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NRG Energy Inc.

Third Quarter 2021 Earnings Presentation

November 4, 2021

Safe Harbor

Forward-Looking Statements

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

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

NRG undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The adjusted EBITDA and free cash flow guidance are estimates as of November 4, 2021. These estimates are based on assumptions the company believed to be reasonable as of that date. NRG disclaims any current intention to update such guidance, except as required by law. The foregoing review of factors that could cause NRG's actual results to differ materially from those contemplated in the forward-looking statements included in this presentation should be considered in connection with information regarding risks and uncertainties that may affect NRG's future results included in NRG's filings with the Securities and Exchange Commission at www.sec.gov.

Agenda

Business Review

Mauricio Gutierrez
President & CEO

Financial Review

Alberto Fornaro
EVP & CFO

Growth & Closing Remarks

Mauricio Gutierrez
President & CEO

Q&A

Management

Key Messages

Narrowing 2021 and Initiating 2022 Financial Guidance

Consumer Platform Navigating Supply Chain Constraints; Focused on Mitigations

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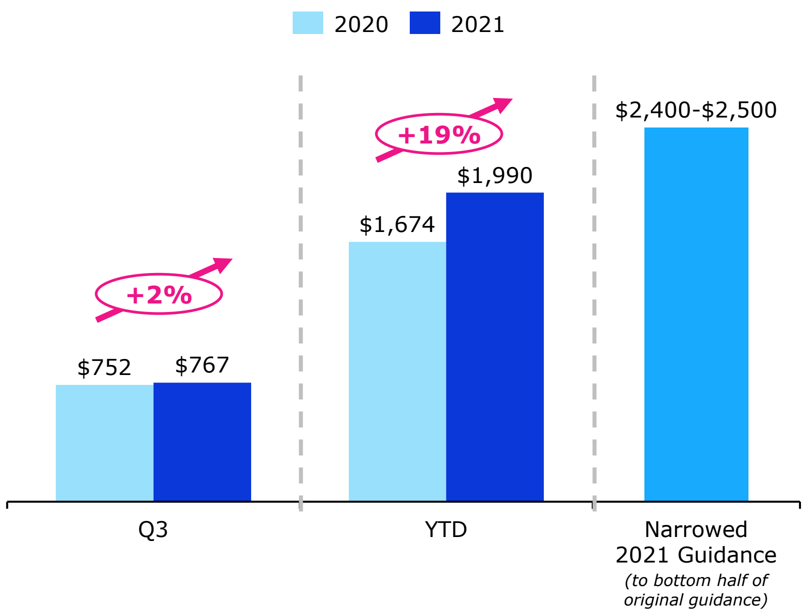
Advancing Consumer Services Strategy; Integration and Secondary Products

Business Highlights and Results

2021 Adjusted EBITDA Results

(excludes one-time impacts from Uri)



- ☑ Top decile safety performance
- ☑ 2H21 Impacted by unit outage and supply chain
- ☑ $144 MM Direct Energy synergies YTD; increasing 2021 target to $175 MM, from $135 MM
- ☑ Executing enhanced Winter preparedness program
- ☑ Advancing ERCOT reliability reforms
- ☑ Advancing Uri cost mitigation initiatives

Initiating 2022 Financial Guidance

	2022E Guidance
Adjusted EBITDA	**$1,950 – $2,250**
Free Cash Flow before Growth	**$1,140 – $1,440**

2022: A Staging Year for Growth

- Executing Investor Day Growth Roadmap
- No growth investments assumed in guidance
- Focused on mitigating supply chain constraints
- 2022 dividend increased by 8%

Financial Review

3Q 2021 Results and Guidance Update[1]

($ millions)

	9/30/2021 Three Months Ended	9/30/2021 Nine Months Ended	Narrowing 2021 Guidance
Texas	$446	$1,004	$1,275-$1,325 *Original $1,425-$1,575*
East/West/Services/Other[2]	321	986	$1,125-$1,175 *Original $975-$1,025*
Adjusted EBITDA	**$767**	**$1,990**	**$2,400-2,500**
Free Cash Flow before Growth ("FCFbG")	**$395**	**$1,163**	**$1,440-1,540** *Original $1,440-1,640*

3Q Results

- 3Q Adj EBITDA results are $15 MM higher vs. 2020
  - Increase from the Direct Energy acquisition and accelerated realization of Direct Energy synergies
  - Partially offset by Limestone Unit 1 forced outage and initial onset of supply chain constraints

Narrowing 2021 Guidance

- Negatively impacted by continued outage at Limestone unit 1; coal and chemical supply chain constraints across our generation fleet
- Partially offset by increased Direct Energy synergies of $40 MM and other cost measures

Winter Storm Uri Impact (excl. from Guidance)

- Net impact remains unchanged at ($500 MM)-($700 MM)
- 2021 net CAFA (mid-point) impact of ($535 MM) and 2022 CAFA impact of ($65 MM) for deferred credits; increases in billings drove a quicker utilization of deferred credits

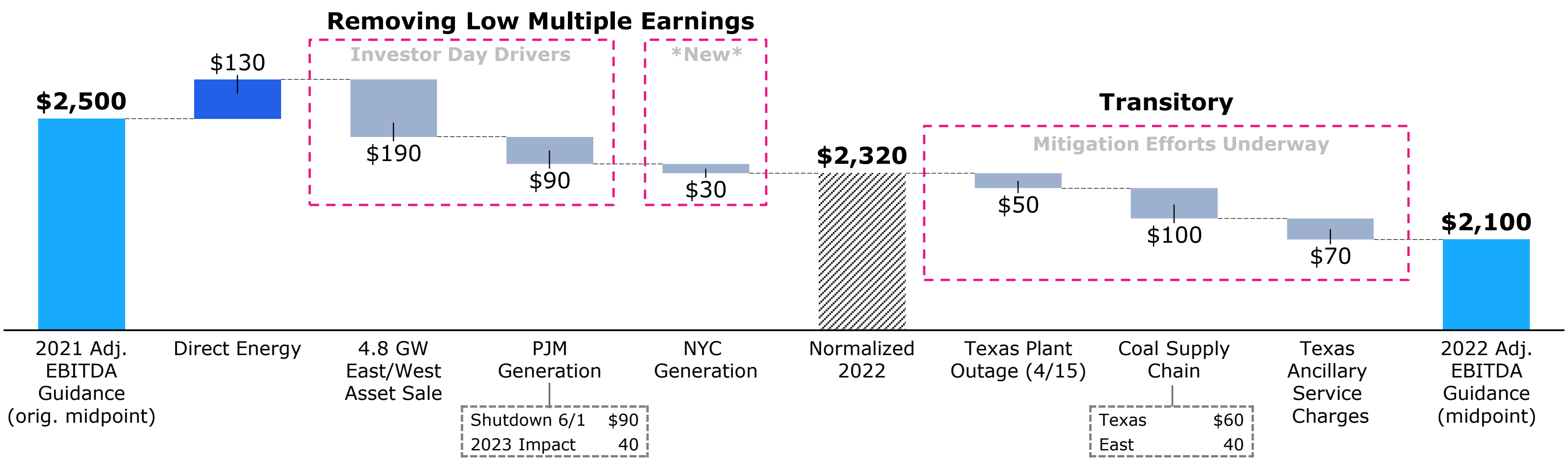
Narrowing 2021 Guidance; Supply Chain Constraints Impacting Results

[1] Actuals and guidance exclude Winter Storm Uri impacts; [2] Includes Corporate segment

Introducing 2022 Financial Guidance

($ millions)

	2022 Guidance
Texas	$1,300-$1,500
East/West/Services/Other[1]	$650-$750
Adjusted EBITDA	**$1,950-$2,250**
Adj EBITDA to FCFbG Conversion	*~61%*
Free Cash Flow before Growth ("FCFbG")	**$1,140-$1,440**

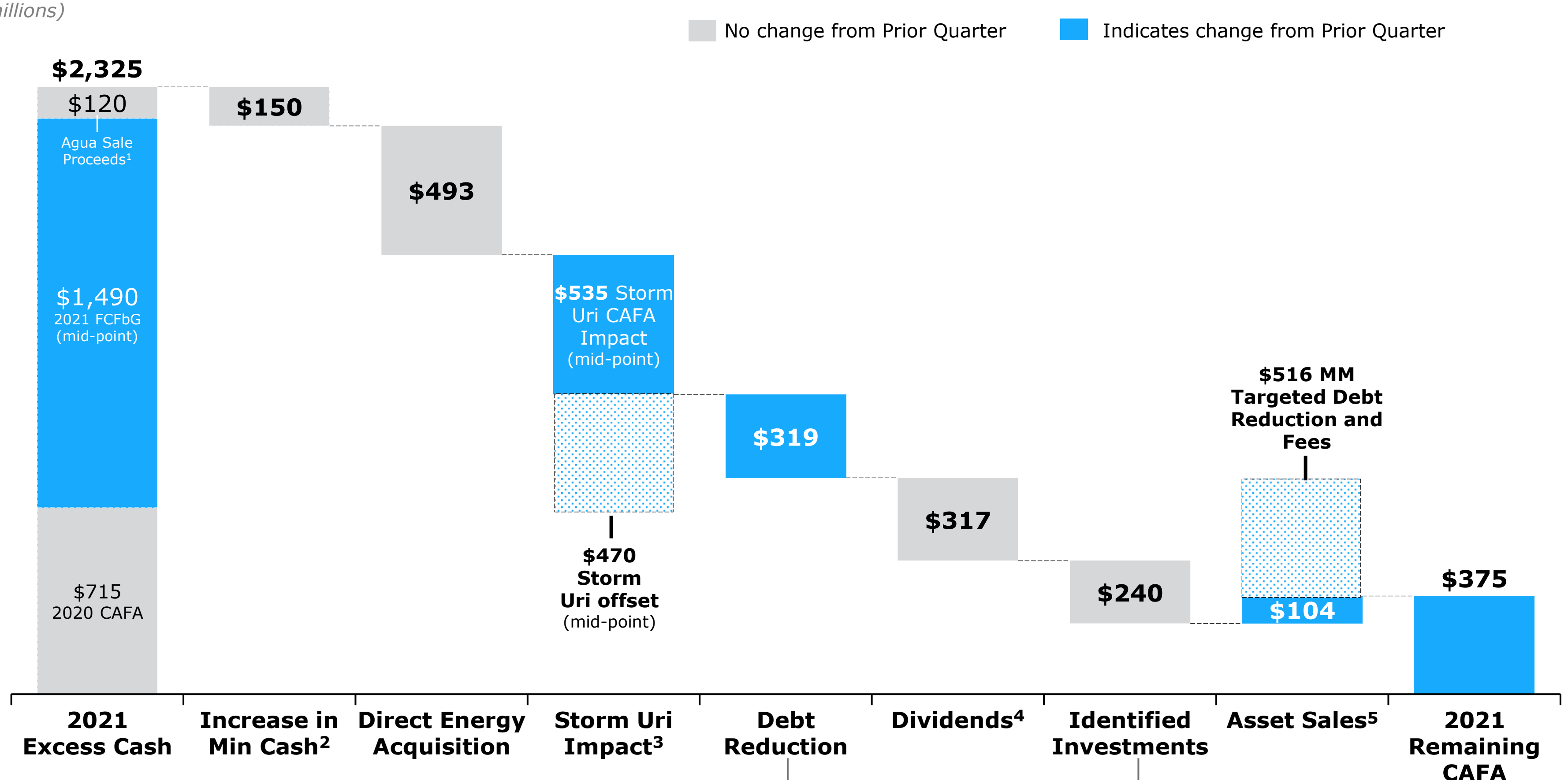


2022 Guidance Impacted by Supply Chain and Other Transitory Costs

[1] Includes Corporate segment

2021 Capital Allocation

($ millions)



Debt Reduction	$ 255
Redemption/ Refinancing Fees	64

DE Integration Costs	$ 135
Encina Site Improvement	25
Astoria Repowering	25
Small Books	35
GenOn Pension	10
Digital NRG and Other	10

[1] Net of revolver debt of $83 MM; [2] Increase in minimum cash from $500 MM to $650 MM – to reflect minimum cash post acquisition of Direct Energy; [3] Net costs ($600 MM): 2021 impact $535 MM (from $450 MM); 2022 impact $65 MM (from $150 MM); due to accelerated realization of C&I bill credits as a result of higher power prices; [4] Based on annualized dividend of $1.30 per share and 244 MM outstanding shares; [5] Includes $16 MM redemption fees from debt reduction

Corporate Credit Profile

($ millions)

	2021 Guidance
Corporate Debt[1]	**$8,855**
Debt reduction (Capital Allocation)	(255)
Minimum cash balance	(650)
Corporate Net Debt	**$7,950**
Adjusted EBITDA[2,3]	**$2,450**
Other Adjustments[4]	150
Corporate Adj. EBITDA	**$2,600**

Excludes deleveraging of $500 MM due to asset sale of 4.8 GW[3]

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

Expect to be at Long-Term Target Range of 2.50x – 2.75x by the End of 2023

[1] Balance at 12/31/2020; [2] Based on midpoint of guidance ranges, see slide 21 for Reg G reconciliation; [3] Adj EBITDA includes amounts generated from 4.8 GW of assets expected to be being sold in 4Q21; [4] Includes non-cash expenses (e.g. nuclear amortization, equity compensation amortization, and bad debt expense) and non-cash equity earnings that are included in Adj EBITDA

Growth & Closing Remarks

Advancing Consumer Services Strategy

Executing Investor Day 2021/2022 Initiatives

Optimize Core

Direct Energy Integration

- Leverage scale of Home, Business and Services capabilities within our regions
- Customer-focus culture across organization
- Reaffirming synergy targets - $300 MM '23

Portfolio Decarbonization

- 4.8 GW fossil asset sale on-track to close in 4Q
- 1.6 GW PJM coal assets to retire in 2022; to complete east strategic review in 2022
- Expand renewable PPAs strategy nationally; currently 2.7 GW in ERCOT

Power and Natural Gas

- Expand dual fuel products within network of customers
- Grow customers across all regions

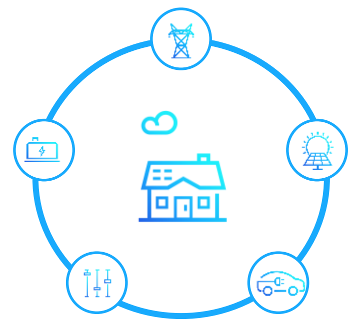
Grow from Core

In Focus

2021-22 Initiatives: Setting Stage for Growth

- Trialing and executing strategic partnerships
- Small-batch testing in key markets
- Apply learned market and competitive intelligence to enhance go-to-market strategy

Power Services



Retail Electricity | Electric Vehicles | Demand Response

Solar & Renewables | Battery Storage & Back-up

Home Services

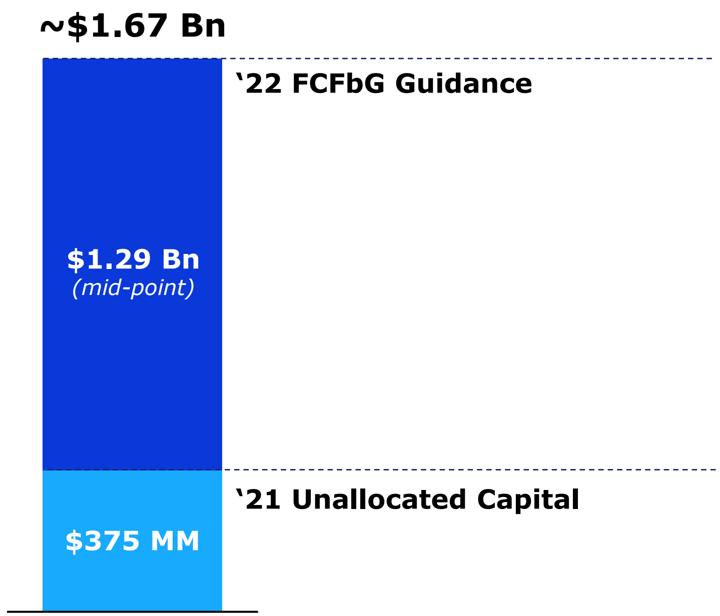
Home Warranty | HVAC | Concierge

Provider Network | Home Protection

**Executing 5-year Growth Roadmap;
Expect Small-Scale Growth and 'Test & Learn' Investments in 2022**

Adhering to Disciplined Capital Allocation Principles & Roadmap

2022 Capital Available for Allocation



Capital Allocation Principles

- Maintain **top decile** safety and operational excellence
- Investment Grade **metrics** of **2.50-2.75x** Net Debt / Adj EBITDA[1]

50% Opportunistic	**50% Return of Capital**
Invest at GREATER of **12-15%** unlevered pretax return AND hurdle rate implied by share price OR **Share Repurchases**	**7-9%** annual dividend growth AND **Share Repurchases**

Significant Excess Cash to Result in Compelling 2022 Per Share Growth

[1] Targeting ~3.0x Net Debt / Adj EBITDA in 2021 and 2.50-2.75x by year-end 2023

2021 Priorities

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

- ☐ **Execute on Direct Energy Objectives**
  - ☐ $175 MM (from $135 MM) EBITDA-accretive synergies ($300 MM 2023 run-rate) – on track

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- ☐ **Perfect and Grow Integrated Platform**
  - ☐ Advance Texas system-wide reliability and customer protection planning
    - ☑ Texas Governor and Legislature enacted SB3 enabling Regulators to improve reliability
  - ☐ Grow retail and increase renewable supply through capital-light (PPA) strategy
  - ☐ Portfolio / real-estate optimization
    - ☐ Close announced 4.8 GW asset sales, 4Q21 target – on track

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- ☐ **Execute Disciplined Capital Allocation Plan**
  - ☐ Achieve strong credit metrics of 3x in 2021; grow into investment grade metrics of 2.50-2.75x by 2023
  - ☐ Expect to resume programmatic share repurchase program in 4Q21

- ☑ **Investor Day – June 2021**

Appendix

Committed to Sustainability

NRG Sustainability Framework

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

Industry-Leading Disclosure

11th Sustainability Report

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SASB ALLIANCE

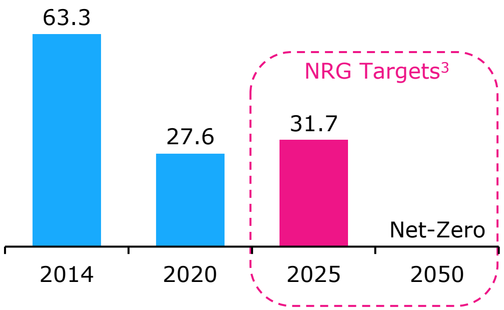
Comprehensive Approach

SUSTAINABLE DEVELOPMENT GOALS | CDP DISCLOSER 2020 | SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION | WOMEN'S EMPOWERMENT PRINCIPLES EQUALITY MEANS BUSINESS

Environmental Leadership[1]

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

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



2020 emissions below 2025 target

May increase over 2021-2024 but company on track to meet 2025 target

Diversity & Inclusion Focus

64% Board Diversity

- ☑ Four women and three ethnically diverse board members
- ☑ Diversity, Equity, and Inclusion one of the company's five core values
- ☑ Recognized as one of the Best Employers for Diversity since 2019 by Forbes
- ☑ Dedicated Diversity, Equity, and Inclusion management Steering Committee
- ☑ Independent board: 91%[4]

[1] Data as of December 31, 2020; [2] Million metric tons of carbon dioxide equivalent; [3] NRG's goal is to reduce its total Scope 1, 2 (purchased electricity), and 3 (employee business travel) CO_2e emissions by 50% by 2025, from the current 2014 baseline, and achieve 'net-zero' emissions by 2050; [4] All Directors except CEO

Direct Energy Integration
Advancing Customer Focused Strategy

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Integration Plan On Track

- **Cost Savings**
  - ☑ Reaffirming full plan targets: $300 MM of recurring FCFbG-accretion by 2023
  - ☑ Organization changes
  - ☑ Achieved targeted 2021 cost savings
- **2021 Integration Priorities**
  - ☑ Payroll & human resources integration
  - ☐ Accounting and IT integration
  - ☐ Texas operations integration - Home & Business
- **Business Enhancements**
  - ☑ 'Future of work' implementation aligned with return-to-office timeline
  - ☐ Customer-focus culture across organization
  - ☐ Enhance data & analytics
  - ☐ Leverage scale of Home, Business and Services capabilities within our regions

Direct Energy Integration Scorecard

As of 09/30/2021 ($ millions)	**2021 Target**	**2021 Realized**	**2022 Target**	**2023 / Run Rate**
Accretive & Recurring:				
Synergies	175 *(from 135)*	144	225	300
Total Recurring EBITDA & FCFbG –Accretion	**$175** *(from 135)*	**$144**	**$225**	**$300**
Non-Recurring:				
Integration Cost[1]	135	85	40	27
Total Non-Recurring	**$135**	**$85**	**$40**	**$27**

$144 MM Synergies YTD
Achieved 2021 target &
reaffirming full plan targets

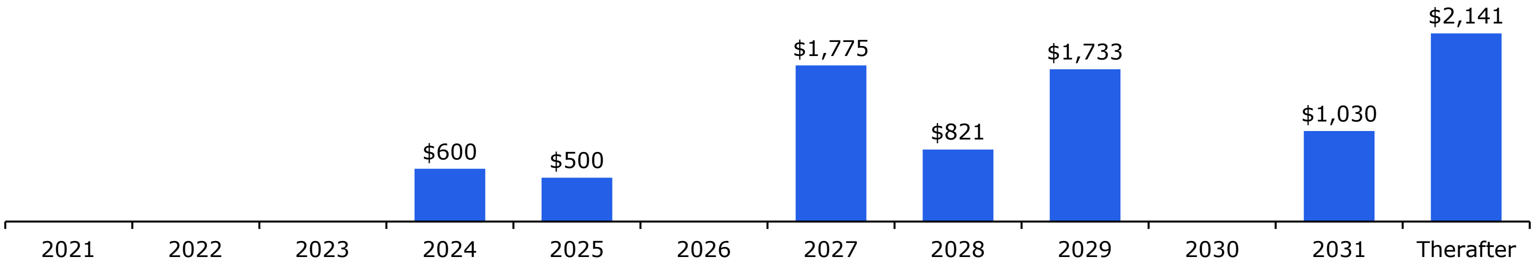
Integration Workstreams On Track

[1] 2020 Integration Costs ~$10M

Recourse Debt Maturity Schedule

Balance as of 9/30/2021

($ millions)



Recourse Debt	Principal
6.625% Senior notes, due 2027	$875
5.75% Senior notes, due 2028	$821
5.25% Senior notes, due 2029	$733
3.375% Senior notes, due 2029	$500
3.625% Senior notes, due 2031	$1,030
3.875% Senior notes, due 2032	$1,100
2.75% Convertible Senior Notes, due 2048[2]	$575
3.75% Senior Secured First Lien Notes, due 2024	$600
2.00% Senior Secured First Lien Notes, due 2025	$500
2.45% Senior Secured First Lien Notes, due 2027	$900
4.45% Senior Secured First Lien Notes, due 2029	$500
Tax-exempt bonds	$466
Recourse Debt	**$8,600[3]**

Addt'l $500 MM Redeemed Oct '21
Remaining Balance $375 MM[1]

NRG Energy, Inc. Credit Rating	
S&P	**Moody's**
BB+ Stable	**Ba1 Stable**

Uniform Maturity Schedule with No Maturity Walls

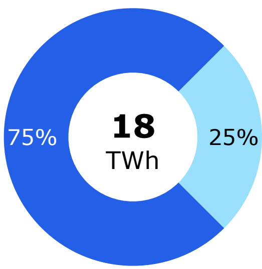
[1] As of 11/4/2021; [2] Notes will become convertible during each of the ~6-month periods following December 1, 2024 and December 1, 2047; for updated convertible rate as of October 29, 2021, see page 32 of 3Q21 10Q; [3] Excludes revolving credit facilities

3Q21 Business Metrics

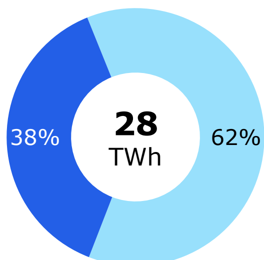
Home & Business Volumes

Texas | East / Other

Electric



Home / Residential

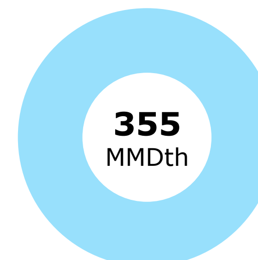


Business / C&I

46 TWh
Electricity

Natural Gas

Home / Residential



Business / C&I

367 MMDth
Natural Gas

Leading North American Integrated Energy Provider

Appendix: Reg. G Schedules

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($ millions)

Appendix Table A-1: 2021 and 2022 NRG Guidance

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

	2021 Guidance	2022 Guidance
Net (Loss)/Income[1]	**($370)-($270)**	**$480-$780**
Winter Storm Uri	1,070	-
Interest expense, net	440	380
Income tax expense/(benefit)	(110)	210
Depreciation, Amortization, Contract Amortization, and ARO Expense[2]	850	760
Adjustment to reflect NRG share of Adjusted EBITDA in unconsolidated affiliates	75	70
Impairments	306	-
Loss on debt extinguishment	57	-
Other Costs[3]	80	50
Adjusted EBITDA	**$2,400 - $2,500**	**$1,950 - $2,250**
Interest payments, net	(440)	(395)
Income tax	(30)	(20)
Working capital / other assets and liabilities	(320)	(165)
Cash (used)/provided by Operating Activities	**$1,610 - $1,710**	**$1,370 - $1,670**
Adjustments: Proceeds from investment and asset sales, Collateral, GenOn Pension, Nuclear Decommissioning Trust liability	30	10
Adjusted Cash Flow from Operations	**$1,640 - $1,740**	**$1,380 - $1,680**
Maintenance capital expenditures, net	(190) - (205)	(220) - (240)
Environmental capital expenditures, net	(5) - (10)	(5) - (10)
Free Cash Flow before Growth	**$1,440 - $1,540**	**$1,140 - $1,440**

[1] For purposes of guidance fair value adjustments related to derivatives are assumed to be zero; [2] Provisional amounts related to the Direct Energy acquisition are subject to revision until evaluations are completed; for details see Note 4 of NRG 3Q21 10Q; [3] Includes deactivation costs, and integration expenses

Appendix Table A-2: 3 months ended 09/30/21 and 9/30/20 Adjusted EBITDA Reconciliation by Operating Segment

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

($ in millions)	Three Months ended 09/30/21					Three Months ended 09/30/20				
	Texas	**East**	**West/ Services/ Other[1]**	**Corp/Elim**	**Total**	**Texas**	**East**	**West/ Services/ Other[1]**	**Corp/Elim**	**Total**
Net Income/(Loss)	**$ 251**	**$ 1,976**	**$ 130**	**$ (739)**	**$ 1,618**	**$ 287**	**$ 145**	**$ 23**	**$ (206)**	**$ 249**
Plus:										
Interest expense, net	-	1	3	117	121	-	3	1	93	97
Income tax	-	13	1	531	545	-	1	-	91	92
Loss on debt extinguishment	-	-	-	57	57	-	-	-	-	-
Depreciation and amortization	84	88	20	7	199	49	33	10	7	99
ARO Expense	3	4	-	-	7	22	3	3	-	28
Contract amortization	7	(54)	5	-	(42)	2	-	-	-	2
EBITDA	**345**	**2,028**	**159**	**(27)**	**2,505**	**360**	**185**	**37**	**(15)**	**567**
Winter Storm Uri Impact	19	-	-	2	21	-	-	-	-	-
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	-	-	17	-	17	-	-	25	-	25
Acquisition-related transaction and integration costs	1	-	-	16	17	-	-	-	12	12
Reorganization costs	-	-	-	-	-	-	-	-	(1)	(1)
Legal Settlements	-	(15)	-	3	(12)	-	-	-	-	-
Deactivation costs	-	-	1	-	1	-	2	-	-	2
Other non recurring charges	(1)	(1)	2	3	3	2	(2)	3	(3)	-
Impairments	-	-	-	-	-	-	-	29	-	29
Mark to market (MtM) (gains)/losses on economic hedges	82	(1,783)	(84)	-	(1,785)	152	(45)	11	-	118
Adjusted EBITDA	**$ 446**	**$ 229**	**$ 95**	**$ (3)**	**$ 767**	**$ 514**	**$ 140**	**$ 105**	**$ (7)**	**$ 752**

[1] 2021 includes International; 2020 includes International and remaining renewables

Appendix Table A-3: 9 months ended 09/30/21 and 9/30/20 Adjusted EBITDA Reconciliation by Operating Segment
The following table summarizes the calculation of Adjusted EBITDA and provides a reconciliation to Net Income/(Loss):

($ in millions)	Nine Months ended 09/30/21					Nine Months ended 09/30/20				
	Texas	East	West/ Services/ Other[1]	Corp/Elim	Total	Texas	East	West/ Services/ Other[1]	Corp/Elim	Total
Net Income/(Loss)	**$ 600**	**$ 3,107**	**$ 251**	**$ (1,344)**	**$ 2,614**	**$ 799**	**$ 307**	**$ 97**	**$ (520)**	**$ 683**
Plus:										
Interest expense, net	1	(1)	9	364	373	-	10	2	272	284
Income tax	-	29	3	808	840	-	-	1	215	216
Loss on debt extinguishment	-	-	-	57	57	-	1	-	-	1
Depreciation and amortization	245	238	65	21	569	167	97	28	26	318
ARO Expense	10	9	2	-	21	29	14	4	(1)	46
Contract amortization	-	23	15	-	38	4	-	-	-	4
EBITDA	**856**	**3,405**	**345**	**(94)**	**4,512**	**999**	**429**	**132**	**(8)**	**1,552**
Winter Storm Uri Impact	1,211	(136)	(13)	8	1,070	-	-	-	-	-
Adjustment to reflect NRG share of adjusted EBITDA in unconsolidated affiliates	1	-	55	-	56	2	-	72	-	74
Acquisition-related transaction and integration costs	1	-	-	80	81	-	-	-	13	13
Reorganization costs	-	-	-	-	-	-	-	-	1	1
Legal Settlements	-	(15)	-	11	(4)	-	-	-	-	-
Deactivation costs	-	16	1	-	17	2	1	2	-	5
Gain on sale of business	-	-	(17)	(15)	(32)	-	-	-	(15)	(15)
Other non recurring charges	2	1	1	3	7	4	(1)	-	7	10
Impairments	-	306	-	-	306	18	-	29	-	47
Mark to market (MtM) (gains)/losses on economic hedges	(1,067)	(2,796)	(160)	-	(4,023)	62	(70)	(5)	-	(13)
Adjusted EBITDA	**$ 1,004**	**$ 781**	**$ 212**	**$ (7)**	**$ 1,990**	**$ 1,087**	**$ 359**	**$ 230**	**$ (2)**	**$ 1,674**

[1] 2021 includes International; 2020 includes International and remaining renewables

($ millions)

Appendix Table A-4: 3 months and 9 months ended 09/30/21 and 9/30/20 Free Cash Flow before Growth
The following table summarizes the calculation of Free Cash Flow before Growth and provides a reconciliation to Cash provided by operating activities:

	3 Months Ended 9/30/21	9 Months Ended 9/30/21
Adjusted EBITDA	**767**	**1,990**
Winter Storm Uri loss	(21)	(1,070)
Interest payments	(143)	(333)
Income tax	(20)	(8)
Collateral / working capital / other	895	1,276
Cash provided by operating activities	**1,478**	**1,855**
Winter Storm Uri:		
Loss	21	1,070
C&I credits and remaining open accounts receivable	4	(107)
Net receipts from settlement of acquired derivatives that include financing elements	205	396
Merger and integration costs	16	82
Encina site improvement and GenOn pension	4	19
Adjustment for change in collateral	(1,274)	(1,970)
Nuclear Decommissioning Trust Liability	(9)	(36)
Effect of exchange rate changes on cash and cash equivalents	(3)	(2)
Adjusted Cash Flow from Operations	**442**	**1,307**
Maintenance capital expenditures, net	(47)	(142)
Environmental capital expenditures, net	(0)	(2)
Free Cash Flow before Growth	**395**	**1,163**

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

EBITDA represents net income before interest expense (including loss on debt extinguishment), income taxes, depreciation and amortization, asset retirement obligation expenses, contract amortization consisting of amortization of power and fuel contracts and amortization of emission allowances. EBITDA is presented because NRG considers it an important supplemental measure of its performance and believes debt-holders frequently use EBITDA to analyze operating performance and debt service capacity. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our operating results as reported under GAAP. Some of these limitations are:

- EBITDA does not reflect cash expenditures, or future requirements for capital expenditures, or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on debt or cash income tax payments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies in this industry may calculate EBITDA differently than NRG does, limiting its usefulness as a comparative measure.

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

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

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

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

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

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