment Period"). The Company shall use its best efforts to promptly obtain bankruptcy court approval of this Agreement. This Agreement shall be void ab initio and of no force and effect if the Commencement Date does not occur on or before January 1, 2004.

2. Position and Duties.

(a) During the Employment Period, Executive shall serve as the President and Chief Executive Officer ("CEO") of the Company and shall have the normal duties, responsibilities, functions and authorities customarily exercised by the President and CEO of a company of similar size and nature as the Company. During the Employment Period, Executive shall render such administrative, financial and other executive and managerial services to the Company and its affiliates which are consistent with Executive's position as the Board of Directors of the Company (the "Board") may from time to time direct.

(b) During the Employment Period, Executive shall report to the Board and shall devote his best efforts and his full business time and attention (except for permitted vacation periods and reasonable periods of illness or other incapacity) to the business and affairs of the Company. Executive shall perform his duties, responsibilities and functions to the Company hereunder to the best of his abilities in a diligent, trustworthy, professional and efficient manner and shall comply with the Company's policies and procedures in all material respects. In performing his duties and exercising his authority under this Agreement, Executive shall support and implement the business and strategic plans approved from time to time by the Board and shall support and cooperate with the Company's efforts to expand its businesses and operate profitably and in conformity with the business and strategic plans approved by the Board. During

the Employment Period, Executive shall not serve as an officer or director of, or otherwise perform services for compensation for, any other entity without the prior written consent of the Board. Executive may serve as an officer or director of or otherwise participate in purely educational, welfare, social, religious and civic organizations so long as such activities do not interfere with Executive's employment. Nothing contained herein shall preclude Executive from (i) engaging in charitable and community activities; (ii) participating in industry and trade organization activities; (iii) managing his and his family's personal investments and affairs; and (iv) delivering lectures, fulfilling speaking engagements or teaching at educational institutions; provided, that such activities do not materially interfere with the regular performance of his

duties and responsibilities under this Agreement.

3. Compensation and Benefits.

(a) During the period beginning on the Commencement Date and ending on December 31, 2004, Executive's annual base salary shall be $875,000. For the portion of the Employment Period beginning on January 1, 2005 and for periods thereafter, the Executive's annual base salary shall be reviewed and determined by the Board (such initial annual base salary and the annual base salary as determined and adjusted from time to time by the Board are referred to herein as, the "Base Salary"). The Base Salary shall be payable by the Company in regular installments in accordance with the Company's general payroll practices (in effect from time to time) but in any event no less frequently than monthly. During the period beginning on the Commencement Date and ending December 31, 2003, the Base Salary shall be pro rated on an annualized basis. For purposes of this Agreement, the Base Salary shall not include any other type of compensation or benefit paid or payable to the Executive. Notwithstanding anything in this Agreement to the contrary, any decrease in Executive's then Base Salary shall be deemed Good Reason.

(b) Bonuses and Incentive Compensation.

(i) Signing Bonus. In addition to the Base Salary, on the Commencement Date the Company shall pay Executive a one-time signing bonus of $1.75 million dollars (the "Signing Bonus") payable in a single lump-sum cash payment; provided, however, that except as set forth under Section 5 below, Executive agrees to reimburse the Company, on a pro-rata basis (based on the ratio of (x) the number of days in the period beginning on the date of Executive's termination of employment and ending on the first anniversary of the Commencement Date to (y) 365), if prior to one year from Executive's Commencement Date he (A) terminates his employment with the Company other than for "Good Reason" or following a "Change of Control" (as defined herein), or (B) is terminated by the Board for "Cause" (as defined herein).

(ii) Annual Bonus. Beginning for fiscal year 2004 and for each fiscal year thereafter during the Employment Period, based on achievement of criteria determined by the Board as soon as administratively practicable following the beginning of each such fiscal year with input from Executive, Executive will be entitled to an annual bonus with a target amount equal to 100% of the Executive's then Base Salary (the "Annual Bonus"). For the Company's fiscal year 2004 only, Executive shall receive an

Annual Bonus of not less than 75% of his Base Salary. The Company shall pay the Annual Bonus in a single cash lump-sum after the end of the Company's fiscal year in accordance with procedures established by the Board, but in no event later than April 15 of the subsequent fiscal year.

(iii) Stretch Bonus. Beginning for fiscal year 2004 and for each fiscal year thereafter during the Employment Period, based on achievement of criteria determined by the Board as soon as administratively practicable following the beginning of each such fiscal year with input from Executive, Executive shall be eligible to receive a "stretch bonus" in an amount up to, but not exceeding, 50% of Executive's then Base Salary (the "Stretch Bonus"). The Company shall pay the Stretch Bonus in a single cash lump-sum following the end of the Company's fiscal year in accordance with procedures established by the Board, but in no event later than April 15 of the subsequent fiscal year.

(iv) Long Term Incentive. The Company shall

provide Executive with a combination of restricted stock or units ("restricted stock") and stock options (the "Executive LTIP") to be issued to Executive upon the Company's emergence from bankruptcy protection under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The aggregate value of the grant under the Executive LTIP shall be $12.5 million, which is currently approximately 0.5% of the equity to be distributed pursuant to the Company's Plan of Reorganization under Chapter 11 of the Bankruptcy Code (the "Plan"). One-third of the grant under the Executive LTIP will be issued in restricted stock and the balance shall be issued in stock options.

It is currently contemplated that the Executive shall receive 166,667 shares of restricted stock valued at $25 per share and 602,555 stock options valued at $13.83 per share. The exact number of restricted stock and stock options awarded will be determined based on the equity value reflected in the final Disclosure Statement to the Plan of Reorganization; provided, however, that regardless of the actual number of restricted stock or stock options granted to the Executive, the aggregate value of such restricted stock and stock options shall be $12.5 million. The stock options shall have a ten-year term (subject to early termination, upon termination for Cause or resignation without Good Reason prior to the third anniversary of the Commencement Date) and an exercise price equal to the per share equity value reflected in such final Disclosure Statement (currently $25 per share). The Company shall reserve a sufficient number of shares of common stock for issuance upon exercise of the stock options to be granted hereunder, and any such stock options granted as part of the Executive LTIP shall be duly and validly authorized by a subset of the Company's board of directors compromised solely of two or more "outside directors" (as such term is defined in Treasury Regulations Section 1.162-27(e) and ratified by the Company's full board of directors.

The restricted stock granted under the Executive LTIP shall be entitled to participate currently in dividends and shall vest 100% on the third anniversary of the Executive's Commencement Date. The stock options shall vest in three equal installments on each of first three anniversaries of the Executive's Commencement Date.

Notwithstanding anything above to the contrary, all grants made under the Executive LTIP will become 100% vested upon a "Change of Control" (as defined herein).

The specific terms of the restricted stock and the stock options granted under the LTIP (including, without limitation, customary anti-dilution and other provisions) will be reflected in separate stock option and restricted stock agreements that will be negotiated by Executive and the Company in good faith prior to the Commencement Date. Such agreements shall provide that, if the Company's common stock becomes registered under the Securities Exchange Act of 1934, as amended, the Company shall take such steps as are reasonably required so that any shares awarded to the Executive under the Executive LTIP shall, as soon as practicable after the award or awards of such shares, be covered by a registration statement on Form S-8 or a successor form and any other appropriate forms determined by the parties. In the event that the Executive and Company cannot mutually agree to the terms of both the stock option agreement and the restricted stock agreement as of the Commencement Date, either the Company or the Executive shall have the right to declare that this Agreement shall be void and shall not take effect.

(c) During the Employment Period, the Company shall promptly reimburse Executive for all reasonable business expenses incurred by him in the course of performing his duties and responsibilities under this Agreement which are consistent with the Company's policies in effect from time to time with

respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses. The Company will promptly reimburse Executive for reasonable expenses incurred for tax return preparation, tax advice, financial planning and legal expenses incurred in connection with negotiating this Agreement and the other agreements referred to herein.

(d) In addition to the Base Salary and any bonuses and incentives payable to Executive pursuant to this Section 3, Executive shall also be entitled to the following benefits during the Employment Period, unless otherwise modified by the Board:

(i) participation in the Company's retirement plans, health and welfare plans and disability insurance plans, under the terms of such plans and to the same extent and under the same conditions such participation and coverages are provided to other senior management of the Company;

(ii) term life insurance with a death benefit of $7.75 million through the continuation of the term life insurance provided to Executive by his former employer (other than adjustable rate life insurance) immediately prior to the Executive's employment with the Company;

(iii) prompt reimbursement of the costs, not to exceed $10,000 per year, Executive incurs in obtaining additional disability insurance coverage with a monthly disability benefit of up to $30,000;

(iv) five weeks paid vacation each calendar year;

(v) coverage under the Company's director and officer liability insurance policy; and

(vi) reasonable moving and relocation expenses.

Notwithstanding anything in this Agreement to the contrary, if the benefits provided to Executive under Section 3(d)(i), (iv) (v) or (vi) are materially reduced or benefits provided to Executive under Section 3(d)(ii) or (iii) are reduced at all, such reduction shall be deemed "Good Reason."

(e) During the period commencing on the Executive's Commencement Date and ending June 30, 2004, the Company shall reimburse Executive (and gross-up Executive for any income taxes incurred by Executive as a result of such reimbursement) for all reasonable expenses incurred by him in connection with commuting to Minneapolis, Minnesota from his permanent residence in Lawrenceville, New Jersey up to one round-trip each week (but not in excess of the amount of a full fare economy class round-trip ticket), (ii) leasing an apartment in Minneapolis, Minnesota, and (iii) reasonable transportation expenses while in Minneapolis Minnesota. .

4. Board Membership. With respect to all regular elections of directors during the Employment Period, the Company shall nominate, and use its reasonable efforts to cause the election of, Executive to serve as a member of the Board. Effective upon the termination or expiration of the Employment Period, Executive shall resign as a director of the Company and its affiliates, as the case may be.

5. Certain Early Terminations of Agreement. Notwithstanding anything in this Agreement to the contrary, in the event that on or prior to June 30, 2004, the effective date of the Company's Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code (the "Effective Date") has not occurred, the Executive may elect to unilaterally terminate the Agreement, and the Company agrees to pay Executive $3.5 million (in a prompt lump-sum cash

payment), provided that Executive (a) notifies the Board by July 31, 2004, in writing, of Executive's decision to terminate the Agreement pursuant to this Section 5 and (b) executes and delivers the Release substantially in the form attached hereto as Exhibit A. However, in the event that Executive elects to terminate this Agreement pursuant to this Section 5, Executive shall remain entitled to the payments and benefits set forth in Section 7(d) and shall not have any obligation to repay any portion of the Signing Bonus set forth in Section 3(b)(1). Executive shall also be entitled to elect to receive all of the benefits specified in this Section 5 and in Section 7(d) if the Company shall terminate his employment without Cause or he shall terminate such employment for Good Reason prior to July 31, 2004, and prior to the Effective Date. For avoidance of doubt, Executive acknowledges that by electing to receive benefits under this Section 5 Executive shall relinquish all benefits payable to him under this Agreement (other than benefits set forth under Section 7(d)), including, without limitation, any rights or benefit associated with any non-vested restricted stock and stock options under the Executive LTIP.

6. Termination. The Employment Period shall end on the third anniversary of the Commencement Date, provided, however, that the Employment Period shall be automatically renewed for successive one-year terms thereafter on the same terms and conditions set forth

herein unless either party provides the other party with notice that it has elected not to renew the Employment Period at least 90 days prior to the end of the initial Employment Period or any subsequent extension thereof. Notwithstanding the foregoing, (i) the Employment Period shall terminate immediately upon Executive's resignation (with or without Good Reason, as defined herein), death or Disability (as defined herein) and (ii) the Employment Period may be terminated by the Company at any time prior to such date for Cause (as defined herein) or without Cause. Except as otherwise provided herein, any termination of the Employment Period by the Company shall be effective as specified in a written notice from the Company to Executive, but in no event more than 30 days from the date of such notice.

7. Severance.

(a) Termination Without Cause or for Good Reason. In the event of Executive's termination of employment with the Company (i) by the Company without "Cause" (as defined herein), (ii) by Executive for "Good Reason" (as defined herein) or (iii) if the Company notifies Executive pursuant to Section 6 that it has elected not to renew this Agreement after the initial three-year term or any subsequent one-year term, Executive shall be entitled to the benefits set forth below in this Section 7(a). As a condition to the payment of any severance benefits or any other benefits to which Executive is not absolutely entitled as a matter of law, the Executive shall execute and deliver the "Release" in the form attached hereto as Exhibit A, in consideration for which the Company agrees to the following:

(A) The Company shall pay Executive in a prompt lump-sum cash payment an amount equal to two times the Executive's annual Base Salary (as in effect at the date of Executive's termination determined without regard to any reduction in such Base Salary constituting Good Reason).

(B) The Company shall pay Executive in a prompt lump-sum payment 50% of target Annual Bonus (75% of his target Annual Bonus for fiscal year 2004 only) then in effect (excluding the Stretch Bonus but determined without regard to any reduction in such target Annual Bonus constituting Good Reason) pro-rated for the number of days during such

year that Executive was employed by the Company.

(C) All restricted stock, stock options and other equity awards granted under the Executive LTIP, shall vest in full on the date of such termination of employment, and all stock options shall continue to be exercisable for the remainder of their stated terms.

(D) For six (6) months from the date of termination, the Company shall arrange to provide Executive and his dependents, at the Company's cost, medical and dental coverage providing substantially similar benefits to those which Executive and his dependents were receiving immediately prior to such date, and

additionally, the Company shall pay Executive, in a prompt lump-sum payment, an amount equal to the Company's monthly COBRA rate for family coverage then in effect times eighteen (18).

(E) The Company shall pay Executive the amounts described in Section 7(d).

(b) Termination for Cause or Voluntary Resignation. In the event Executive's employment with the Company is terminated (i) by the Board for Cause (as defined herein), or (ii) by Executive's resignation from the Company for any reason other than Good Reason or Disability (as defined herein) the Company agrees to the following:

(A) The Company shall pay Executive the amounts described in Section 7(d).

(B) The Company shall treat all restricted stock, stock options and other equity awards outstanding under the Executive LTIP or any other Company equity plans in accordance with the terms of the plans or agreements under which such awards were created or maintained. If Executive resigns from the Company for any reason on or after the third anniversary of the Commencement Date, all stock options granted under the Executive LTIP will remain exercisable for the remainder of their stated terms.

(c) Death or Disability. In the event that Executive's employment with the Company is terminated as a result of Executive's death or Disability, the Company agrees to the following:

(A) The Company shall pay Executive in a prompt lump-sum payment 50% of target Annual Bonus (75% of his target Annual Bonus for fiscal year 2004 only) then in effect (excluding the Stretch Bonus but determined without regard to any reduction in such target Annual Bonus constituting Good Reason) pro-rated for the number of days during such year that Executive was employed by the

Company. Any stock options granted under the Executive LTIP that have vested will remain exercisable for the remainder of their stated terms.

(B) If the Executive is terminated as a result of his Death or Disability prior to the third anniversary of his Commencement Date, his "restricted stock" (as defined above) shall vest on a pro-rata basis (based on the ratio of (x) the number of complete months beginning on the Commencement Date and ending on the date of Executive's termination of employment to (y) thirty-six (36)).

(C) The Company shall treat all stock options under the Executive LTIP or other equity under any other Company plans in accordance with the terms of the plans or agreements under which such awards were created or maintained.

(D) The Company shall pay Executive the amounts described in Section 7(d).

(d) In the case of any termination of Executive's employment with the Company, Executive or his estate or legal representative shall be entitled to receive from the Company (i) Executive's Base Salary through the date of termination to the extent not theretofore paid, (ii) to the extent not theretofore paid, the amount of any bonus, incentive compensation, deferred compensation and other compensation earned or accrued by Executive as of the date of termination under any compensation and benefit plans, programs or arrangements maintained in force by the Company (for this purpose, Executive's Annual Bonus, if any, for any fiscal year shall be deemed to have accrued on the last day of such fiscal year), (iii) any vacation pay, expense reimbursements and other cash entitlements accrued by Executive, in accordance with Company policy, as of the date of termination to the extent not theretofore paid, and (iv) all benefits accrued by Executive under all benefit plans and qualified and nonqualified retirement, pension, 401k and similar plans and arrangements of the Company, in such manner and at such time as are provided under the terms of such plans and arrangements.

(e) No Other Payments. Except as provided in (a), (b) (c) or (d) above, all of Executive's rights to salary, bonuses, employee benefits and other compensation hereunder which would have accrued or become payable after the termination or expiration of the Employment Period shall cease upon such termination or expiration, other than those expressly required under applicable law (such as COBRA).

(f) No Mitigation, No Offset. In the event of Executive's termination of employment for whatever reason, Executive shall be under no obligation to seek other employment, and there shall be no offset against amounts due him under this Agreement or otherwise on account of any remuneration attributable to any subsequent employment or claims asserted by the Company or any affiliate, provided that this provision shall not apply with respect to any amounts that Executive owes the Company or any affiliate on account of any loan, advance or other payment, in respect of any of which Executive is obligated to make repayment to the Company or any affiliate of the Company.

(g) Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

(i) "Cause" shall mean one or more of the

following:

(A) the conviction of, or an agreement to a plea of nolo contendere to, any felony or other crime involving moral turpitude;

(B) Executive's willful and continuing refusal to substantially perform duties as reasonably directed by the Board under this or any other agreement (after receipt of written notice from the Board setting forth such duties and responsibilities to be performed); or

(C) in carrying out his duties, Executive engages in conduct that constitutes willful gross neglect or willful gross misconduct which, in either case, results in demonstrable harm to the business, operations, prospects or reputation of the Company.

(D) any other material breach of Section 12 or 27 of this Agreement which is not cured to the Board's reasonable satisfaction within 15 days after written notice thereof to Executive.

For purpose of this Agreement, there shall be no termination for "Cause" pursuant to subsection (A) through (D) above unless a written notice, containing a detailed description of the grounds constituting Cause hereunder, is delivered to Executive stating the basis for the termination and Executive is given twenty (20) business days to cure fully the neglect or conduct that is the basis of such claim, and if he fails to cure fully such neglect or misconduct within such twenty (20) business day period, he has an opportunity to be heard before the full Board and, after such hearing, there is a vote of three-quarters of the Board to terminate Executive for Cause.

(ii) "Change of Control" shall mean the first to occur of any of the following events:

(A) Any "person" (as that term is used in Section 13 and 14(d)(2) of the Securities Exchange Act of 1934 ("Exchange Act")) becomes the beneficial owner (as that term is used in Section 13(d) of the Exchange Act), directly or indirectly, of fifty percent (50%) or more of the Company's capital stock entitled to vote in the election of directors;

(B) Persons who on the Commencement Date constitute the Board (the "Incumbent Directors") cease for any reason, including without limitation, as a result of a tender offer, proxy contest, merger or similar transaction, to constitute at least a majority thereof, provided that any person becoming a director of the Company subsequent to the Commencement Date shall be considered an Incumbent Director if such person's election or nomination for election was approved by a vote of at least two-thirds (2/3) of the Incumbent Directors;

but provided further, that any such person whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of members of the Board or other actual or threatened solicitation of proxies or consents by or on behalf of a "person" (as defined in Section 13(d)

and 14(d) of the Exchange Act) other than the Board, including by reason of agreement intended to avoid or settle any such actual or threatened contest or solicitation, shall not be considered an Incumbent Director;

(C) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, all or substantially all of the individuals and entities who were the beneficial owners of outstanding voting securities of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the company resulting from such Business Combination (including, without limitation, a company which, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the outstanding voting securities of the Company; or

(D) The shareholders of the Company approve any plan or proposal for the liquidation or dissolution of the Company.

(iii) "Disability" shall mean Executive's inability to perform the essential duties, responsibilities and functions of his position with the Company and its affiliates as a result of any mental or physical disability or incapacity even with reasonable accommodations of such disability or incapacity, provided by the Company and its affiliates, or if providing such accommodations would be unreasonable, for a period of six consecutive months. Executive shall cooperate in all respects with the Company if a question arises as to whether he has become disabled (including, without limitation, submitting to an examination by a medical doctor or other health care specialists selected by the Company and reasonably acceptable to Executive and authorizing such medical doctor or such other health care specialist to discuss Executive's condition with the Company).

(iv) "Good Reason" shall mean the Executive's resignation from employment with the Company prior to the end of the Employment Period as a result of one or more of the following reasons:

(A) the Company reduces the amount of his then current Base Salary or the target for his Annual Bonus,

(B) a material reduction in Executive's benefits, provided that if the benefits provided Executive under Section 3(d)(ii) or (iii) are reduced at all, such reduction shall be deemed "Good Reason",

(C) a material diminution in Executive's title, authority, duties or responsibilities or the assignment of duties to Executive which are materially inconsistent with his position,

(D) a change in reporting structure of the Company where Executive is required to report to someone other than the Board,

(E) the failure of the Company to obtain in writing the obligation to perform this Agreement by any successor to the Company or a purchaser of all or substantially all of the assets of the Company within 15 days after a merger, consolidation, sale or similar transaction,

(F) the failure to elect Executive to the Board within 30 days of the Effective Date or to reelect Executive to the Board for each subsequent term during the Employment Period, or

(G) the failure of the Company to grant Executive the Executive LTIP within 10 days after the Effective Date.

For purposes of this Agreement, Executive is not entitled to assert that his termination is for Good Reason unless Executive gives the Board written notice of the event or events which are the basis for such claim within ninety (90) days after the event or events occur, describing such claim in reasonably sufficient detail to allow the Board to address the event or events and a period of not less than twenty (20) business days to cure or fully remedy the alleged condition.

8. Indemnification.

(a) The Company agrees that (i) if Executive is made a party, or is threatened to be made a party, to any threatened or actual action, suit or proceeding, whether civil, criminal, administrative, investigative, appellate or other (each, a "Proceeding") by reason of the fact that he is or was a director, officer, employee, agent, manager, consultant or representative of the Company or is or was serving at the request of the Company as a director, officer, member, employee, agent, manager, consultant or representative of another entity or (ii) if any claim, demand, request, investigation, dispute, controversy, threat, discovery request or request for testimony or information (each, a "Claim") is made, or threatened to be made, that arises out of or relates to Executive's service in any of the foregoing capacities, then Executive shall promptly be indemnified and held harmless by the Company to the fullest extent legally permitted or authorized by the Company's certificate of incorporation, bylaws or Board resolutions or, if greater, by the laws of the State of Minnesota, against any and all costs, expenses, liabilities and losses (including, without limitation, attorney's fees, judgments, interest, expenses of

investigation, penalties, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to Executive even if he has ceased to be a director, member, employee, agent, manager, consultant or representative of the Company or other entity and shall inure to the benefit of Executive's heirs, executors and administrators. The Company shall advance to Executive all costs and expenses incurred by him in connection with any such Proceeding or Claim within 15 days after receiving written notice requesting such an advance. Such notice shall include, to the extent required by applicable law, an undertaking by Executive to repay the amount advanced if he is ultimately determined not to be entitled to indemnification against such costs and expenses.

(b) Neither the failure of the Company (including the Board, independent legal counsel or stockholders) to have made a determination in connection with any request for indemnification or advancement under Section 8(a) that Executive has satisfied any applicable standard of conduct, nor a determination by the Company (including the Board, independent legal counsel or stockholders) that Executive has not met any applicable standard of conduct, shall create a presumption that Executive has or has not met an applicable standard of conduct.

9. Gross-up. In the event that any payment or benefit made or provided to or for the benefit of Executive in connection with this Agreement or his employment with the Company or the termination thereof (a "Payment") is determined to be subject to any excise tax ("Excise Tax") imposed by Section 4999 of the Code (or any successor to such Section), the Company shall pay to Executive, prior to the time any Excise Tax is payable with respect to such Payment (through withholding or otherwise), an additional amount (a "Gross-Up Payment") which, after the imposition of all income, employment, excise and other taxes, penalties and interest thereon, is equal to the sum of (i) the Excise Tax on such Payment plus (ii) any penalty and interest assessments associated with such Excise Tax. The determination of whether any Payment is subject to an Excise Tax and, if so, the amount and time of any Gross-Up Payment pursuant to this Section 9 shall be made by an independent auditor (the "Auditor") jointly selected by the parties and paid by the Company. Unless Executive agrees otherwise in writing, the Auditor shall be a nationally recognized United States public accounting firm that has not, during the two years preceding the date of its selection, acted in any way on behalf of the Company or any of its affiliates. If the parties cannot agree on the firm to serve as the Auditor, then the parties shall each select one accounting firm and those two firms shall jointly select the accounting firm to serve as the Auditor. The parties shall cooperate with each other in connection with any Proceeding or Claim relating to the existence or amount of any liability for Excise Tax. All expenses relating to any such Proceeding or Claim (including attorneys' fees and other expenses incurred by Executive in connection therewith) shall be paid by the Company promptly upon demand by Executive, and any such payment shall be subject to a Gross-Up Payment under this Section 9 in the event that Executive is subject to Excise Tax on such payment. This Section 9 shall apply irrespective of whether a Change of Control has occurred.

10. Confidential Information.

(a) Executive acknowledges that the information, observations and data (including trade secrets) obtained by him while employed by the Company concerning the

business or affairs of the Company or any of its affiliates, ("Confidential Information") are the property of the Company or such affiliate. Therefore,

except in the course of Executive's duties to the Company or as may be compelled by law or appropriate legal process, Executive agrees that he shall not disclose to any person or entity or use for his own purposes any Confidential Information or any confidential or proprietary information of other persons or entities in the possession of the Company and its affiliates ("Third Party Information"), without the prior written consent of the Board, unless and to the extent that the Confidential Information or Third Party Information becomes generally known to and available for use by the public other than as a result of Executive's acts or omissions. Except in the course of Executive's duties to the Company or as may be compelled by law or appropriate legal process, Executive will not, during his employment by the Company, or permanently thereafter, directly or indirectly use, divulge, disseminate, disclose, lecture upon, or publish any Confidential Information, without having first obtained written permission from the Board to do so. Executive shall deliver to the Company at the termination or expiration of the Employment Period, or at any other time the Company may reasonably request, all memoranda, notes, plans, records, reports, computer files, disks and tapes, printouts and software and other documents and data (and copies thereof) embodying or relating to Third Party Information, Confidential Information or the business of the Company, or its affiliates which he may then possess or have under his control.

(b) Executive shall be prohibited from using or disclosing any confidential information or trade secrets that Executive may have learned through any prior employment. If at any time during his employment with the Company or any of its affiliates, Executive believes he is being asked to engage in work that will, or will be likely to, jeopardize any confidentiality or other obligations Executive may have to former employers, Executive shall immediately advise the Board so that Executive's duties can be modified appropriately. Executive represents and warrants to the Company that Executive took nothing with him which belonged to any former employer when Executive left his prior position and that Executive has nothing that contains any information which belongs to any former employer. If at any time Executive discovers this is incorrect, Executive shall promptly return any such materials to Executive's former employer. The Company does not want any such materials, and Executive shall not be permitted to use or refer to any such materials in the performance of Executive's duties hereunder.

11. Intellectual Property, Inventions and Patents. Intellectual Property, Inventions and Patents. Executive acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, methods, trade secrets, designs, analyses, drawings, reports, patent applications, copyrightable work and mask work (whether or not including any confidential information) and all registrations or applications related thereto, all other proprietary information and all similar or related information (whether or not patentable) which may relate to the Company's or any of its affiliates' actual or anticipated business, research and development or existing or future products or services and which are conceived, developed or made by Executive (whether alone or jointly with others) while employed by the Company and its affiliates ("Work Product"), belong to the Company or such affiliate. Executive shall promptly disclose such Work Product to the Board and, at the Company's expense, perform all actions reasonably requested by the Board (whether during or after the Employment Period) to establish and confirm such ownership (including, without

limitation, assignments, consents, powers of attorney and other instruments). Executive acknowledges that all applicable Work Product shall be deemed to constitute "works made for hire" under the U.S. Copyright Act of 1976, as amended. To the extent any Work Product is not deemed a work made for hire, then Executive hereby assigns to the Company or such affiliate all right, title and interest in and to such Work Product, including all related intellectual property rights.

In accordance with Minnesota Statutes Section 181.78, Executive is hereby advised that this paragraph 9 regarding the Company's and its affiliates' ownership of Work Product does not apply to any invention for which no equipment, supplies, facilities or trade secret information of the Company or any affiliate was used and which was developed entirely on Executive's own time, unless (i) the invention relates to the business of the Company or any affiliate or to the Company's or any affiliate's actual or demonstrably anticipated research or development or (ii) the invention results from any work performed by Executive for the Company or any affiliate.

12. Non-Compete, Non-Solicitation.

(a) In further consideration of the compensation to be paid to Executive hereunder, Executive acknowledges that during the course of his employment with the Company and its affiliates he shall become familiar with the Company's trade secrets and with other Confidential Information concerning the Company and its affiliates and that his services shall be of special, unique and extraordinary value to the Company and its affiliates, and therefore, Executive agrees that, during the Employment Period and for one (1) year thereafter (the "Noncompete Period"), he shall not directly or indirectly own any interest in, manage, control, participate in, consult with, render services for, be employed in an executive, managerial or administrative capacity by, or in any manner engage in any company engaged in the business of wholesale power generation which competes with the businesses of the Company or its affiliates, as such businesses exist or are in process during the Employment Period or on the date of the termination or expiration of the Employment Period, within any geographical area in which the Company or its affiliates engage or have definitive plans to engage in such businesses. Nothing herein shall prohibit Executive from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as Executive has no active participation in the business of such corporation. Notwithstanding the foregoing, the provisions of this Section 12(a) shall not apply in the case of termination of Executive's employment pursuant to Section 5 of this Agreement, nor shall such provision apply following any material breach of the Company's obligations under Section 7 or Section 8 which remains uncured for more than twenty (20) days after notice is received from Executive of such breach, which such notice shall include a detailed description of the grounds constituting such breach.

(b) During the Noncompete Period, Executive shall not directly or indirectly through another person or entity (i) induce or attempt to induce any employee of the Company or any of its affiliates to leave the employ of the Company or such affiliate, or in any way interfere with the relationship between the Company or any affiliate and any employee thereof, (ii) hire any person who was an employee of the Company or any affiliate during the last six months of the Employment Period; or (iii) induce or attempt to induce any customer, supplier, licensee,

licensor, franchisee or other business relation of the Company or any affiliate to cease doing business with the Company or such affiliate, or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company or any affiliate (including, without limitation, making any negative or disparaging statements or communications regarding the Company or its affiliates).

(c) If, at the time of enforcement of this Section 12, a court shall hold that the duration, scope or area restrictions stated herein are unreasonable under circumstances then existing, the parties agree that the maximum duration, scope or area reasonable under such circumstances shall be substituted for the stated duration, scope or area and that the court shall be allowed to revise the restrictions contained herein to cover the maximum period, scope and area permitted by law. Executive acknowledges that the restrictions contained in this Section 12 are reasonable and that he has reviewed the

provisions of this Agreement with his legal counsel.

(d) In the event of the breach or a threatened breach by Executive of any of the provisions of this Section 12, the Company would suffer irreparable harm, and in addition and supplementary to other rights and remedies existing in its favor, the Company shall be entitled to specific performance and/or injunctive or other equitable relief from a court of competent jurisdiction in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, in the event of a breach or violation by Executive of Section 12(a), the Noncompete Period shall be automatically extended by the amount of time between the initial occurrence of the breach or violation and when such breach or violation has been duly cured.

13. Executive's Representations. Executive hereby represents and warrants to the Company that (i) the execution, delivery and performance of this Agreement by Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which Executive is a party or by which he is bound which has not been waived, (ii) Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other person or entity which has not been waived, and (iii) on the Commencement Date, this Agreement shall be the valid and binding obligation of Executive, enforceable in accordance with its terms. Executive hereby acknowledges and represents that he has consulted with independent legal counsel regarding his rights and obligations under this Agreement and that he fully understands the terms and conditions contained herein.

14. Survival. Sections 5 through 29, inclusive, shall survive and continue in full force in accordance with their terms notwithstanding the expiration or termination of the Employment Period.

15. Notices. Any notice, communication or request provided for in this Agreement shall be in writing and shall be either personally delivered (with a written acknowledgement of receipt), sent by nationally recognized overnight courier service (with a written acknowledgement of receipt by the overnight courier) or mailed by certified or registered mail, return receipt requested, to the recipient at the address below indicated:

Notices to Executive:

The Address on File with the Company

Notices to the Company:

Chairman, Board of Directors
NRG Energy, Inc.
901 Marquette Avenue
Minneapolis, Minnesota 55402

or such other address or to the attention of such other person as the recipient party shall have specified by ten (10) days prior written notice to the sending party. Any notice under this Agreement shall be deemed to have been given when (i) when personally delivered, (ii) two (2) days after being sent by overnight courier or (iii) three (3) days after mailing by certified or registered mail.

16. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any action in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never

been contained herein.

17. Complete Agreement. This Agreement, those documents expressly referred to herein and other documents of even date herewith embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

18. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party.

19. Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

20. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the beneficiaries, heirs and representatives of Executive and the successors and assigns of the Company. The Company shall require any successor (whether direct or indirect,

by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) to all or a majority of its assets, by agreement in form and substance satisfactory to Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement if no such succession had taken place. Regardless whether such agreement is executed, this Agreement shall be binding upon any successor of the Company in accordance with the operation of law and such successor shall be deemed the "Company" for purposes of this Agreement. Executive may not assign his rights (except by will or the laws of descent and distribution) or delegate his duties or obligations hereunder. Except as provided by this Section 20, this Agreement is not assignable by any party and no payment to be made hereunder shall be subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or other charge.

21. Choice of Law. All issues and questions concerning the construction, validity, enforcement and interpretation of this Agreement and the exhibits and schedules hereto shall be governed by, and construed in accordance with, the laws of the State of Minnesota, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Minnesota or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Minnesota.

22. Amendment and Waiver. The provisions of this Agreement may be amended, modified or waived only with the prior written consent of the Company and Executive, and no course of conduct or course of dealing or failure or delay by any party hereto in enforcing or exercising any of the provisions of this Agreement (including, without limitation, the Company's right to terminate the Employment Period for Cause) shall affect the validity, binding effect or enforceability of this Agreement or be deemed to be an implied waiver of any provision of this Agreement.

23. Insurance. The Company may, at its discretion, apply for and procure in its own name and for its own benefit life and/or disability insurance on Executive in any amount or amounts considered advisable. Executive agrees to cooperate in any medical or other examination, supply any information and execute and deliver any applications or other instruments in writing as may be reasonably necessary to obtain and constitute such insurance. Executive hereby represents that he has no reason to believe that his life is not insurable at rates now prevailing for healthy men of his age.

24. Indemnification and Reimbursement of Payments on Behalf of Executive. The Company and its affiliates shall be entitled to deduct or withhold from any amounts owing from the Company or any of its affiliates to Executive any federal, state, local or foreign withholding taxes, excise tax, or employment taxes ("Taxes") imposed with respect to Executive's compensation or other payments from the Company or any of its affiliates or Executive's ownership interest in the Company (including, without limitation, wages, bonuses, dividends, the receipt or exercise of equity options and/or the receipt or vesting of restricted equity). In the event the Company or any of its affiliates does not make such deductions or withholdings at the written request of the Executive, Executive shall indemnify the Company and its affiliates for any amounts paid with respect to any such Taxes, together with any interest, penalties and related expenses thereto.

25. Consent to Jurisdiction. EACH OF THE PARTIES IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EIGHTH CIRCUIT LOCATED IN MINNESOTA, FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY. EACH OF THE PARTIES HERETO FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY U.S. REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH ABOVE SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY ACTION, SUIT OR PROCEEDING WITH RESPECT TO ANY MATTERS TO WHICH IT HAS SUBMITTED TO JURISDICTION IN THIS SECTION 25. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT, ANY RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY IN THE UNITED STATES DISTRICT COURT FOR THE EIGHTH CIRCUIT LOCATED IN MINNESOTA, AND HEREBY AND THEREBY FURTHER IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

26. Waiver of Jury Trial. As a specifically bargained for inducement for each of the parties hereto to enter into this Agreement (after having the opportunity to consult with counsel), each party hereto expressly waives the right to trial by jury in any lawsuit or proceeding relating to or arising in any way from this Agreement or the matters contemplated hereby.

27. Corporate Opportunity. During the Employment Period, Executive shall submit to the Board all business, commercial and investment opportunities or offers presented to Executive that relate to the business of power companies ("Corporate Opportunities"), if Executive wishes to accept or pursue, directly or indirectly, such Corporate Opportunities on Executive's own behalf. This Section 27 shall not apply to purchases of publicly traded stock by Executive.

28. Legal Costs. Except as otherwise agreed to by the parties, the Company shall pay the Executive for costs of litigation or other disputes including, without limitation, reasonable attorneys' fees incurred by Executive in asserting any claims or defenses under this Agreement, except that Executive shall bear his own costs of such litigation or disputes (including, without limitation attorneys' fees) if the court (or arbitrator) finds in favor of the Company with respect to any claims or defenses asserted by the Executive.

29. Executive's Cooperation. During the Employment Period and thereafter, Executive shall cooperate with the Company and its affiliates, upon the Company's reasonable

request, with respect to any internal investigation or administrative, regulatory or judicial proceeding involving matters within the scope of Executive's duties and responsibilities to the Company during the Employment

Period (including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's reasonable request to give testimony without requiring service of a subpoena or other legal process, and turning over to the Company all relevant Company documents which are or may come into Executive's possession during the Employment Period); provided, however, that any such request by the Company shall not be unduly burdensome or interfere with Executive's personal schedule or ability to engage in gainful employment. In the event the Company requires Executive's cooperation in accordance with this Section 29, the Company shall reimburse Executive for reasonable out-of-pocket expenses (including travel, lodging and meals) incurred by Executive in connection with such cooperation, subject to reasonable documentation. In addition, the Company shall compensate Executive at a rate of $500 per hour for the time in excess of one business day, per occurrence or event, that Executive reasonably spends complying with his obligations under this Section after the expiration of the Employment Period.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

NRG ENERGY, INC.

By: _____

Its: _____

_____
DAVID CRANE

EXHIBIT A

GENERAL RELEASE

In consideration of the payments and benefits (the "Severance Payment") paid or to be paid to me pursuant to and in accordance with the terms of my Employment Agreement with NRG Energy, Inc. dated _____, 2003 (the "Agreement"), on behalf of myself, my heirs, executors, administrators, successors, and assigns, I hereby fully and forever RELEASE and DISCHARGE NRG ENERGY, INC., its affiliates and their officers, directors, agents, employees, representatives, successors and assigns (hereinafter, collectively called the "Company"), from any and all claims and causes of action arising out of or relating in any way to my employment with the Company, including, but not limited to, the offer of employment and termination of my employment, and I agree that I will not in any manner institute, prosecute or pursue any complaints, claims, charges, liabilities, claims for relief, demands, suits, actions or causes of action against the Company that are covered by this RELEASE.

Notwithstanding the foregoing, expressly excluded from this RELEASE are any claims or causes of action which I may have (i) seeking enforcement of my rights under the Agreement, including, without limitation, Sections 5, 7, 8, 9 and 28 thereof, or any other plan, policy or arrangement of the Company (ii) seeking to obtain contribution as permitted by applicable law in the event of the entry of judgment against me as a result of any act or failure to act for which both I and the Company are held to be jointly liable, (iii) arising out of or relating in any way to acts or omissions after the date of this RELEASE or otherwise not covered by this RELEASE, and (iv) which cannot be waived by law. I shall also retain the right to seek indemnification from the Company, to the extent permitted under applicable law and Section 8 of the Agreement.

1. I understand and agree that, except as specifically provided above, this RELEASE is a full and complete waiver of all claims relating to my employment

with the Company, including, but not limited to, claims of wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, violation of public policy, defamation, personal injury and emotional distress, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act of 1990, the Americans With Disabilities Act, the Rehabilitation Act of 1973, as amended, the Equal Pay Act of 1963, Section 1981 of the Civil Rights Act of 1866, any of the Minnesota State employment laws, the Fair Labor Standards Act of 1938, as amended, the Family and Medical Leave Act of 1993, and the Employee Retirement Income Security Act of 1974, as amended, and claims arising from any legal restrictions on the Company's right to terminate employees (including, without limitation, claims arising under various contract, tort, public policy or wrongful discharge theories under any federal, state or local law, or under the federal Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state or local law).

2. I understand that I have received or will receive, regardless of the execution of this RELEASE, all amounts due to me pursuant to Sections 7(d), 8 and 9 of the Agreement. I further understand and agree that the Company will not provide me with any additional payments or benefits under the Agreement (including, without limitation, payments under Section 5 or Section 7(a) of the Agreement) unless I execute this RELEASE. In consideration of the execution of this RELEASE, I will receive additional payments and benefits specified in [Section 5/Section 7(a)] of the Agreement.

3. In addition, and in further consideration of the foregoing, I acknowledge and agree that if I hereafter discover facts different from or in addition to those which I now know or believe to be true that this RELEASE shall be and remain effective in all respects notwithstanding such different or additional facts

or the discovery thereof. I understand that this RELEASE does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967, as amended, which arise after the date I sign this RELEASE.

4. As part of my existing and continuing obligation to the Company, I have returned or, within seven (7) days of my termination will return to the Company all Confidential Information and Third Party Information (as such terms are defined in the Agreement) in accordance with the terms of the Agreement. I affirm my obligation to keep all Confidential Information confidential and not to disclose it to any third party as required by Section 10 of the Agreement.

5. I agree not to disclose, either directly or indirectly, any information whatsoever regarding (i) any of the terms or the existence of this RELEASE and my benefits under the Agreement or (ii) any other claim I may have against the Company, to any person or organization, including but not limited to members of the press and media, present and former employees of the Company, companies who do business with the Company, or other members of the public. Notwithstanding the preceding sentence, I may reveal such terms of this RELEASE and the Severance Payment to my spouse, accountants or attorneys or as are necessary to comply with a request made by the Internal Revenue Service, as otherwise compelled by a court or agency of competent jurisdiction, as allowed and/or required by law.

6. This RELEASE shall be governed by the laws of the State of Minnesota.

7. This RELEASE contains the entire agreement between the Company and me with respect to any matters referred to in the RELEASE and shall supersede any all other agreements, whether written or oral, with respect to such matters. I understand and agree that this RELEASE shall not be deemed or construed at any time as an admission of liability or wrongdoing by either myself or the Company. Notwithstanding the foregoing, it is understood and agreed that my termination will be treated for all purposes as a termination [without Cause/for Good

Reason/under Section 5] under the Agreement and that I shall be entitled to all payments and benefits under the Agreement consistent with such a termination.

8. If any one or more of the provisions contained in this RELEASE is, for any reason, held to be unenforceable, that holding will not affect any other provision of this RELEASE, but, with respect only to the jurisdiction holding the provision to be unenforceable, this RELEASE shall then be construed as if such unenforceable provision or provisions had never been contained therein.

9. Before executing this RELEASE, I obtained sufficient information to intelligently exercise my own judgment about the terms of the RELEASE. The Company has informed me in writing to consult an attorney before signing this RELEASE, if I wish.

I also understand for a period of fifteen (15) days after I sign this RELEASE, I may revoke this RELEASE and that the RELEASE will not become effective until fifteen (15) days after I sign it, and only then if I do not revoke it. In order to revoke this RELEASE, I must deliver, or cause to be delivered, to [INSERT TITLE] at NRG Energy, Inc., 901 Marquette Avenue, Suite 2300, Minneapolis, Minnesota, 55402, by First Class mail or facsimile [INSERT NUMBER],by no later than fifteen (15) days after I execute this RELEASE, a letter stating that I am revoking it.

10. My severance and other benefits under the Agreement will be paid in accordance with the terms of the Agreement. If I choose to revoke this RELEASE within fifteen (15) days after I sign it, such benefits will not be due and payable, and the RELEASE will have no effect.

11. A failure to comply with the terms of this RELEASE (except as set forth below), including, but not limited to, my agreement not to institute, prosecute or pursue any complaints, claims, charges, liabilities, claims for relief, demands suits or causes of actions against the Company

(except as set forth in paragraph 2 above, including, without limitation, any claims or causes of actions I may have as a result of any acts or omissions that occur after the date of this Release) or a material and willful failure to comply with the terms of Section 4 and 5 of this RELEASE will, result in my forfeiture of the additional payments and benefits due under the Agreement.

EMPLOYEE'S ACCEPTANCE OF RELEASE

BEFORE SIGNING MY NAME TO THIS RELEASE, I STATE THAT: I HAVE READ IT; I UNDERSTAND IT AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS; I AM AWARE OF MY RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING IT; AND I HAVE SIGNED IT KNOWINGLY AND VOLUNTARILY. EXCEPT FOR THE MATTERS EXPRESSLY STATED IN THIS RELEASE, THE COMPANY HAS NEITHER MADE ANY REPRESENTATION NOR OFFERED ME ANY INDUCEMENT TO SIGN THIS RELEASE.

By: _____

David Crane

Date: _____

Agreed to and accepted:

NRG ENERGY, INC.

By: _____

Name:

Title:

EXHIBIT 10.9

ANNEX A

AMENDED AND RESTATED KEY EXECUTIVE RETENTION, RESTRUCTURING BONUS

AND SEVERANCE AGREEMENT

BETWEEN
NRG ENERGY, INC.
AND
SCOTT J. DAVIDO

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SEVERANCE AGREEMENT

Article 1. Establishment, Term and Purpose

1.1 Establishment of the Agreement. NRG Energy, Inc., hereby enters into this Key Executive Retention, Restructuring Bonus and Severance Agreement with Scott J. Davido (the "Participant") as of July 1, 2003.

1.2 Term of the Agreement. This Agreement shall be effective on the date indicated above and shall remain in effect until the earlier of: (a) a Restructuring Event or (b) termination of the Participant's employment with the Company.

1.3 Purpose of the Agreement. The purpose of the Agreement is to provide an executive officer and key person of the Company (i) compensation for contributing to a Restructuring Event and (ii) financial security in the event

of a termination of employment from the Company. This Agreement shall supercede any other restructuring incentive, severance or severance-related plan or agreement in which the Participant had participated. The Board has determined that Scott J. Davido is eligible to participate in the Agreement as of the Effective Date.

Article 2. Definitions

Whenever used in this Agreement, the following terms shall have the meanings set forth below:

2.1 "Agreement" means this Amended and Restated Key Executive Retention, Restructuring Bonus and Severance Agreement between the Company and Scott J. Davido.

2.2 "Bankruptcy Code" means title 11 of the United States Code, 11 U.S.C. Sections 101-1330.

2.3 "Base Salary" means an amount equal to the Participant's base annual salary as of the date of his termination of employment or the Effective Date, as applicable. As of July 1, 2003, Participant's Base Salary shall be $500,000.00. Subsequent to the Effective Date and payment of any Restructuring Bonus, Participant's Base Salary shall be $300,000.00. For this purpose, "Base Salary" shall not include bonuses, long-term incentive compensation, or any remuneration other than base annual salary.

2.4 "Beneficial Owner" shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

2.5 "Beneficiary" means the persons or entities designated or deemed to be designated by the Participant.

2.6 "Board" means the Board of Directors of the Company.

2.7 "Cause" means the occurrence of any one or more of the following events:

(a) The continued failure by the Participant to substantially and effectively perform his normal duties (other than any such failure resulting from the Participant's Disability), after a written demand for substantial performance, signed by the CEO or the Participant's immediate supervisor, is delivered to the Participant, that identifies the manner in which the Participant has not substantially and effectively performed his duties, and the Participant has failed to remedy the situation within thirty (30) business days of receiving such notice;

(b) The Participant's conviction or guilty plea for committing an act of fraud, embezzlement, theft, or other act constituting a felony; or the Participant's violation of the Company Code of Conduct; or

(c) The engaging by the Participant in willful, reckless or grossly negligent conduct materially and demonstrably injurious to the Company. However, no act, or failure to act on the Participant's part, shall be considered "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that his action or omission was in the best interest of the Company.

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

2.9 "Company" means NRG Energy, Inc., a Delaware corporation or any successor thereto as provided in Article 12 herein.

2.10 "Disability" means the definition provided in the Company's long term disability plan.

2.11 "Effective Date" shall have the meaning ascribed to it in the Plan.

2.12 "Effective Date of Termination" means the date on which Participant's employment termination occurs that triggers the payment of Severance Benefits hereunder.

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

2.14 "Good Reason" means, without the Participant's express written consent, the occurrence of any one or more of the following:

(a) Any reduction in the Participant's Base Salary or target annual bonus below the amount in effect immediately preceding the reduction (including all increases following July 1, 2003), except in the case of a reduction that similarly applies to all executives on a nondiscriminatory basis.

(b) Any significant and material reduction in the Participant's benefits package, except in the case of a reduction that similarly applies to all executives on a nondiscriminatory basis.

(c) Any assignment of new duties that requires the Participant to relocate his domicile more than fifty (50) miles from the Participant's current work location.

(d) Any significant and material reduction or diminution in the duties, responsibilities, or position of the Participant from that in effect immediately prior to such reduction or diminution, provided that the sale of a Company division or sale of a division of a subsidiary company will not automatically be deemed to result in the significant reduction or diminution in the duties, responsibilities, or position of the Participant without a specific showing of such reduction or diminution.

(e) Any significant increase in responsibility without corresponding compensation (with "responsibility" defined as those responsibilities as in effect as of the Effective Date).

The Participant's right to terminate employment for Good Reason shall not be affected by the Participant's incapacity due to Disability. The Participant's continued employment for fewer than 30 days after any event or change giving rise to a significant and material reduction or diminution shall not constitute consent to, or a waiver of rights with respect to,

any circumstance constituting Good Reason herein.

2.15 "Notice of Termination" means a written notice that indicates the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated.

2.16 "Participant" means Scott J. Davido, an executive officer and key person of the Company.

2.17 "Person" shall have the meaning ascribed to such term in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d).

2.18 "Plan" means the Company's chapter 11 plan of reorganization currently filed with the United States Bankruptcy Court for the Southern District of New York, as such plan may be subsequently amended.

2.19 "Restructuring Bonus" means the payment described in Section 3.2 herein.

2.20 "Retirement" means retirement as defined in the applicable NRG Energy, Inc. retirement program in which the Participant is eligible, which may be amended from time to time as directed by the Board.

2.21 "Severance Benefits" means the payment of severance compensation as provided in Article 4 herein.

2.22 "Xcel" shall mean Xcel Energy, Inc, a Minnesota corporation, or any successor thereto.

Article 3. Restructuring Bonus

3.1 Right to Restructuring Bonus.

Subject to the provisions herein, upon the occurrence of the Effective Date, the Participant shall be entitled to receive from the Company a Restructuring Bonus, as described in Section 3.2 herein, to be paid to the Participant in a lump sum within 30 days following the Effective Date. Payment of the Restructuring Bonus shall be conditioned upon the Effective Date occurring by the date specified in the Plan, unless the conditions to the Effective Date contained in the Plan regarding occurrence by a specified date shall have been waived under the Plan in accordance with its terms.

3.2 Description of Restructuring Bonus.

If the Participant is entitled to receive a Restructuring Bonus, the amount of the Restructuring Bonus shall equal one and one-half (1.5) times the Participant's Base Salary.

3.3 Termination of Participant

The Participant shall not be entitled to a Restructuring Bonus if he is terminated for Cause, or if his employment with the Company ends due to Disability, Retirement, or due to a voluntary termination of employment by the Participant without Good Reason.

Article 4. Severance Benefits

4.1 Right to Severance Benefits. Subject to the provisions herein, the Participant shall be entitled to receive from the Company Severance Benefits as described in Section 4.2 herein, if the Participant's employment with the Company is terminated by the Company without Cause or the Participant terminates employment for Good Reason.

The Participant shall not be entitled to receive Severance Benefits under Section 4.2 herein if he is terminated for Cause, or if his employment with the Company ends due to Disability, Retirement, or due to a voluntary termination of employment by the Participant without Good Reason.

4.2 Description of Severance Benefits. If the Participant becomes entitled to receive Severance Benefits, as provided in Section 4.1 herein, the Participant shall receive the following Severance Benefits:

(a) Two (2) times the sum of: (i) the Participant's Base Salary; and (ii) the greater of : (a) the Participant's average annual bonus earned over the two (2) most recent full fiscal years prior to the Effective Date of Termination; or (b) the Participant's target annual bonus established for the bonus plan year in which the Participant's Effective Date of Termination occurs.

(b) An Amount equal to the Participant's unpaid targeted annual incentive, established for the plan year in which the Participant's Effective Date of Termination occurs, multiplied by a fraction, the numerator of which is the number of days completed in the then existing fiscal year through the Effective Date of Termination, and the denominator of which is three hundred sixty-five (365).

(c) A net cash payment equivalent to the COBRA premiums as in effect as of the Participant's termination of employment of the medical insurance and dental insurance for a period of eighteen (18) months. This cash payment shall be made in one lump sum (net of applicable withholding).

COBRA election and continuation shall be the responsibility of the participant and/or qualified beneficiaries.

In the event the COBRA premium shall change for all employees of the Company, the premium, likewise, shall change for the Participant in a corresponding manner.

(d) A cash payment of vacation and/or paid time off time earned prior to the Effective Date of Termination, but not taken by the Participant.

4.3 Termination due to Disability. If the Participant's employment is terminated due to Disability during the term of this Agreement, the Participant shall receive his Base Salary and accrued vacation and/or paid time off through his termination of employment and continuation of the medical insurance, dental insurance and group term life insurance shall be subject to the terms under the applicable disability plan of the Company.

4.4 Termination Due to Retirement or Death. If the Participant's employment is terminated by reason of Retirement or death, the Participant or,

where applicable, the Participant's Beneficiaries, shall receive the Participant's Base Salary and accrued vacation/paid time off through his termination of employment, and continuation of the welfare benefits of medical insurance, dental insurance, and group term life insurance shall be subject to the treatment provided under the applicable retirement or health and welfare plan of the Company. If the Participant's employment is terminated by reason of death the amounts to be paid under this Agreement shall be paid to the Participant's estate.

4.5 Termination for Cause or by the Participant Other Than for Good Reason. If the Participant's employment is terminated either: (a) by the Company for Cause; or (b) by the Participant without Good Reason, the Company shall pay the Participant his unpaid Base Salary and accrued vacation/paid time off through his termination of employment, at the rate then in effect, plus all other amounts to which the Participant is entitled under any compensation plans of the Company, at the time such payments are due; and the Company shall have not further obligations to the Participant under this Agreement.

4.6 Notice of Termination. Any termination by the Company for Cause or by the Participant for Good Reason shall be communicated to the other party at least one hundred twenty (120) days prior to the date on which such termination shall be effective. The Company can terminate the employment of the Participant with no notice in which case the Company shall provide the Participant with continuation of pay of one hundred twenty (120) days.

4.7 Form and Timing of Severance Benefits. At the discretion of the Company, all cash payments set forth in Section 4.2 shall be made in 30 equal monthly installments, net of appropriate withholdings, or in one (1) lump sum, net of appropriate withholdings, within a reasonable period of time, commencing or paid at a time not to exceed one hundred twenty (120) days after the Effective Date of Termination.

Article 5. Excise Tax

5.1 Excise Tax Equalization Payment. If the Participant becomes entitled to severance benefits or any other payment or benefit under this Agreement, or under any other agreement or plans of the Company (in the aggregate, the "Total Payments"), and any of the Total Payments will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Code (or any similar tax that may hereafter be imposed), the Company shall pay to the Participant in cash an additional amount (the "Gross-Up Payment") such that the net amount retained by the Participant after deduction of any Excise Tax upon the Total Payments and any federal, state and local income tax and Excise Tax upon the Gross-Up Payment provided for by this Section 5.1 (including FICA and FUTA), shall be equal to the Total Payments. Such payment shall be made by the Company to the Participant as soon as practicable following the effective date of termination, but in no event beyond forty-five (45) days from such date.

5.2 Tax Computation. For purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amounts of such Excise Tax:

(a) Any other payments or benefits received or to be received by the Participant in connection with a Restructuring Bonus or the Participant's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement, or agreement with the Company, or with any person (which shall have the meaning set forth in Section 3(a)(9) of the Securities Exchange Act of 1934, including a "group" as defined in Section 13(d) therein) whose actions result in a Change in Control of the Company

or any person affiliated with the Company or such persons) shall be treated as "parachute payments" within the meaning of Section 280G(b)(1) of the Code

and shall be treated as subject to the Excise Tax, unless in the opinion of tax counsel as supported by the Company's independent auditors and acceptable to the Participant, such other payments or benefits (in whole or in part) do not constitute parachute payments, or unless such excess parachute payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code in excess of the base amount within the meaning of Section 280G(b)(3) of the Code, or are otherwise not subject to the Excise Tax;

(b) The amount of the Total Payments which shall be treated as subject to the Excise Tax shall be equal to the lesser of: (i) the total amount of the Total Payments; or (ii) the amount of excess parachute payments within the meaning of Section 280G(b)(3) (after applying clause (a) above); and

(c) The value of any non-cash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

For purposes of determining the amount of the Gross-Up Payment, the Participant shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made, and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Participant's residence on the effective date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

5.3 Subsequent Recalculation. If the Internal Revenue Service adjusts the computation of the Company under Section 5.2 herein so that the Participant did not receive the greatest net benefit, the Company shall reimburse the Participant for the full amount necessary to make the Participant whole, plus a market rate of interest, as determined by the Committee.

Article 6. Outplacement Assistance

Following a termination of employment in which Severance Benefits are payable hereunder, the Participant shall be reimbursed by the Company for the costs of all outplacement services obtained by the Participant within the two (2) year period after the Effective Date of Termination; provided, however, that the total reimbursement shall be limited to $15,000.

Article 7. The Company's Payment Obligation

7.1 Payment Obligations Absolute. Except as provided herein, the Company's obligation to make the payments and the arrangements provided for herein shall be absolute and unconditional, and shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Participant or anyone else; provided that the Company shall retain a setoff and right to recoupment in the event of any breach by the Participant of his fiduciary duty at common law or a violation of the provisions of Articles 9.1 or 9.2. All amounts payable by the Company hereunder shall be paid

without notice or demand. Except as provided herein, each and every payment made hereunder by the Company shall be final, and the Company shall not seek to recover all or any part of such payment from the Participant or from whomever may be entitled thereto. Notwithstanding the foregoing, the Company reserves the right to conduct an independent investigation for the sole purpose of determining whether "Cause" exists that would negate a payment hereunder. Until the conclusion of such investigation (which shall be conducted expeditiously) the Company reserves the right to suspend payment of benefits or alternatively, to condition any benefits on the results of such investigation. For purposes of this section, "expeditiously" shall be defined as a reasonable period of time not to exceed six (6) months. Participant shall be notified within thirty (30) days of the conclusion of the investigation.

The Participant shall not be obligated to seek other employment in mitigation of the amounts payable or arrangement made under any provision of this Agreement, and the obtaining of any such other employment shall in no event affect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

7.2 Contractual Rights to Benefits. This Agreement establishes and vests in the Participant a contractual right to the benefits to which he is entitled hereunder. However, nothing herein contained shall required or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

7.3 Bankruptcy Court Approval

Participant acknowledges that the Company has commenced a reorganization case under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. At Participant's sole option, the Company shall promptly move the bankruptcy court for an order authorizing the assumption of this Agreement under section 365 of the Bankruptcy Code or such other relief as appropriate to ensure compliance with this Agreement by the Company and receipt by the Participant of the rights granted hereunder.

Article 8. Withholding

The Company shall be entitled to withhold from any amounts payable under this Agreement all taxes as legally shall be required (including, without limitation, any United States federal taxes, and any other state, city, or local taxes).

Article 9. Non-Competition Other Than Upon Change in Control

9.1 Prohibition on Competition. The Participant agrees that during the course of the Participant's employment with the Company, without the prior written consent of the Company, and for one (1) year from the date of the Participant's voluntary or involuntary termination of employment with the Company, the Participant shall not:

(a) Directly or indirectly own, manage, consult, associate with, operate, join, work for, control or participate in the ownership, management, operation or

control of, or be connected in any manner with, any business (whether in corporate, proprietorship, or partnership for or otherwise), as more than a 10% owner in such business or member of a group controlling such business, which is engaged in any activity which competes with the business of the company as conducted one (1) year prior to (and up through) the date of the Participant's involuntary or voluntary termination of employment with the Company or which will compete with any proposed business activity of the Company in the planning stage on such date of involuntary or voluntary termination. The participant and the Company agree that this provision is reasonably enforced as to any geographic area.

(b) Directly or indirectly solicit, service, contract with or otherwise engage any past (one year prior), existing or prospective customer, client or account who then has a relationship with the Company for current or prospective business on behalf of a competitor of the Company, or on the Participant's own behalf for a competing business. The Participant and the Company agree that this provision is reasonably enforced with reference to any geographic area applicable to such relationships with the Company.

(c) Cause or attempt to cause any existing or prospective customer, client, or account, who then has a relationship with the Company for current or prospective business, to divert terminate, limit or in any manner modify, or fail to enter into any actual or potential business relationship with the Company. The Participant and the Company agree that this provision is reasonably enforced with reference to any geographic area applicable to such relationships with the Company.

(d) The Company agrees that the terms "activity", "which competes with the business of the Company", "competitor of the Company", "competing business", and "relationship with the Company" as used in this Agreement shall be reasonably construed and applied.

9.2 Disclosure of Information. The Participant recognizes that he has access to and knowledge of certain confidential and proprietary information of the Company, which is essential to the performance of his duties as an employee of the Company. The Participant will not, during or after the term of his employment with the Company, in whole or in part, disclose such information to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, nor shall he make use of any information for his own purposes.

9.3 Covenants Regarding Other Employees. During the period ending one (1) year following the payment of Severance Benefits under this Agreement, the Participant agrees to not directly or indirectly solicit, employ or conspire with others to employ any of the Company's employees. The term "employ" for purposes of this paragraph means to enter into an arrangement for services as a full-time or part-time employee, independent contractor, consultant, agent or

otherwise. The Participant and the Company agree that this provision is reasonably enforced as to any geographic area.

Article 10. Non-Disparagement

10.1 Disparagement. The Participant and the Company, each agrees not to make any disparaging or negative statements about the Company or the Participant, including but not limited to its products, services or management any person or entity whatsoever, including but not limited to past, present and prospective employees or employers, customers, clients, analysts, investors, vendors and suppliers; provided that, following the expiration of the non-compete period set forth in Article 9, the non-disparagement provisions set forth herein is shall not restrain the parties from engaging in legitimate competition with each other, which could include, but would not be limited to, legitimate but unfavorable comparisons of products, services or management of each other.

10.2 Release. In order to receive the benefits provided under the Agreement (other than accrued vacation and paid time-off), the Participant will be required to provide the Company with a release in a form to be provided by the Company, or, if Xcel provides the benefits, the Participant will be required to provide Xcel and the Company with a release in a form to be provided by Xcel. Such release shall fully release the Company or Xcel, as applicable, and all of its officers, agents, directors, employees, and representatives, any affiliated companies, businesses or entities, and all other persons and entities from each and every legal claim or demand of any kind that the Participant ever had or might have arising out of any action, conduct or decision taking place during the Participant's employment with the Company, or arising out of the Participant's separation from that employment, whether or not any such claim known at the time of separation.

Article 11. Successors and Assignment

11.1 Successors to the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) of all or substantially all of the business and/or assets of the Company or of any division or subsidiary thereof that employed the Participant at the time of Termination of Employment to expressly assume and agree to perform the Company's obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform them if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effective date of any such succession shall be a breach of this Agreement and shall entitle the Participant to compensation from the Company in the same amount and on the same terms as he would be entitled to hereunder if he had terminated his employment with the Company voluntarily for Good Reason. Except for the purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Effective Date of Termination.

11.2 Assignment by the Participant. This Agreement shall inure to the benefit of and be enforceable by the Participant's personal or legal representatives, executors, administrators, successors, heirs, distributes, devisees, and legatees. If the Participant dies while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Participant's Beneficiary. If the Participant has not named a Beneficiary, then such amounts shall be paid to the

Participant's devisee, legatee, or other designee, or if there is not such designee, to the Participant's estate.

Article 12. Miscellaneous

12.1 Beneficiaries. The Participant may designate one or more persons or entities as the primary and/or contingent beneficiaries of any Severance

Benefits or Change in Control Severance Benefits owing to the Participant under this Agreement. Such designation must be in the form of a signed writing acceptable to the Company. The Participant may make or change such designations at any time.

12.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the feminine shall include the masculine; the plural shall include the singular, and the singular shall include the plural.

12.3 Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Agreement are not part of the provisions hereof and shall have no force and effect.

12.4 Modification. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Participant and by an authorized representative of the Company, or by the respective parties' legal representative and successors.

12.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Minnesota, shall be the controlling law in all matters relating to this Agreement.

/S/ SCOTT J. DAVIDO

Participant's Signature
Date: July 1, 2003

NRG ENERGY, INC.

By: /S/ John R. Boken

John R. Boken

Title: President and Chief Operating Officer

Date: July 1, 2003

EXHIBIT 10.11

(NRG LOGO)

NRG Energy, Inc.
901 Marquette Avenue
Suite 2300
Minneapolis, MN 55402-3265

Direct (612) 373-5300
Fax (612) 373-5540
Telephone (800) 241-4NRG

March 1, 2003

William T. Pieper
547 Eagle Ridge Road
Woodbury, MN 55125

RE: LETTER OF UNDERSTANDING REGARDING SEVERANCE BENEFITS

Dear Bill:

This letter reflects NRG Energy, Inc.'s (the "Company") contractual obligation to you regarding the severance benefits to which you would be entitled in the event of your termination of employment under the circumstances described herein. The "Effective Date" of these benefits is April 8, 2003. However, this is not a contract of employment. You will be classified as an "employee at will" and your employment will be subject to termination at any time, with or without cause.

- In consideration of your continued employment with the Company, your execution of this letter agreement, your performance of the obligations hereunder, and your execution of a general release of all claims against the Company upon to termination of your employment, the Company will provide you with severance pay under the following circumstances: (i) in the event that the Company involuntarily terminates your employment without Cause (as defined below) or (ii) you resign your employment with Good Reason (as defined below) after the Effective Date, you will receive severance pay in the amount of one and one-half times your annual base salary and target bonus 45%. The severance pay will be paid in the form of salary continuation or in a single lump sum payment (determined in the sole and absolute discretion of the Company), in either case, commencing as soon as practicable after your termination date. In addition the Company will pay a lump sum for all costs associated with your health benefits under COBRA for a period of 12 months from the effective date of your separation. The employee will be responsible for making the COBRA payments to the applicable COBRA third party administrator.

- For purposes of this agreement, the term "Cause" shall mean a termination of your employment which is the result of any of the following: (i) your felony conviction or your plea of "no contest" to a felony; (ii) any fraud by you in connection with the performance of your duties as an employee of the Company; (iii) any act of gross negligence or gross misconduct by you in the performance of your duties as an employee of the Company; (iv) your repeated and continued neglect of your duties as an employee of the Company (other than your neglect resulting from your incapacity due to a physical or mental illness); provided, however, that an event described in item (iv) above shall not constitute Cause unless it is communicated by the Company in writing thirty (30) days from the date the Chief Executive Officer knows of such event and is not corrected by you in a manner which is reasonably satisfactory to the Company within thirty (30) days of your receipt of such written notice from the Company.

- For purposes of this agreement, "Good Reason" shall mean your resignation of your employment as a result of a material and adverse change in the scope of your position that results in either: (a) duties and responsibilities that are not substantially equivalent to those of the position which you currently hold, and that result in a reporting relationship below executive senior management, or (b) an assignment that requires you to relocate your domicile more than fifty (50) miles from your current work location before June 30, 2008; provided, however, that a change described above shall not constitute Good Reason unless it is communicated by you to the Company in writing thirty (30) days from the date you know of such event and is not corrected by Company in a manner which is reasonably satisfactory to you within thirty (30) days of the Company's receipt of such written notice from you.

- In the event your employment ends at any time as a result of your resignation without Good Reason, the Company shall pay you the full amount of the accrued but unpaid Salary you have earned through the date of your termination, plus a cash payment (calculated on the basis of your rate of Salary then in effect) for all unused vacation time which you may have accrued as of the date of termination, and any unpaid reimbursement for relocation, business or living expenses to which you are entitled.

- You will not be entitled to receive severance benefits if you die, retire or become disabled while employed by the Company.

- Severance payment(s) hereunder shall be an obligation of, and paid by, the Company.

- All of the Company's obligations under this Agreement and your Employment letter shall be binding upon the Company. The severance benefits specified in this agreement shall be the only severance benefits to which you are entitled. The severance benefits specified in this agreement replace and supersede any other severance benefit for which you previously may have been eligible under any other plan or program of the Company or its affiliated companies including, without limitation, the NRG Energy, Inc. Involuntary Severance Plan. Notwithstanding the foregoing, in the event a bankruptcy court should not approve or honor the severance benefits set forth in this agreement, the severance benefits for which you were eligible immediately prior to this agreement shall be in effect.

- This agreement and all the terms hereof are confidential. You may not disclose, publicize, or discuss any of the terms or conditions hereof with anyone, except your spouse, attorney and/or accountant. In the event that you disclose this agreement or any of its terms or conditions to your spouse, attorney and/or accountant, it shall be your duty to advise said individual(s) of the confidential nature of this agreement and to direct them not to disclose, publicize, or discuss any of the terms or conditions of this agreement with any other person. Violation of this confidentiality provision shall result in immediate termination of this agreement, loss of all severance benefits and, to the extent determined by the Company in its sole and absolute discretion, termination of employment for Cause.

Bill, if you are in agreement with the terms of this Letter of Understanding, please indicate your acceptance thereof by signing the enclosed copy of this letter and returning it to me.

Sincerely,

/s/ RICHARD C. KELLY

Richard C. Kelly
President & COO
NRG Energy, Inc.

ACCEPTED:

/s/ WILLIAM T. PIEPER	5/9/03
William T. Pieper	Date

EXHIBIT 10.13

(NRG LOGO)

NRG ENERGY, INC.
901 MARQUETTE AVENUE
SUITE 2300
MINNEAPOLIS, MN 55402-3285

DIRECT (612) 373-5300
FAX (612) 373-5340
TELEPHONE (800) 241-4NRG

July 23, 2003

Mr. John P. Brewster
540 Eben Ct
Stillwater, MN 55082

RE: LETTER OF UNDERSTANDING REGARDING SEVERANCE BENEFITS

Dear John:

This letter reflects NRG Energy, Inc.'s (the "Company") contractual obligation to you regarding the severance benefits to which you would be entitled in the event of your termination of employment under the circumstances described herein. The "Effective Date" of these benefits is July 23, 2003. However, this is not a contract of employment. This agreement will require Bankruptcy Court approval in order to be effective. You will be classified as an "employee at will" and your employment will be subject to termination at any time, with or without cause.

- In consideration of your continued employment with the Company, your execution of this letter agreement and your performance of the obligations hereunder, the Company will provide you with severance pay under the following circumstances: (i) in the event that the Company involuntarily terminates your employment without Cause (as defined below) or (ii) you resign your employment with Good Reason (as defined below) after the Effective Date, you will receive severance pay in the amount of one and one-half times your annual base salary (as in effect on your termination date). The severance pay will be paid in the form of salary continuation or in a single lump sum payment (determined in the sole and absolute discretion of the Company), in either case, commencing as soon as practicable after your termination date. In addition the Company will pay a lump sum for all costs associated with your health benefits under COBRA for a period of 12 months from the effective date of your separation. The employee will be responsible for making the COBRA payments to the applicable COBRA third party administrator.

- For purposes of this agreement, the term "Cause" shall mean a termination of your employment which is the result of any of the following: (i) your felony conviction or your plea of "no contest" to a felony; (ii) any fraud by you in connection with the performance of your duties as an employee of the Company; (iii) any act of gross negligence or gross misconduct by you in the performance of your duties as an employee of the Company; (iv) your repeated and continued neglect of your duties as an employee of the Company (other than your neglect resulting from your incapacity due to a physical or mental illness); provided, however, that an event described in item (iv) above shall not constitute Cause unless it is communicated by the Company in writing thirty (30) days from the date the Chief Executive Officer knows of such event and is not corrected by you in a manner which is reasonably satisfactory to the Company within thirty (30) days of your receipt of such written notice from the Company.

- For purposes of this agreement, "Good Reason" shall mean your resignation of your employment as a result of a material and adverse change in the scope of your position that results in (i) duties and responsibilities that are not substantially equivalent to those of the position for which you were hired and (ii) a reporting relationship below executive senior management; provided, however, that a change described above shall not constitute Good Reason unless it is communicated by you to the Company in writing thirty (30) days from the date you know of such event and is not corrected by Company in a manner which is reasonably satisfactory to you within thirty (30) days of the Company's receipt of such written notice from you.

- In the event your employment ends at any time as a result of your resignation without Good Reason, the Company shall pay you the full amount of the accrued but unpaid Salary you have earned through the date of your termination, plus a cash payment (calculated on the basis of your rate of Salary then in effect) for all unused vacation time which you may have accrued as of the date of termination, and any unpaid reimbursement for relocation, business or living expenses to which you are entitled.

- You will not be entitled to receive severance benefits if you die, retire or become disabled while employed by the Company.

- Severance payment(s) hereunder shall be an obligation of; and paid by, the Company.

- All of the Company's obligations under this Agreement and your Employment letter shall be binding upon the Company.

- The severance benefits specified in this agreement are in lieu of any other severance benefit to which you may be entitled under any other plan or program of the Company including, without limitation, benefits otherwise available under the NRG Energy, Inc. Involuntary Severance Plan.

- This agreement and all the terms hereof are confidential. You may not disclose, publicize, or discuss any of the terms or conditions hereof with anyone, except your spouse, attorney and/or accountant. In the event that you disclose this agreement or any of its terms or conditions to your spouse, attorney and/or accountant, it shall be your duty to advise said individual(s) of the confidential nature of this agreement and to direct them not to disclose, publicize, or discuss any of the terms or conditions of this agreement with any other person. Violation of this confidentiality provision shall result in immediate termination of this agreement, loss of all severance benefits and, to the extent determined by the Company in its sole and absolute discretion, termination of employment for Cause.

John, if you are in agreement with the terms of this Letter of Understanding, please indicate your acceptance thereof by signing the enclosed copy of this letter and returning it to me.

Sincerely,

/s/ JOHN R. BOKEN

John R. Boken

Interim President & COO
NRG Energy, Inc.

ACCEPTED;

/s/ JOHN P. BREWSTER	8/13/03
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John P. Brewster	Date

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EXHIBIT 21

SUBSIDIARY NAME	STATE OF INCORPORATION
Arthur Kill Power LLC	Delaware
Astoria Gas Turbine Power LLC	Delaware
Bayou Cove Peaking Power, LLC	Delaware
Berrians I Gas Turbine Power LLC	Delaware
Big Cajun I Peaking Power LLC	Delaware
Big Cajun II Unit 4 LLC	Delaware
Brimsdown Power Limited	United Kingdom
Cabrillo Power I LLC	Delaware
Cabrillo Power II LLC	Delaware
Cadillac Renewable Energy LLC	Delaware
Calpine Cogeneration Corporation	Delaware
Camas Power Boiler Limited Partnership	Oregon
Camas Power Boiler, Inc.	Oregon
Capistrano Cogeneration Company	California
Central and Eastern Europe Power Fund, Ltd.	Bermuda
Chickahominy River Energy Corp.	Virginia
Cobee Energy Development LLC	Delaware
Commonwealth Atlantic Limited Partnership	Virginia
Commonwealth Atlantic Power LLC	Delaware
Compania Boliviana de Energia Electrica S.A.	Canada (Nova Scotia)
Conemaugh Fuels, LLC	Delaware
Conemaugh Power LLC	Delaware
Coniti Holding B.V.	Netherlands
Connecticut Jet Power LLC	Delaware
Croatia Power Group	Cayman Islands
Csepel Luxembourg (No. 1) S.a.r.l.	Luxembourg
Devon Power LLC	Delaware
Dunkirk Power LLC	Delaware
Eastern Sierra Energy Company	California
El Segundo Power II LLC	Delaware
El Segundo Power, LLC	Delaware
Energy Investors Fund, L.P.	Delaware
Energy National, Inc.	Utah
Enfield Energy Centre Limited	United Kingdom
Enfield Holdings B.V.	Netherlands
Enfield Operations (UK) Limited	United Kingdom
Enfield Operations, L.L.C.s	Delaware
Enifund, Inc.	Utah
Enigen, Inc.	Utah
Entrade Holdings B.V.	Netherlands
ESOCO Molokai, Inc.	Utah
ESOCO Orrington, Inc.	Utah
ESOCO, Inc.	Utah
Fernwarme GmbH Hohenmolsen-Webau	Germany
Flinders Coal Pty Ltd	Australia
Flinders Labuan (No. 1) Ltd.	Labuan
Flinders Labuan (No. 2) Ltd.	Labuan
Flinders Osborne Trading Pty Ltd	Australia
Flinders Power Finance Pty Ltd	Australia
Flinders Power Partnership	Australia
Four Hills, LLC	Delaware
GALA-MIBRAG-Service GmbH	Germany
Gladstone Power Station Joint Venture (unincorporated)	Australia
Granite II Holding, LLC	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
Granite Power Partners II, L.P.	Delaware

Grobener Logistick GmbH - Spedition, Handel und Transport	Germany
Gunwale B.V.	Netherlands
Hanover Energy Company	California
Hsin Yu Energy Development Co., Ltd.	Taiwan
Huntley Power LLC	Delaware
Indian River Operations Inc.	Delaware
Indian River Power LLC	Delaware
Ingenieurburo fur Grundwasser GmbH	Germany
Itiquira Energetica S.A.	Brazil
Jackson Valley Energy Partners, L.P.	California
James River Cogeneration Company	North Carolina
James River Power LLC	Delaware
Kaufman Cogen LP	Delaware
Keystone Fuels, LLC	Delaware
Keystone Power LLC	Delaware
Kiksis B.V.	Netherlands
Kladno Power (No. 1) B.V.	Netherlands
Kladno Power (No. 2) B.V.	Netherlands
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany
Kraftwerk Schkopau GbR	Germany
Lambique Beheer B.V.	Netherlands
Landfill Power LLC	Wyoming
Long Beach Generation LLC	Delaware
Louisiana Generating LLC	Delaware
Loy Yang Power Management Pty Ltd	Australia (Victoria)
Loy Yang Power Partners	Australia
Loy Yang Power Projects Pty Ltd	Australia (Victoria)
LS Power Management, LLC	Delaware
LSP Batesville Funding Corp.	Delaware
LSP Batesville Holding, LLC	Delaware
LSP Energy Limited Partnership	Delaware
LSP Energy, Inc.	Delaware
LSP Equipment, LLC	Delaware
LSP-Kendall Energy, LLC	Delaware
LSP-Nelson Energy, LLC	Delaware
LSP-Pike Energy, LLC	Delaware
Meriden Gas Turbines LLC	Delaware
MIBRAG B.V.	Netherlands
MIBRAG Industriekraftwerke Betriebs GmbH	Germany
MIBRAG Industriekraftwerke GmbH & Co. KG	Germany
MIBRAG Industriekraftwerke Vermogensverwaltungs- und Beteiligungs GmbH	Germany
MIBRAG Industriekraftwerke Vertriebs GmbH	Germany
MidAtlantic Generation Holding LLC	Delaware
Middletown Power LLC	Delaware
Minnesota Methane Holdings LLC	Delaware
Minnesota Methane II LLC	Delaware
Minnesota Waste Processing Company, L.L.C.	Delaware
Mitteldeutsche Braunkohlengesellschaft mbH	Germany
MM Biogas Power LLC	Delaware
MM Burnsville Energy LLC	Delaware
MM Hackensack Energy LLC	Delaware
MM Nashville Energy LLC	Delaware
MM Prima Deshecha Energy LLC	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
MM San Bernardino Energy LLC	Delaware
MM Tajiguas Energy LLC	Delaware
MN San Bernardino Gasco I LLC	Delaware
MN San Bernardino Gasco II LLC	Delaware
Montan Bildungs- und Entwicklungsgesellschaft mbH	Germany
Montauk-NEO Gasco LLC	Delaware
Montville Power LLC	Delaware
MUEG Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany
NEO California Power LLC	Delaware
NEO Chester-Gen LLC	Delaware
NEO Corporation	Minnesota
NEO Freehold-Gen LLC	Delaware
NEO Hackensack, LLC	Delaware
NEO Landfill Gas Holdings Inc.	Delaware
NEO Landfill Gas Inc.	Delaware
NEO Nashville LLC	Delaware
NEO Power Services Inc.	Delaware
NEO Prima Deshecha LLC	Delaware
NEO Tajiguas LLC	Delaware
NEO-Montauk Genco LLC	Delaware
NEO-Montauk Genco Management LLC	Delaware
NM Colton Genco LLC	Delaware
NM Mid Valley Genco LLC	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
NM Milliken Genco LLC	Delaware
NM San Timoteo Genco LLC	Delaware
Northbrook Acquisition Corp.	Delaware
Northbrook Carolina Hydro II, L.L.C.	Delaware
Northbrook Carolina Hydro, L.L.C.	Delaware
Northbrook Energy, L.L.C.	Delaware
Northbrook New York, LLC	Delaware
Northeast Generation Holding LLC	Delaware
Norwalk Power LLC	Delaware
NR(Gibraltar)	Gibraltar
NRG Affiliate Services Inc.	Delaware
NRG Andean Development Ltda.	Bolivia
NRG Arthur Kill Operations Inc.	Delaware
NRG Asia-Pacific, Ltd.	Delaware
NRG Astoria Gas Turbine Operations Inc.	Delaware
NRG Audrain Generating LLC	Delaware
NRG Audrain Holding LLC	Delaware
NRG Australia Holdings (No. 4) Pty Ltd.	South Wales, Australia
NRG Batesville LLC	Delaware
NRG Bayou Cove LLC	Delaware
NRG Bourbonnais Equipment LLC	Delaware
NRG Bourbonnais LLC	Illinois
NRG Brazos Valley GP LLC	Delaware
NRG Brazos Valley LP LLC	Delaware
NRG Cabrillo Power Operations Inc.	Delaware
NRG Cadillac Inc.	Delaware
NRG Cadillac Operations Inc.	Delaware
NRG California Peaker Operations LLC	Delaware
NRG Capital II LLC	Delaware
NRG Caymans Company	Cayman Islands
NRG Caymans-C	Cayman Islands
NRG Caymans-P	Cayman Islands
NRG Central U.S. LLC	Delaware
NRG Collinsville Operating Services Pty Ltd	Australia
NRG ComLease LLC	Delaware
NRG Connecticut Affiliate Services Inc.	Delaware
NRG Development Company Inc.	Delaware
NRG Devon Operations Inc.	Delaware
NRG do Brasil Ltda.	Brazil
NRG Dunkirk Operations Inc.	Delaware
NRG Eastern LLC	Delaware
NRG El Segundo Operations Inc.	Delaware
NRG Energy Center Dover LLC	Delaware
NRG Energy Center Harrisburg Inc.	Delaware
NRG Energy Center Minneapolis LLC	Delaware
NRG Energy Center Paxton LLC	Delaware
NRG Energy Center Pittsburgh LLC	Delaware
NRG Energy Center Rock Tenn LLC	Delaware
NRG Energy Center San Diego LLC	Delaware
NRG Energy Center San Francisco LLC	Delaware
NRG Energy Center Smyrna LLC	Delaware
NRG Energy Center Washco LLC	Delaware
NRG Energy Development B.V.	Netherlands
NRG Energy Development GmbH	Germany
NRG Energy Insurance, Ltd.	Cayman Islands
NRG Energy Jackson Valley I, Inc.	California
NRG Energy Jackson Valley II, Inc.	California
NRG Energy Ltd.	United Kingdom
NRG Energy, Inc.	Delaware
NRG Flinders Operating Services Pty Ltd	Australia
NRG Gladstone Operating Services Pty Ltd	Australia
NRG Gladstone Superannuation Pty Ltd	Australia
NRG Granite Acquisition LLC	Delaware
NRG Huntley Operations Inc.	Delaware
NRG Ilion Limited Partnership	Delaware
NRG Ilion LP LLC	Delaware
NRG International Holdings (No. 2) GmbH	Switzerland
NRG International Holdings GmbH	Switzerland
NRG International II Inc.	Delaware
NRG International III Inc.	Delaware
NRG International LLC	Delaware
NRG Kaufman LLC	Delaware
NRG Latin America Inc.	Delaware
NRG Marketing Services LLC	Delaware
NRG McClain LLC	Delaware
NRG Mesquite LLC	Delaware

NRG Mextrans Inc.	Delaware
NRG MidAtlantic Affiliate Services Inc.	Delaware
NRG MidAtlantic Generating LLC	Delaware
NRG MidAtlantic LLC	Delaware
NRG Middletown Operations Inc.	Delaware
NRG Montville Operations Inc.	Delaware
NRG Nelson Turbines LLC	Delaware
NRG New Jersey Energy Sales LLC	Delaware
NRG New Roads Holdings LLC	Delaware

SUBSIDIARY NAME	STATE OF INCORPORATION
NRG North Central Operations Inc.	Delaware
NRG Northeast Affiliate Services Inc.	Delaware
NRG Northeast Generating LLC	Delaware
NRG Norwalk Harbor Operations Inc.	Delaware
NRG Operating Services, Inc.	Delaware
NRG Oswego Harbor Power Operations Inc.	Delaware
NRG PacGen Inc.	Delaware
NRG Pacific Corporate Services Pty Ltd	Australia
NRG Peaker Finance Company LLC	Delaware
NRG Power Marketing Inc.	Delaware
NRG Processing Solutions LLC	Delaware
NRG Rockford Acquisition LLC	Delaware
NRG Rockford Equipment II LLC	Illinois
NRG Rockford Equipment LLC	Illinois
NRG Rockford II LLC	Illinois
NRG Rockford LLC	Illinois
NRG Rocky Road LLC	Delaware
NRG Saguaro Operations Inc.	Delaware
NRG Services Corporation	Delaware
NRG South Central Affiliate Services Inc.	Delaware
NRG South Central Generating LLC	Delaware
NRG South Central Operations Inc.	Delaware
NRG Sterlington Power LLC	Delaware
NRG Taiwan Holding Company Limited	Taiwan
NRG Telogia Power LLC	Delaware
NRG Thermal LLC	Delaware
NRG Thermal Operating Services LLC	Delaware
NRG Thermal Services LLC	Delaware
NRG Victoria I Pty Ltd	Australia
NRG Victoria II Pty Ltd	Australia
NRG Victoria III Pty Ltd	Australia
NRG West Coast LLC	Delaware
NRG Western Affiliate Services Inc.	Delaware
NRGenerating (Gibraltar)	Gibraltar
NRGenerating Energy Trading Ltd.	United Kingdom
NRGenerating Holdings (No. 11) B.V.	Netherlands
NRGenerating Holdings (No. 13) B.V.	Netherlands
NRGenerating Holdings (No. 14) B.V.	Netherlands
NRGenerating Holdings (No. 15) B.V.	Netherlands
NRGenerating Holdings (No. 16) B.V.	Netherlands
NRGenerating Holdings (No. 18) B.V.	Netherlands
NRGenerating Holdings (No. 19) B.V.	Netherlands
NRGenerating Holdings (No. 2) GmbH	Switzerland
NRGenerating Holdings (No. 21) B.V.	Netherlands
NRGenerating Holdings (No. 23) B.V.	Netherlands
NRGenerating Holdings (No. 24) B.V.	The Netherlands
NRGenerating Holdings (No. 3) B.V.	Netherlands
NRGenerating Holdings (No. 4) B.V.	Netherlands
NRGenerating Holdings (No. 4) GmbH	Switzerland
NRGenerating Holdings (No. 5) B.V.	Netherlands
NRGenerating Holdings (No. 6) B.V.	Netherlands
NRGenerating Holdings (No. 7) B.V.	Netherlands
NRGenerating Holdings (No. 8) B.V.	Netherlands
NRGenerating Holdings GmbH	Switzerland

SUBSIDIARY NAME	STATE OF INCORPORATION
NRGenerating II (Gibraltar)	Gibraltar
NRGenerating III (Gibraltar)	Gibraltar

NRGenerating International B.V.	Netherlands
NRGenerating IV (Gibraltar)	Gibraltar
NRGenerating Luxembourg (No. 1) S.a.r.l.	Luxembourg
NRGenerating Luxembourg (No. 2) S.a.r.l.	Luxembourg
NRGenerating Luxembourg (No. 6) S.a.r.l.	Luxembourg
NRGenerating Rupali B.V.	Netherlands
NRGenerating, Ltd.	United Kingdom
O Brien Biogas (Mazzaro), Inc.	Delaware
O Brien Cogeneration, Inc. II	Delaware
O Brien Standby Power Energy, Inc.	Delaware
ONSITE Energy, Inc.	Oregon
ONSITE Marianas Corporation	Commonwealth of the Northern Marianas Islands
Oswego Harbor Power LLC	Delaware
P.T. Dayalistrik Pratama	Indonesia
Pacific Crockett Holdings, Inc.	Oregon
Pacific Generation Company	Oregon
Pacific Generation Holdings Company	Oregon
Pacific-Mt. Poso Corporation	Oregon
Penobscot Energy Recovery Company, Limited Partnership	Maine
Project Finance Fund III, L.P.	Delaware
Pyro-Pacific Operating Company	California
Rocky Road Power, LLC	Delaware
RWE Umwelt Westsachsen GmbH	Germany
Rybnik Power B.V.	Netherlands
Saale Energie GmbH	Germany
Saale Energie Services GmbH	Germany
Sachsen Holding B.V.	Netherlands
Saguaro Power Company, a Limited Partnership	California
Saguaro Power LLC	Delaware
San Bernardino Landfill Gas Limited Partnership	California
San Joaquin Valley Energy I, Inc.	California
San Joaquin Valley Energy IV, Inc.	California
San Joaquin Valley Energy Partners I, L.P.	California
Scudder Latin American Power I-C L.D.C.	Cayman Islands, British West Indies
Scudder Latin American Power II-C L.D.C.	Cayman Islands, British West Indies
Scudder Latin American Power II-Corporation A	Cayman Islands, British West Indies
Scudder Latin American Power II-Corporation B	Cayman Islands, British West Indies
Scudder Latin American Power II-P L.D.C.	Cayman Islands, British West Indies
Scudder Latin American Power I-P L.D.C.	Cayman Islands, British West Indies
Servicios Energeticos, S.A	Bolivia
Somerset Operations Inc.	Delaware
Somerset Power LLC	Delaware
South Central Generation Holding LLC	Delaware
Statoil Energy Power/Pennsylvania, Inc.	Pennsylvania
Sterling (Gibraltar)	Gibraltar
Sterling Luxembourg (No. 1) s.a.r.l.	Luxembourg
Sterling Luxembourg (No. 2) s.a.r.l.	Luxembourg
Sterling Luxembourg (No. 4) s.a.r.l.	Luxembourg
STS Hydropower Ltd.	Michigan
Suncook Energy LLC	Delaware
Sunshine State Power (No. 2) B.V.	Netherlands

SUBSIDIARY NAME	STATE OF INCORPORATION
Sunshine State Power B.V.	Netherlands
Tacoma Energy Recovery Company	Delaware
Telogia Power Inc.	Delaware
Termo Santander Holding (Alpha), L.L.C.	Delaware
TermoRio S.A.	Brazil
The PowerSmith Cogeneration Project, Limited Partnership	Delaware
Tosli (Gibraltar) B.V.	Netherlands
Tosli Acquisition B.V.	Netherlands
Turners Falls Limited Partnership	Delaware
Vienna Operations Inc.	Delaware
Vienna Power LLC	Delaware
WCP (Generation) Holdings LLC	Delaware
West Coast Power LLC	Delaware

EXHIBIT 31.1

CERTIFICATION

I, David Crane, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) Omitted pursuant to SEC Release 33-8238;

(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 registrant's board of directors (or persons performing the equivalent function):

(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 CRANE

David Crane
Chief Executive Officer
(Principal Executive Officer)

Date: March 12, 2004

EXHIBIT 31.2

CERTIFICATION

I, George P. Schaefer, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) Omitted pursuant to SEC Release 33-8238;

(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 registrant's board of directors (or persons performing the equivalent function):

(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/ GEORGE P. SCHAEFER

George P. Schaefer
Vice President and Treasurer
(Principal Financial Officer)

Date: March 12, 2004

EXHIBIT 31.3

CERTIFICATION

I, William T. Pieper, certify that:

1. I have reviewed this annual report on Form 10-K 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)) 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) Omitted pursuant to SEC Release 33-8238;

(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 registrant's board of directors (or persons performing the equivalent function):

(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/ WILLIAM T. PIEPER

William T. Pieper
Vice President and Controller
(Principal Accounting Officer)

Date: March 12, 2004

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 Annual Report of NRG Energy, Inc. (the Company) on Form 10-K for the year ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (Form 10-K), 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-K 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-K 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-K.

Date: March 12, 2004

/s/ DAVID CRANE

David Crane,
Chief Executive Officer
(Principal Executive Officer)

/s/ GEORGE P. SCHAEFER

George P. Schaefer,
Vice President and Treasurer
(Principal Financial Officer)

/s/ WILLIAM T. PIEPER

William T. Pieper,
Vice President and Controller
(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 the Report 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.

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EXHIBIT 99.1

WEST COAST POWER LLC CONSOLIDATED FINANCIAL STATEMENTS
INDEX
DECEMBER 31, 2003 AND 2002

REPORT OF INDEPENDENT AUDITORS

To the Members of
West Coast Power LLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, members' equity and comprehensive income and cash flows present fairly, in all material respects, the financial position of West Coast Power LLC (the "Company") at December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. The consolidated financial statements of the Company as of December 31, 2001 and for the year then ended, were audited by other independent public accountants who have ceased operations. Those independent public accountants expressed an unqualified opinion on those financial statements in their report dated February 28, 2002 (except with respect to a matter discussed in Note 9 of said financial statements, as to which the date is March 11, 2002).

As discussed in Note 9, the Company is the subject of substantial litigation.

The Company's ongoing liquidity, financial position and operating results may be adversely impacted by the nature, timing and amount of the resolution of such litigation. The consolidated financial statements do not include any adjustments, beyond existing accruals applicable under Statement of Financial Accounting Standards No. 5, "Accounting for Contingencies," that might result from the ultimate resolution of such matters.

As discussed in Note 2, effective January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets." As discussed in Note 2, effective January 1, 2003, the Company adopted the provisions of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

As discussed above, the consolidated financial statements of the Company as of December 31, 2001, were audited by other independent public accountants who have ceased operations. As described in Note 2, these consolidated financial statements have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142 which was adopted by the Company as of January 1, 2002. We audited the transitional disclosures described in Note 2. In our opinion, the transitional disclosures for 2001 in Note 2 are appropriate. However, we were not engaged to audit, review or apply any procedures to the 2001 consolidated financial statements of the Company other than with respect to such disclosures and accordingly, we do not express an opinion or any other form of assurance on the 2001 consolidated financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP
Houston, Texas
March 4, 2004

Note: This is a copy of a report issued by Arthur Andersen LLP, our former independent public accountants. This report has not been reissued by Arthur Andersen LLP in connection with West Coast Power LLC's financial statements for the year ended December 31, 2003. West Coast Power LLC's consolidated balance sheets as of December 31, 2001 and 2000, and consolidated statements of operations, consolidated members' equity and comprehensive income and consolidated cash flows for the years ended December 31, 2000 and 1999, are not required to be presented and are not included in these financial statements. Additionally, the consolidating information for 2001 referred to below as being presented in Note 10 is not required to be presented and is not included in these financial statements.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Member of
West Coast Power LLC

We have audited the accompanying consolidated balance sheets of West Coast Power LLC (a Delaware limited liability company) as of December 31, 2001 and 2000, and the related consolidated statements of operations, member equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement

presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Coast Power LLC as of December 31, 2001 and 2000, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The 2001 consolidating information in Note 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP
Houston, Texas

February 28, 2002 (except with respect to the matter discussed in Note 9, as to which the date is March 11, 2002)

WEST COAST POWER LLC
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2003 AND 2002

	2003	2002
ASSETS		
Current assets		
Cash and cash equivalents	$ 124,245,142	$ 36,083,124
Restricted cash	--	69,362,303
Accounts receivable, net of allowance for doubtful accounts of $391,819,281 and $401,612,906, respectively	57,843,586	60,970,908
Inventories	25,626,499	31,447,329
Deposits and other	40,999,687	7,971,890
Asset from risk-management activities	8,739,539	49,380,506
Total current assets	257,454,453	255,216,060
Property, plant and equipment, at cost		
Land	56,583,322	56,583,322
Plant and equipment	553,951,022	528,241,382
Less: Accumulated depreciation	(157,016,977)	(126,168,082)
Property, plant and equipment, net	453,517,367	458,656,622
Asset from risk-management activities	--	34,215,765
Goodwill (Note 3)	--	38,998,481
Total assets	$ 710,971,820	$ 787,086,928
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable		
Affiliates	$ 19,242,345	$ 39,917,938
Trade	1,032,198	1,045,372
Accrued liabilities	26,241,219	11,712,647
Liabilities from risk-management activities	8,739,539	49,380,506
Current maturities of long-term debt	--	10,000,000
Total current liabilities	55,255,301	112,056,463
Asset retirement obligation	7,631,979	--
Liabilities from risk-management activities	--	34,215,765
Commitments and contingencies (Note 9)		
Members' equity	648,084,540	640,814,700
Total liabilities and members' equity	$ 710,971,820	$ 787,086,928

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See the notes to the consolidated financial statements.

WEST COAST POWER LLC
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	2003	2002	2001
Revenues	$ 695,964,053	$ 585,306,960	$ 1,562,062,267
Affiliate operating costs, exclusive of depreciation shown separately below	(302,954,125)	(456,526,399)	(1,123,221,590)
Nonaffiliate operating costs, exclusive of depreciation shown separately below	(44,765,930)	(17,167,990)	(49,489,040)
Depreciation and amortization	(31,692,792)	(27,227,164)	(30,440,631)
Impairment charges	(38,998,481)	(13,450,866)	--
General and administrative expenses	(46,463,917)	(22,508,906)	(14,280,798)
Income from operations	231,088,808	48,425,635	344,630,208
Interest expense	(176,008)	(15,409,800)	(32,843,268)
Change in fair value of electricity options	--	--	12,080,525
Interest income	1,327,284	1,129,160	2,491,253
Income before cumulative effect of change in accounting principles	232,240,084	34,144,995	326,358,718
Cumulative effect of change in accounting principle	1,029,756	--	--
Net income	$ 233,269,840	$ 34,144,995	$ 326,358,718

See the notes to the consolidated financial statements.

WEST COAST POWER LLC

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY AND COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	MEMBERS' EQUITY	COMPREHENSIVE INCOME
BALANCE, DECEMBER 31, 2000		$ 423,465,895	
Contributions		10,095,134	
Net income		326,358,718	$ 326,358,718
Distributions		(102,241,088)	
Cumulative effect of change in accounting principle	$ (147,551)		
Change in fair value of cash flow hedges	(6,411,167)		
Amounts reclassified into income	2,031,884		
Other comprehensive income	(4,526,834)	(4,526,834)	(4,526,834)
Comprehensive income for the year ended December 31, 2001			321,831,884
BALANCE, DECEMBER 31, 2001	(4,526,834)	653,151,825	
Contributions		13,516,477	
Net income		34,144,995	34,144,995
Distributions		(64,525,431)	
Amounts reclassified into income	4,526,834		
Other comprehensive income	4,526,834	4,526,834	4,526,834
Comprehensive income for the year ended December 31, 2002			38,671,829
BALANCE, DECEMBER 31, 2002	--	640,814,700	
Net income		233,269,840	233,269,840
Distributions		(226,000,000)	
Comprehensive income for the year ended December 31, 2003			$ 233,269,840
BALANCE, DECEMBER 31, 2003	$ --	$ 648,084,540	

See the notes to the consolidated financial statements.

WEST COAST POWER LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

	2003	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 233,269,840	$ 34,144,995	$ 326,358,718
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	31,692,792	27,227,164	30,440,631
Impairment charges	38,998,481	13,450,866	--
Cumulative effect of change in accounting policy	(1,029,756)	--	--
Change in fair value of electricity options	--	--	(12,080,525)
Changes in assets and liabilities that provided (used) cash:			
Accounts receivable, net	3,127,322	164,277,423	21,350,894
Inventories	1,164,036	11,617,313	(12,542,257)
Deposits and other	(30,337,866)	2,226,118	(3,033,837)
Accounts payable	(20,687,562)	(17,268,735)	(125,087,533)
Accrued liabilities	20,571,285	5,728,817	(4,887,962)
Other	3,740,781	2,488,844	(468,737)
Net cash provided by operating activities	280,509,353	243,892,805	220,049,392
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(25,709,638)	(21,651,761)	(27,403,973)
Decrease (increase) in restricted cash	69,362,303	(69,362,303)	--
Net cash provided by (used in) investing activities	43,652,665	(91,014,064)	(27,403,973)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	--	--	40,000,000
Repayments of borrowings	(10,000,000)	(140,056,703)	(107,847,297)
Contributions	--	13,516,477	10,095,134
Distributions	(226,000,000)	(64,525,431)	(102,241,088)
Net cash used in financing activities	(236,000,000)	(191,065,657)	(159,993,251)
Net increase (decrease) in cash and cash equivalents	88,162,018	(38,186,916)	32,652,168
CASH AND CASH EQUIVALENTS			
Beginning of year	36,083,124	74,270,040	41,617,872
End of year	$ 124,245,142	$ 36,083,124	$ 74,270,040
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid for interest	$ 177,883	$ 4,336,114	$ 33,056,514

See the notes to the consolidated financial statements.

WEST COAST POWER LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. BACKGROUND AND NATURE OF OPERATIONS

BACKGROUND

Prior to 1999, Dynegy Power Corp. ("DPC"), an indirect wholly owned subsidiary of Dynegy Holdings Inc. ("Dynegy"), and NRG Energy, Inc. ("NRG"), a majority owned subsidiary of Northern States Power Company until its merger with New Century Energies, Inc., to form Xcel Energy, Inc., in August 2000 (collectively, the "Sponsors") each held a 50% interest in two limited liability companies: El Segundo Power, LLC ("ESP"), and Long Beach Generation LLC ("LBG") (collectively, the "Historical LLCs"). In May 1999, the Sponsors acquired the assets and liabilities which make up Cabrillo Power I LLC ("Cabrillo I") and Cabrillo Power II LLC ("Cabrillo II") (collectively, the "New LLCs"). Effective June 30, 1999, the Sponsors formed WCP Generation Holdings LLC ("Holdings") and West Coast Power LLC ("WCP", "we", "us" or "our"), both of which are Delaware limited liability companies. The Sponsors have an equal interest in Holdings and share in profits and losses equally. WCP is wholly owned by Holdings and serves as a holding company for the Historical LLCs and New LLCs. NRG was an indirect, wholly owned subsidiary of Xcel Energy, Inc. and NRG became an

independent public company upon its emergence from bankruptcy on December 5, 2003. NRG no longer has any material affiliation or relationship with Xcel Energy.

Upon formation of WCP, the assets and liabilities of ESP, LBG, Cabrillo I and Cabrillo II (collectively the "LLCs") were contributed to WCP by the Sponsors and were recorded at their historical costs because the transfer represented a reorganization of entities under common control. Operations are governed by the executive committee with two representatives from each Sponsor.

NATURE OF OPERATIONS

ESP owns a 670-megawatt ("MW") plant located in El Segundo, California, consisting of two operating steam electric generating units. The facility operates as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets.

LBG owns a 470-MW plant located in Long Beach, California, consisting of seven gas turbine generators and two steam turbine units. The facility operates as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets.

Cabrillo I owns a 970-MW plant located in Carlsbad, California, consisting of five steam electric generating units and one combustion turbine. The facility operates as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets.

Cabrillo II owns 17 combustion turbines of which 13 are operational with an aggregate capacity of 202-MW located throughout San Diego County, California. The facility operates as a merchant plant, selling energy and ancillary services through the deregulated California wholesale electric market and other western markets.

2. ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include our accounts after eliminating intercompany accounts and transactions.

USE OF ESTIMATES IN FINANCIAL STATEMENT PREPARATION

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to develop estimates and to make assumptions that affect the reported financial position and results of operations and that impact the nature and extent of disclosure, if any, of contingent liabilities. We review significant estimates affecting our consolidated financial statements on a recurring basis and record the effect of any necessary adjustments prior to their publication. Judgments and estimates are based on our beliefs and assumptions derived from information at the time such estimates are made. Adjustments made with respect to these estimates often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of the financial statements. Such estimates include, among other things, developing fair value assumptions, analyzing tangible and intangible assets for possible impairment,

estimating useful lives of our assets and determining and assessing amounts to accrue for estimated reserves for probable contingencies such as those discussed in Note 9. Actual results could differ materially from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of all demand deposits and funds invested in short-term investments with an original maturity of three months or less.

RESTRICTED CASH

Restricted cash represents cash that is unavailable for general purpose cash needs. Such amounts were restricted pursuant to our credit agreement, which was repaid during 2003.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

We establish provisions for losses on accounts receivable if it is reasonable to assume we will not collect all or part of outstanding balances. We review collectibility and establish or adjust our allowance as necessary using the specific identification method. As of December 31, 2003 and 2002, we have reserved $391,819,281 and $401,612,906, respectively, as a net allowance for doubtful accounts relating to receivables owed to us by the California ISO (the "ISO") and the California Power Exchange (the "PX").

INVENTORIES

Inventories are valued at the lower of market or cost using the last-in, first-out ("LIFO") or the average cost methods and are comprised of the following at December 31, 2003 and 2002:

	2003	2002
Emissions credits (average cost)	$ 5,366,618	$ 6,257,560
Materials and supplies (average cost)	6,417,638	10,390,591
Fuel oil (LIFO)	13,842,243	14,799,178
	$ 25,626,499	$ 31,447,329

Emission credits represent costs paid by us to acquire additional NOx credits. We use these credits to comply with emission caps imposed by various environmental laws under which we must operate. As individual credits are used, costs are recognized as operating expense. See additional discussion below at "Environmental Costs."

PLANT AND EQUIPMENT

Property, plant and equipment, which consists primarily of power generating facilities, furniture and fixtures and computer equipment, is recorded at historical cost. Expenditures for major replacements, renewals and major maintenance are capitalized. We consider major

maintenance to be expenditures incurred on a cyclical basis in order to maintain and prolong the efficient operation of our assets. Expenditures for repairs and minor renewals to maintain assets in operating condition are expensed. Depreciation is provided using the straight-line method over the estimated economic service lives of the assets, ranging from 3-25 years. The estimated economic service lives of our asset groups are as follows:

Power generating facilities	7 - 25 years
Furniture and fixtures	3 - 5 years
Other miscellaneous	5 - 20 years

IMPAIRMENT OF LONG-LIVED ASSETS

In the event that facts and circumstances indicate that the carrying amounts of long-lived assets could be impaired, an evaluation of recoverability is performed that compares the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down is required. If this evaluation indicates that the assets will not be recoverable, the carrying value of the assets would be reduced to their estimated fair value. In August 2002, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets ("Statement No. 144"). Statement No. 144 addresses the accounting and reporting for the impairment or disposal of long-lived assets. Our adoption of Statement No. 144 on January 1, 2002, did not have any impact on our financial position or results of operations.

In December 2003, we tested our long-lived assets for impairment in accordance with Statement No. 144. After performing the test, it was concluded that no impairment was necessary.

ASSET RETIREMENT OBLIGATION

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations ("Statement No. 143"). WCP adopted SFAS No. 143, which provides accounting requirements for costs associated with legal obligations to retire tangible, long-lived assets, effective January 1, 2003. Under Statement No. 143, an Asset Retirement Obligation ("ARO") is recorded at fair value in the period in which it is incurred by increasing the carrying amount of the related long-lived asset. In each subsequent period, the liability is accreted over time towards the ultimate obligation amount and the capitalized costs are depreciated over the useful life of the related asset.

Upon adoption of Statement No. 143, existing environmental liabilities in the amount of $5,200,000 were reversed in the first quarter 2003. The fair value of the remediation costs estimated to be incurred upon retirement of the respective assets is included in the ARO and was recorded upon adoption of Statement No. 143. Since the previously accrued liabilities exceeded the fair value of the future retirement obligations, the impact of adopting Statement No. 143 was an increase in earnings of $1,029,756 in the first quarter 2003, which is the cumulative effect of change in accounting principles in the

consolidated statement of operations.

At January 1, 2003, our ARO liabilities were approximately $8,020,242 which includes monitoring charges related to El Segundo Units 1 and 2 as well as dismantlement and remediation at the Cabrillo II facilities since these assets reside on lease property. Annual depreciation of the ARO assets resulting from adoption of this standard and the accretion of the liability towards the ultimate obligation amount were $644,483 and $697,472, respectively, during 2003. During 2003, we settled $1,085,735 relating to our ARO. At December 31, 2003, our ARO liabilities are $7,631,979.

In addition to these liabilities, we also have potential retirement obligations for dismantlement of our other power generation facilities. Our current intent is to maintain these facilities in a manner such that they will be operated indefinitely. Liabilities will be recorded in accordance with Statement No. 143 at such time as our operations change and a liability is incurred.

The following pro forma financial information has been prepared to give effect to the adoption of Statement No. 143 as if it had been adopted January 1, 2001:

	YEAR ENDED DECEMBER 31,	
	2002	2001
Net income, as reported	$ 34,144,995	$ 326,358,718
Pro forma adjustments to reflect retroactive adoption of Statement No. 143	(1,224,171)	(1,164,184)
Pro forma net income	$ 32,920,824	$ 325,194,534

GOODWILL

Prior to 2002, goodwill was amortized on a straight-line basis over its 3 to 27 year estimated useful life. However, we adopted SFAS No. 142, Goodwill and Other Intangible Assets ("Statement No. 142"), effective January 1, 2002, and, accordingly discontinued amortizing goodwill. We incurred no impairment of goodwill upon the adoption of Statement No. 142.

In accordance with Statement No. 142, we subject goodwill to a fair value-based impairment test on at least an annual basis. The estimation of fair value is highly subjective, inherently imprecise and can change materially from period to period based on, among other things, an assessment of market conditions, projected cash flows and discount rate. We currently perform our annual impairment test in the fourth quarter after the annual budgetary process.

FEDERAL INCOME TAXES

We are not a taxable entity for federal income tax purposes. Accordingly, there is no provision for income taxes in the accompanying consolidated financial statements.

REVENUE RECOGNITION

Revenues from the sale of energy and ancillary services are recorded based upon output delivered and/or service provided priced at market or by contract. Revenues received from the Reliability Must Run Agreement ("RMR") with the ISO are primarily derived from availability payments and amounts based on reimbursing variable costs. Revenues identified as being subject to future resolution are accounted for as discussed above at "Allowance for Doubtful Accounts".

ENVIRONMENTAL COSTS

Environmental costs relating to current operations are expensed. Liabilities are recorded when environmental assessment indicates remedial efforts are probable and the costs can be reasonably estimated.

CONCENTRATION OF CREDIT RISK

We sell our electricity production to purchasers of electricity in California, which included the PX (prior to its Chapter 11 bankruptcy in 2001), the ISO and, beginning in 2001, the California Department of Water Resources ("CDWR") and Dynegy Power Marketing, Inc. ("DYPM"). We remain exposed to credit risk on our outstanding ISO and PX receivables for power delivered from November 2000 through January 2001. We established reserves against this credit risk that we consider appropriate as further discussed in above at "Allowance for Doubtful Accounts".

FAIR VALUE OF FINANCIAL INSTRUMENTS

Our financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, debt instruments and derivative instruments to hedge commodity price and interest rate risk. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable are representative of their respective fair values due to the short-term maturities of these instruments. The fair value of our debt instruments is considered to approximate the carrying amount of these instruments as their interest rates are based on the London Interbank Offering Rate ("LIBOR"). Additionally, we had entered into certain interest rate swap agreements as well as fair value hedges and electricity options. The fair value of these instruments is discussed in Note 8 and Note 5, respectively.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS

We may enter into various derivative instruments to hedge the risks associated with changes in commodity prices and interest rates. We use physical forward contracts to hedge a portion of our exposure to price fluctuations of natural gas and electricity.

Effective January 1, 2001, hedging gains and losses are recognized in accordance with SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities ("Statement No. 133").

Under Statement No. 133, as amended, we recognize all derivative instruments on the balance sheet at their fair values, and changes in fair value are recognized immediately in earnings, unless the derivatives qualify, and are designated, as hedges of future cash flows or fair values, or qualify, and are designated, as normal purchases and sales. For derivatives treated as hedges of future cash flows, we record the effective portion of changes in the fair value of the derivative instrument in other comprehensive income until the related

hedged items impact earnings. Any ineffective portion of a cash flow hedge is reported in earnings immediately. For derivatives treated as fair value hedges, we record changes in the fair value of the derivatives and changes in the fair value of the hedged risk attributable to the related asset, liability or firm commitment in current period earnings. Derivatives treated as normal purchases or sales are recorded and recognized in income using accrual accounting.

We adopted Statement No. 133 on January 1, 2001, and recorded an immaterial cumulative effect adjustment to other comprehensive income attributable to certain gas and interest rate cash flow hedges. There was no impact on net income at adoption.

3. GOODWILL

We recognized a $39 million impairment charge in 2003 based on our annual goodwill impairment test. We calculated our fair value using a discounted future cash flows methodology. Fair value was negatively impacted by the expiration of the CDWR contract in December 2004 coupled with decreasing power prices and current market conditions. Please read Note 7. The impairment charge is included in Impairment charges on the consolidated statements of operations.

The following table shows what our net income would have been in 2001 if goodwill had not been amortized during that period, compared to the net income recorded in 2003 and 2002:

	2003	2002	2001
Reported net income	$ 233,269,840	$ 34,144,995	$ 326,358,718
Add back: goodwill amortization	--	--	2,835,208
Adjusted net income	$ 233,269,840	$ 34,144,995	$ 329,193,926

4. IMPAIRMENT OF LONG-LIVED ASSETS

In July 2002, we were notified that land leases associated with four Cabrillo II combustion turbines would not be renewed. We determined that these turbines would be sold rather than relocated to an alternate site for continued use. As a result, an impairment charge of $13,400,000 was recognized in 2002 and represented the difference between the carrying value of the four turbines and the estimated net proceeds from their prospective sale. In addition, a $5,200,000 liability was recorded for the estimated cost of restoring the land on which the turbines are located to its original condition. This reserve was reversed upon adoption of SFAS 143 in 2003. Please read Note 2 - Assets Retirement Obligation. As of December 31, 2003, these turbines had not been sold.

5. DERIVATIVES AND HEDGING

During the years ended December 31, 2003, 2002 and 2001, there was no material ineffectiveness from changes in fair value of hedge positions, and no amounts were excluded from the assessment of hedge effectiveness related to the hedge of future cash flows. Additionally, no amounts

were reclassified to earnings in connection with forecasted transactions that were no longer considered probable.

We have entered into a series of fixed price electricity purchases to hedge a portion of the fair value of our fixed price CDWR Power Purchase Agreement ("PPA"). During the years ended December 31, 2003 and 2002, there was no ineffectiveness from changes in fair value of hedge positions and no amounts were excluded from the assessment of hedge effectiveness. Additionally, no amounts were recognized in relation to firm commitments that no longer qualified as fair value hedge items.

We have also entered into interest rate swap agreements, which effectively exchanged variable interest rate debt for fixed interest rate debt. The agreements were used to reduce the exposure to possible increases in interest rates. We entered into these swap agreements with major financial institutions. On June 28, 2002, we terminated the interest rate swap agreements concurrently with the refinancing of our debt. Breakage fees of approximately $5,200,000 were expensed at the time of refinancing.

The value of the fair value hedges at December 31, 2003 and 2002, was approximately $(8,739,539) and $(83,600,000) and is included in liabilities from risk-management activities on the consolidated balance sheets. The corresponding value of the hedged risk is approximately $8,739,539 and $83,600,000 and is included in assets from risk-management activities on the consolidated balance sheets.

6. RELATED PARTIES

We purchase fuel for our plants under full requirement natural gas supply agreements ("GSAs") with Dynegy Marketing and Trade ("DMT"), one of our affiliates. Charges for fuel are based upon similar terms and conditions as could be obtained from unrelated third parties. Fuel purchases from DMT are included in affiliated operating costs in the consolidated statement of operations.

We contracted with DYPM to provide all power scheduling, power marketing and risk management for us under an energy management agreement (the "EMA"). Sales of power under the EMA through DYPM were $617,370,571, $540,114,356 and $1,077,421,540 for the years ended December 31, 2003, 2002 and 2001, respectively. Additionally, we contracted with DMT to provide all scheduling of fuel supply.

We contracted with NRG West, Inc., one of our affiliates, to manage our facilities under the operations and management services agreements ("OMSA"). The services provided under the OMSA consisted primarily of overseeing the operations and maintenance efforts of Southern California Edison ("SCE") and San Diego Gas and Electric ("SDG&E"). SCE operated ESP and LBG until April 2000, and SDG&E operated Cabrillo I and Cabrillo II until May 2001. We then entered into Operation and Maintenance ("O&M") agreements with NRG Cabrillo Power Operations Inc. and NRG El Segundo Operations Inc., two of our affiliates, for Cabrillo I and Cabrillo II effective May 2001 and for ESP and LBG effective April 2000. Fees for services primarily include recovery of the costs of operating the plant as approved in the annual budget as well as a base monthly fee. When the OMSAs were terminated once NRG became operator, we contracted with NRG Development Company, Inc., one of our affiliates, to provide services under the Administrative Management Agreement (the "AMA"). Services provided under the AMA include local services not covered under the O&M agreements, including environmental,

engineering, legal and public relations services. Fees for such services are subject to executive committee approval if the amounts exceed a certain percentage of the applicable annual approved budget.

We entered into an administrative services management agreement (the "ASMA") with Dynegy Power Management Services, L.P., one of our affiliates, which provides administrative services such as business management and accounting to us. Fees for such services are subject to executive committee approval if the amounts exceed a certain percentage of the applicable annual approved budget.

In addition to the related-party transactions listed above, we made $14,200,000 in interest payments in 2002 to DMT under a forbearance agreement with DMT with respect to our noncompliance with the GSA. The effective interest rate on the deferred balance was prime rate plus 2%. All amounts due under the forbearance agreement have been paid and the forbearance agreement terminated. In 2003 and 2001, no interest was paid to DMT.

As described above, our affiliates provide various services for us. Charges for these services are included in our operating and general and administrative expenses and consisted of the following for the years ended December 31, 2003, 2002 and 2001:

DYNEGY'S RELATED COST

	2003	2002	2001
OPERATING COSTS			
Fuel	$ 258,133,778	$ 401,650,246	$ 1,054,268,850
EMA charges	9,141,394	10,345,506	17,016,988
ASMA charges	207,095	--	--
	$ 267,482,267	$ 411,995,752	$ 1,071,285,838
ASMA fees included in general and administrative expenses	$ 1,331,007	$ 1,297,759	$ 1,374,214

NRG'S RELATED COST

	2003	2002	2001
OPERATING COSTS			
OMSA, O&M and AMA charges	$ 35,471,858	$ 44,530,647	$ 51,935,752

7. POWER PURCHASE AGREEMENT

We entered into a long-term Power Purchase Agreement with the CDWR in March 2001. From inception through December 31, 2001, the CDWR contracted for system contingent capacity and energy sales of an aggregate of 1,000 MW from our facilities. From January 2002 through December 31, 2004, the CDWR contracted for fixed price firm energy and system contingent capacity and energy representing a substantial portion of WCP's capacity. Sales to CDWR constituted approximately 88% and 93% of revenues net of reserves in 2003 and 2002, respectively.

Unless a new contract is signed or the contract is renegotiated prior to the expiration of the CDWR contract, our assets will operate as merchant facilities beginning in 2005. Due to transmission constraints, power prices vary substantially across Western Electric Coordinating Council ("WECC") and are generally highest in Southern California, where our facilities are located. While we believe there is not currently an oversupply of generation in Southern California, and power prices are generally strong, it is likely that our facilities will be significantly less profitable as merchant facilities compared to profits generated under the CDWR contract.

8. DEBT

In August 1999, we entered into a credit agreement with a five-year, $322,500,000 amortizing term loan with a balloon payment and a $40,000,000 working capital facility line of credit (the "Credit Agreement"). The Credit Agreement was scheduled to mature in June 2004.

In September 1999, we entered into two interest rate swap agreements related to the Credit Agreement. One agreement effectively fixed the interest rate at 6.435% for the first $60,000,000 and matured in June 2002. The second agreement effectively fixed the interest rate at 6.230% for an incremental $40,000,000 and was scheduled to mature in June 2003. These swaps were designated as hedges of the future cash outflows associated with interest payments on the debt. The second agreement was terminated in 2002 as part of the refinancing discussed below, and the remaining deferred loss was reclassified from other comprehensive income to interest expense.

In June 2002, we refinanced the Credit Agreement with a 364-day bank facility consisting of a $100,000,000 letter of credit line, a $10,000,000 term loan commitment and a $10,000,000 working capital loan commitment (the "Refinanced Credit Agreement"). In conjunction with the refinancing, $3,400,000 of deferred financing costs related to the original Credit Agreement were expensed. We incurred additional debt issuance costs of $4,900,000 in connection with the refinancing. Such costs were capitalized and amortized over the remaining term of the Credit Agreement and are included in prepaid expenses and other current assets. At December 31, 2002, unamortized debt issuance costs approximated $2,400,000.

In June 2003, we replaced the Refinanced Credit Agreement with an 18-month $50,000,000 letter of credit facility. With the replacement of the Refinanced Credit Agreement, we are no longer required to maintain restricted cash funds. This agreement requires us to post equal amounts of cash collateral for all letters of credit issued. This letter of credit facility incurs fees at the rate of 0.50% on any outstanding letters of credit plus a commitment fee at the rate of 0.25% on any unused amount of the commitment. At December 31, 2003, our deposit for collateral was $21,600,000. Of this deposit, $15,100,000 was issued in letters of credit. We incurred financing costs of $694,000 in connection with the new agreement. Such costs have been capitalized and are being amortized over the remaining term of the new agreement and are included in prepaid expenses and other current assets. At December 31, 2003, unamortized debt issuance costs approximated $463,000.

Our interest costs on the term loans, working capital loans and interest rate swaps (including swap termination costs and amortization costs, which are included in depreciation and amortization on the consolidated statements of operations) totaled approximately $2,900,000, $15,400,000 and $18,600,000 for 2003, 2002 and 2001,

respectively.

9. COMMITMENTS AND CONTINGENCIES

Set forth below is a description of our material legal proceedings. In addition to the matters described below, we are party to legal proceedings arising in the ordinary course of business. In management's opinion, the disposition of these matters will not materially adversely affect our financial condition, results of operations, or cash flows.

We record reserves for estimated losses from contingencies when information available indicates that a loss is probable and the amount of the loss is reasonably estimable under SFAS No. 5, Accounting for Contingencies. For environmental matters, we record liabilities when remedial efforts are probable and the costs can be reasonably estimated. Please see Note 2 for further discussion. Environmental reserves do not reflect management's assessment of the insurance coverage that may be applicable to the matters at issue, whereas litigation reserves do reflect such potential coverage. We cannot guarantee that the amount of any reserves will cover any cash obligations we might incur as a result of litigation or regulatory proceedings, payment of which could be material.

With respect to some of the items listed below, management has determined that a loss is not probable or that any such loss, to the extent probable, is not reasonably estimable. In some cases, management is not able to predict with any degree of certainty the range of possible loss that could be incurred. Notwithstanding these facts, management has assessed these matters based on current information and made a judgment concerning their potential outcome, giving due consideration to the nature of the claim, the amount and nature of damages sought and the probability of success. Management's judgment may, as a result of facts arising prior to resolution of these matters or other factors, prove inaccurate and investors should be aware that such judgment is made subject to the known uncertainty of litigation.

CALIFORNIA MARKET LITIGATION

Ten class action lawsuits were filed in 2000-2001 which name us and other related and unrelated parties based on the events occurring in the California power market. The complaints allege that defendants engaged in unfair business practices, price fixing and other antitrust violations. Seven of the ten class action lawsuits were dismissed on the grounds of federal preemption and the filed rate doctrine. Plaintiffs have appealed those rulings to Ninth Circuit U.S. Court of Appeals. The three remaining cases are still pending.

Two other actions naming WCP and the LLCs were filed in 2002 with allegations similar to those cases referenced in the previous paragraph on behalf of residents of Washington and Oregon. In May 2003, the plaintiffs voluntarily dismissed these actions and refiled them in California Superior Court as a class action complaint. The complaint, which was brought on behalf of consumers and business in Oregon, Washington, Utah, Nevada, Idaho, New Mexico, Arizona and Montana that

purchased energy from the California market, alleges violations of the Cartwright Act and unfair business practices. We have removed the action from state court and consolidated it with existing actions pending before the United States District Court for the Northern District of California. The hearing on plaintiffs' appeal to remand to state court occurred in February 2004. The judge stayed his ruling on the appeal pending the Ninth Circuit's ruling.

In 2002, the California Attorney General filed, on behalf of the People of the State of California, complaints in San Francisco Superior Court against several owners of power generation facilities, including WCP and the LLCs. The complaint alleges unfair competition in connection with transactions in the California ISO ancillary services market. These lawsuits were subsequently removed to the U.S. District Court for the Northern District of California. In March 2003, these lawsuits were dismissed based upon the filed rate doctrine and federal preemption principles. The California Attorney General has appealed this decision to the Ninth Circuit Court of Appeals. The case has been fully briefed and argued and is under submission before the court.

In November 2002, a class action was filed in the California Superior Court on behalf of purchasers of natural gas and electricity in the State of California. Plaintiffs allege damages as the result of the defendants' alleged false reporting of pricing and volume information regarding natural gas transactions. The LLCs are named as defendants. In July 2003, the Court granted defendants' motions to dismiss all causes of action with leave to amend. Plaintiffs have amended their complaint and the case is still pending.

We believe that we have meritorious defenses to the claims listed above and intend to defend against them vigorously. Management believes it has recorded adequate reserves relating to these claims; however, an adverse result in any of these proceedings could have a material adverse effect on our financial condition, results of operations and cash flows.

FERC RELATED REGULATORY INVESTIGATIONS-REQUESTS FOR REFUNDS

In July 2001, the FERC initiated a hearing to establish refunds to electricity customers, or offsets against amounts owed to electricity suppliers, during the period of October 2, 2000 through June 20, 2001. In particular, the FERC established a methodology to calculate mitigated market clearing prices in the ISO and the PX markets. In December 2002, the administrative law judge issued his recommendations regarding the appropriate level of refunds or offsets. Those recommendations, however, do not fully reflect proposed refund or offset amounts for individual companies. In October 2003, FERC issued two orders addressing various applications for rehearing, including ours, of its previous refund orders. The orders granted numerous requests by the parties, the most significant of which was the denial of a request to change the gas pricing methodology (see subsequent paragraph) and requiring the ISO and PX to re-run settlements to calculate refund liability of market participants. We do not expect a final refund calculation until August 2004 at the earliest.

Also in October 2003, the LLCs and DYPM, among others, filed a Petition for Review in the United States Circuit Court of Appeals for the District of Columbia Circuit challenging numerous FERC orders relating to our refund liability and similar matters arising out of various energy transactions in California and elsewhere in the West for the period May 2000 to June 2001. Other parties also have filed similar

appeals to the DC circuit and in the Ninth Circuit. We are unable to predict when the case will be heard, when a decision will be issued, or the effects of the decision on our financial condition, results of operations and cash flows.

In August 2002, the FERC requested comments on a proposal made by the FERC staff to change the method for determining natural gas prices for purposes of computing the mitigated market-clearing price that it intends to utilize in calculating refunds for sales of power in California power markets during the period from October 2, 2000, to June 19, 2001. The proposal, adopted by the FERC in March 2003, replaced the gas prices used in the computation, thus reducing the mitigated market clearing price for power and increasing calculated refunds, subject to a provision that generally would provide full recoverability of actual gas costs paid by the generators to third parties. In April 2003, we also sought rehearing of the FERC's decision changing the gas pricing methodology. An order denying rehearing was issued in October 2003, although FERC has deferred the calculation of actual gas costs offsets to a later order.

Management believes it has recorded adequate reserves relating to these claims; however, an adverse result in any of these proceedings could have a material adverse effect on our financial condition, results of operations and cash flows.

TRADING STRATEGIES INVESTIGATION

In June 2003, the FERC issued an order to show cause why the activities of certain participants in the California power markets from January 1, 2000 to June 20, 2001, including us, did not constitute gaming and/or anomalous market behavior as defined in the ISO and PX tariffs.

In January 2004, we and FERC Trial Staff submitted a stipulation and settlement agreement with the presiding administrative law judge to settle the issues raised in the above referenced Order to Show Cause. The settlement provides that WCP will pay to FERC the sum of $3,014,942, without admitting to the allegations in the show cause order, without admitting that it violated any tariff, regulation, order, or statute, and without admitting that it adversely affected prices in any market. The full Commission must approve the settlement before it becomes final.

ANOMALOUS BIDDING BEHAVIOR INVESTIGATION

In June 2003, the FERC issued an order requiring parties to demonstrate that certain bids did not constitute anomalous market behavior. Specifically, the order requires the FERC Staff to investigate all parties who bid above the level of $250/MWH in the ISO and PX markets during the period from May 1, 2000 to October 2, 2000. Parties identified through this process will be required to demonstrate why this bidding behavior did not violate market protocols. The order also states that, to the extent such practices are not found to be legitimate business behavior, the FERC will require the disgorgement of all unjust profits for that period and will consider other non-monetary remedies, such as the revocation of market-based rate authority. We believe that we have meritorious defenses against these claims and intend to defend against them vigorously.

Management believes it has recorded adequate reserves relating to these claims; however, an adverse result in any of these proceedings could have a material adverse effect on our financial condition, results of

operations and cash flows.

OTHER FERC AND CALIFORNIA INVESTIGATIONS

In addition to civil litigation and refund proceedings, we are also subject to a number of investigations and inquiries by FERC and orders regarding our past trading practices. In 2002 and 2003, the FERC issued data requests to us and numerous other energy companies seeking information with respect to reporting whether these companies engaged in physical withholding of power in California. We have responded timely to all such requests and intend to cooperate fully with these investigations. Nevertheless, we cannot predict with certainty how or when these investigations will be resolved.

We are party to a number of FERC proceedings relating to (a) the formula pricing under our Reliability Must Run Contracts with Cabrillo Power I LLC, Cabrillo Power II LLC and the ISO, (b) the FERC price mitigation plan for wholesale power transactions in spot markets in the Western Systems Coordinating Counsel in effect from June 2001 through October 2002, and (c) our request that the ISO collect from CDWR, on our behalf, past due amounts for services we previously provided to Southern California Edison Company and Pacific Gas and Electric Company. Because of the complexity and stage of these matters, we are unable to predict how these proceedings may affect WCP.

WESTERN LONG-TERM CONTRACT COMPLAINTS

In February 2002, the California Public Utilities Commission and the California Electricity Oversight Board filed complaints with the FERC asking that it void or reform power supply contracts between the CDWR and, among others, WCP. The complaints allege that prices under the contracts exceed just and reasonable prices permitted under the FPA. In June 2003 the FERC ruled that long-term contracts with the CDWR, including WCP, were valid and would be upheld. In August 2003, various California parties filed a request for a rehearing on the long-term contract issue with FERC. In November 2003, FERC denied the applications for rehearing, providing, again, an opinion in favor of upholding the long-term contracts. The California Public Utilities Commission has also filed for Petition of Review in the Ninth Circuit appealing the denial of the application for rehearing at FERC. We are awaiting rulings on all of these filings. Because of the complexity and state of this matter, the effect on us and whether it will lead to additional litigation cannot be predicted with certainty.