UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

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

For the Quarter Ended: JUNE 30, 2000 Commission File Number: 000-25569

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.)

1221 Nicollet Mall Minneapolis, Minnesota	55403
(Address of principal executive officers)	(Zip Code)

Registrant's telephone number, including area code: (612) 373-5300

None

Former name, former address and former fiscal year, if changed since last report

Indicated by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such 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 X No

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

Class	Outstanding at August 11, 2000
Class A - Common Stock, $.01 par value	147,604,500 Shares
Common Stock, $.01 par value	32,395,500 Shares

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PART I - FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED STATEMENTS OF INCOME
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(In thousands, except per share data)	2000	1999	2000	1999
OPERATING REVENUES				
Revenues from wholly-owned operations	$ 473,836	$ 60,034	$ 806,507	$ 97,881
Equity in earnings of unconsolidated affiliates	48,173	6,625	38,529	15,292
Total operating revenues	522,009	66,659	845,036	113,173
OPERATING COSTS AND EXPENSES				
Cost of wholly-owned operations	305,908	41,124	520,831	69,064
Depreciation and amortization	30,865	6,291	50,852	11,025
General, administrative, and development	31,108	16,288	56,288	32,273
Total operating costs and expenses	367,881	63,703	627,971	112,362

OPERATING INCOME	154,128	2,956	217,065	811
OTHER INCOME (EXPENSE)				
Minority interest in earnings of consolidated subsidiaries	(2,283)	(691)	(4,081)	(1,155)
Other income, net	34	2,574	1,565	3,308
Interest expense	(81,858)	(15,788)	(134,175)	(26,847)
Total other expense	(84,107)	(13,905)	(136,691)	(24,694)
INCOME (LOSS) BEFORE INCOME TAXES	70,021	(10,949)	80,374	(23,883)
INCOME TAXES - EXPENSE (BENEFIT)	26,440	(13,290)	28,047	(25,284)
NET INCOME	$ 43,581	$ 2,341	$ 52,327	$ 1,401
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC	155,529	147,605	151,567	147,605
EARNINGS PER AVERAGE COMMON SHARE - BASIC	$0.28	$0.02	$0.35	$0.01
AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - DILUTED	156,191	147,605	151,898	147,605
EARNINGS PER AVERAGE COMMON SHARE - DILUTED	$0.28	$0.02	$0.34	$0.01

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands)	JUNE 30, 2000	DECEMBER 31, 1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 70,840	$ 31,483
Restricted cash	21,061	17,441
Accounts receivable-trade, less allowance for doubtful accounts of $946 and $186	254,237	126,376
Accounts receivable-affiliates	10,595	-
Inventory	198,464	119,181
Prepayments and other current assets	31,036	29,202
Current portion of notes receivable - affiliates	1,207	287
Total current assets	587,440	323,970
PROPERTY, PLANT AND EQUIPMENT, AT ORIGINAL COST		
In service	3,825,030	2,078,804
Under construction	71,637	53,448
	3,896,667	2,132,252
Less accumulated depreciation	(205,810)	(156,849)
Net property, plant and equipment	3,690,857	1,975,403
OTHER ASSETS		
Investments in projects	949,129	932,591
Capitalized project costs	35,194	2,592
Notes receivable, less current portion - affiliates	66,464	65,494
Notes receivable	5,805	5,787
Intangible assets, net of accumulated amortization of $5,598 and $4,308	57,238	55,586
Debt issuance costs, net of accumulated amortization of $11,370 and $6,640	39,104	20,081
Other assets, net of accumulated amortization of $9,964 and $8,909	58,725	50,180
Total other assets	1,211,659	1,132,311
TOTAL ASSETS	$ 5,489,956	$ 3,431,684

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

(In thousands)	JUNE 30, 2000	DECEMBER 31, 1999
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 140,341	$ 30,462
Revolving line of credit	166,000	340,000
Revolving line of credit, non-recourse	-	35,766
Accounts payable-trade	159,530	61,211
Accounts payable-affiliates	-	6,404
Accrued income taxes	22,631	4,730
Accrued property and sales taxes	7,299	4,998
Accrued salaries, benefits and related costs	8,210	9,648
Accrued interest	49,145	13,479
Other current liabilities	15,685	17,657
Total current liabilities	568,841	524,355
Minority Interest	12,205	14,373
Consolidated Project-Level, Long Term, Non-recourse Debt	2,161,595	1,026,398
Corporate Level Long-Term, Recourse Debt	1,157,768	915,000
Deferred Income Taxes	109,283	16,940
Deferred Investment Tax Credits	960	1,088
Postretirement and Other Benefit Obligations	48,090	24,613
Deferred Income and Other Long-Term Obligations	70,300	15,263
Total liabilities	4,129,042	2,538,030
STOCKHOLDERS' EQUITY		
Class A - common stock; $.01 par value; 250,000 shares authorized; 147,605 shares issued and outstanding	1,476	1,476
Common stock; $.01 par value; 550,000 shares authorized; 32,396 shares issued and outstanding	324	-
Additional paid-in capital	1,233,833	780,438
Retained earnings	239,537	187,210
Accumulated other comprehensive income	(114,256)	(75,470)
Total Stockholders' Equity	1,360,914	893,654
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 5,489,956	$ 3,431,684

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
NRG ENERGY, INC. AND SUBSIDIARIES
(UNAUDITED)

	Class A Common	Common	Additional Paid-in	Retained	Accumulated Other Comprehensive	Total Stockholders'

(In thousands)	Stock	Stock	Capital	Earnings	Income	Equity
BALANCES AT JANUARY 1, 1999	$ 1,476	$ -	$ 530,438	$ 130,015	$ (82,597)	$ 579,332
Net Income				1,401		1,401
Foreign currency translation adjustments					17,793	17,793
Comprehensive income						19,194
Capital Contribution from parent			100,000			100,000
BALANCES AT JUNE 30, 1999	$ 1,476	$ -	$ 630,438	$ 131,416	$ (64,804)	$ 698,526
BALANCES AT JANUARY 1, 2000	$ 1,476	$ -	$ 780,438	$ 187,210	$ (75,470)	$ 893,654
Net Income				52,327		52,327
Foreign currency translation adjustments					(38,786)	(38,786)
Comprehensive income						13,541
Capital stock activity:						
Issuance of Common Stock		324	453,395			453,719
BALANCES AT JUNE 30, 2000	$ 1,476	$ 324	$ 1,233,833	$ 239,537	$ (114,256)	$ 1,360,914

See notes to consolidated financial statements.

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

(In thousands)	SIX MONTHS ENDED JUNE 30, 2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 52,327	$ 1,401
Adjustments to reconcile net income to net cash provided (used) by operating activities		
Undistributed equity earnings of unconsolidated affiliates	(24,021)	26,141
Depreciation and amortization	50,852	11,025
Deferred income taxes and investment tax credits	92,215	(8,971)
Minority interest	(2,168)	(575)
Cash provided (used) by changes in certain working capital items, net of acquisition effects:		
Accounts receivable	(103,807)	(22,551)
Accounts receivable-affiliates	(16,999)	(9,427)
Accrued income taxes	16,657	14,546
Inventory	(22,514)	(5,438)
Prepayments and other current assets	(1,834)	(13,971)
Accounts payable-trade	72,471	29,565
Accrued property and sales tax	2,301	1,287
Accrued salaries, benefits and related costs	(1,438)	(1,047)
Accrued interest	35,666	3,469
Other current liabilities	(3,244)	4,676
Cash provided (used) by changes in other assets and liabilities	72,040	(11,313)
NET CASH PROVIDED BY OPERATING ACTIVITIES	218,504	18,817
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions, net of liabilities assumed	(1,723,158)	(930,185)
Investments in projects	(8,238)	(37,167)
Divestiture of projects	-	1,000
Changes in notes receivable (net)	(1,908)	12,273
Capital expenditures	(149,600)	(47,760)
(Increase) decrease in restricted cash	(3,620)	1,569
NET CASH USED BY INVESTING ACTIVITIES	(1,886,524)	(1,000,270)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions from parent	-	100,000
Proceeds from issuance of stock	453,719	-
Revolving line of credit	(174,000)	97,267
Proceeds from issuance of note	-	539,965
Proceeds from issuance of long-term debt	2,508,688	310,294
Principal payments on long-term debt	(1,081,030)	(6,492)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,707,377	1,041,034

NET INCREASE IN CASH AND CASH EQUIVALENTS	39,357	59,581
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,483	6,381
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 70,840	$ 65,962

See notes to consolidated financial statements.

NRG ENERGY, INC.

NOTES TO FINANCIAL STATEMENTS

NRG Energy, Inc. (the Company or NRG) is a majority-owned subsidiary of Northern States Power Company (NSP), a Minnesota corporation. Additional information regarding the Company can be found in NSP's Form 10-Q for the six months ended June 30, 2000.

The accompanying unaudited consolidated financial statements have been prepared in accordance with SEC regulations for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements in its Annual Report on Form 10-K for the year ended December 31, 1999 (Form 10-K). The following notes should be read in conjunction with such policies and other disclosures in the Form 10-K. Interim results are not necessarily indicative of results for a full year.

In the opinion of management, the accompanying unaudited interim consolidated financial statements contain all material adjustments necessary to present fairly the consolidated financial position of the Company as of June 30, 2000 and December 31, 1999, the results of its operations for the three months and six months ended June 30, 2000 and 1999, and its cash flows and stockholders' equity for the six months ended June 30, 2000 and 1999.

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

1. BUSINESS DEVELOPMENTS

In January 2000, the Company executed a memorandum of understanding with GE Power Systems, a division of General Electric Company, to purchase 11 gas turbine generators and five steam turbine generators, with an option to purchase additional units. The purchases will take place over the next five years with the first delivery scheduled to be made in 2002. The 16 turbines have an equivalent generation output of approximately 3,000 MW and an acquisition cost of approximately $500 million.

In March 2000, the Company entered into an agreement with Great River Energy under which Great River assigned to the Company all of its rights and obligations with respect to two 135 MW turbines being built for it by Siemens Westinghouse. The Company's total cost for the turbines, which are scheduled for delivery in the first or second quarter of 2001, will be approximately $43 million.

In March 2000, the Company acquired the Killingholme A generation facility from National Power plc for (pound)390 million (approximately $615 million at the time of acquisition), subject to post-closing adjustments. Killingholme is a combined cycle gas-fired baseload facility located in North Lincolnshire, England. The facility comprises three units with a total generating capacity of 680 MW. The Company owns and operates the facility, which sells its power into the wholesale electricity market of England and Wales.

In March 2000, the Company acquired 1,708 MW of coal and gas-fired generation assets in Louisiana for approximately $1,026 million (the Cajun facilities). These assets were formally owned by Cajun Electric Power Cooperative, Inc. (Cajun Electric). The Company sells a significant amount of the energy and capacity of the Cajun facilities to 11 of Cajun Electric's former power cooperative members. Seven of these cooperatives have entered into 25-year power purchase agreements with the Company, and four have entered into two to four year power purchase agreements. In addition, the Company sells power under contract to two municipal power authorities and one investor-owned utility that were former customers of Cajun Electric. The Company estimates that payments under the contracts with the 11 cooperatives will account for approximately 72% of the Cajun facilities' projected 2001 revenues, and that payments under the contracts with the municipal power authorities and the investor-owned utility will account for approximately an additional 7% of such revenues. See Note 10 of Notes to the Financial Statements for pro forma results of operations as if the acquisition of the Cajun facilities had occurred at the beginning of the periods disclosed.

In June 2000, the Company successfully completed the initial public offering of 32,395,500 shares of its common stock.

Gross proceeds raised from the offering, including exercise of the over-allotment option, were approximately $485.9 million. The shares sold in the offering represent approximately 18 percent of the common equity of the Company. NSP owns 147,604,500 shares of the Company's Class A common stock which represents an 82% interest in the Company.

In June 2000, the Estonian cabinet approved the terms under which the Company may proceed to purchase a 49% interest in Narva Power, which owns approximately 3,000 MW of oil shale-fired generation plants and a 51% interest in state-owned oil shale mines. A government-owned entity, Eesti-Energia, will retain 51% ownership of Narva Power. The terms of the Company's purchase include a commitment by Narva Power to invest approximately $361 million for reconstructing and refurbishing the generation plants and making environmental improvements. The Company will make an initial $65-70 million equity commitment. Narva Power's two stations, Balti and Eestia, currently supply more than 90% of Estonia's electricity. Narva Power will enter into a 15-year power purchase agreement with Eesti Energia.

In July 2000, the Company and Dynegy Inc., completed a 100 MW expansion of the Rocky Road Power Plant, a natural gas fired simple cycle peaking facility in East Dundee, Illiniois. The installation of the additional 100 MW natural gas fired combustion turbine increases that facility's generating capacity to 350 MW. The Company acquired a 50% interest in the Rocky Road Power Plant in December 1999.

In July 2000, the Company completed its $11.7 million purchase of Harrisburg Steam Works and Statoil Energy Power/Paxton L.P. located in Harrisburg, PA from Statoil Energy Inc. Harrisburg Steam Works provides steam to more than 300 residential, commercial and industrial customers, including the City of Harrisburg, Pennsylvania and the Commonwealth of Pennsylvania. Statoil Energy Power/Paxton L.P. is a cogeneration facility capable of producing 12 MW of electrical power while supplying nearly 30% of the steam requirements for Harrisburg Steam Works. Also included in the purchase was a nationwide diesel engine service business and a chiller plant that serves the Harrisburg Hospital.

In July 2000, the Company signed a purchase agreement with Statoil Energy, Inc. to acquire a 190,000 pounds of steam per hour, 18 MW coal fired cogeneration facility that provides steam and electricity to a major manufacturing facility located in Dover, Delaware. Excess electrical energy is sold through the Dover municipal electric utility. In a separate purchase agreement, the Company agreed to purchase Statoil's Distributed Generation and Engineering Services Group, which consists of three generation projects totaling 6.2 MW as well as a diesel-services group. The Company expects to complete the acquisition of these facilities in the third quarter of 2000.

During August 2000, the Company was named the successful bidder in the South Australian Government's electricity privatization auction for Flinders Power, South Australian's final generation company to be privatized. The Company agreed to pay AUS $313 million ($180 million US as of August 2000) for a 100 year lease of the Flinders Power assets. Flinders Power includes two power stations totaling 760 MW, the Leigh Creek coal mine and a dedicated rail line. The lease agreement also includes managing the long-term fuel supply and power purchase agreement of the 180 MW Osborne Cogeneration Station. The transaction is expected to close in the third quarter of 2000.

2. SUMMARIZED INCOME STATEMENT INFORMATION OF AFFILIATES

The Company has 20-50% investments in the four companies reported in Part IV - Item 14 - Exhibits, Financial Statement Schedules and Reports on Form 8-K of Form 10-K that are considered significant subsidiaries, as defined by applicable SEC regulations, and accounts for those investments using the equity method. The following summarizes the income statements of these unconsolidated entities:

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
(In thousands)	2000	1999	2000	1999
Net sales	$ 302,500	$ 185,174	$ 488,271	$ 339,563
Other income	6,529	10,001	7,225	12,057
Costs and expenses:				
Cost of sales	188,123	132,961	357,644	262,807
General and administrative	9,128	12,501	15,140	18,855
Other	5,362	29,170	12,027	30,886
Total Costs and expenses	202,613	174,632	384,811	312,548
Income before income taxes	106,416	20,543	110,685	39,072
Income taxes	5,599	6,803	11,400	11,836
Net income	$100,817	$ 13,740	$ 99,285	$ 27,236
Company's share of net income	$ 49,188	$ 5,633	$ 46,317	$ 10,908

3. SHORT TERM BORROWINGS

The Company has a $500 million revolving credit facility under a commitment fee arrangement that matures in March 9, 2001. This facility provides short-term financing in the form of bank loans. At June 30, 2000 the Company had $166 million outstanding under this facility, which had a weighted average interest rate of 7.7% during the six month period.

In March 2000, the Company borrowed $300 million under a short-term bridge facility that was terminated in June, 2000, bore interest at a floating rate, and had a weighted average interest rate of 6.5% for the period ended June 30, 2000. Proceeds from this loan were used to fund the acquisition of the Cajun facilities. In June 2000, a portion of the proceeds raised by the Company's initial public offering of its common stock were used to pay off and terminate this short-term bridge facility.

4. LONG TERM DEBT

In February 2000, NRG Northeast Generating LLC, an indirect wholly-owned subsidiary of the Company, issued $750 million of senior secured bonds to refinance short-term project borrowings and for certain other purposes. The bond offering included three tranches: $320 million with an interest rate of 8.065% due in 2004, $130 million with an interest rate of 8.842% due in 2015 and $300 million with an interest rate of 9.292% due in 2024.

In March 2000, the Company issued (pound)160 million (approximately $250 million at the time of issuance) of 7.97% reset senior notes due 2020, principally to finance its equity investment in the Killingholme facility. On March 15, 2005, these senior notes may be remarketed by Bank of America, N.A. at a fixed rate of interest through the maturity date or at a floating rate of interest for up to one year and then at a fixed rate of interest through 2020. Interest is payable semi-annually on these securities beginning September 15, 2000 through March 15, 2005, and then at intervals and interest rates established in the remarketing process.

In March 2000, NRG South Central Generating LLC, a subsidiary of the Company, issued $800 million of senior secured bonds in a two-part offering. The first tranche was for $500 million with a coupon of 8.962% and a maturity of 2016. The second tranche was for $300 million with a coupon of 9.479% and a

maturity of 2024. During March 2000, the proceeds from these bonds were used to finance the Company's investment in the Cajun generating facilities.

In March 2000, three of the Company's foreign subsidiaries entered into a (pound)325 million (approximately $493 million at June 30, 2000) secured borrowing facility agreement with Bank of America International Limited, as arranger. Under this facility, the financial institutions have made available to the Company's subsidiaries various term loans totaling (pound)235 million (approximately $357 million at June 30, 2000) for the purpose of financing the acquisition of the Killingholme facility and (pound)90 million ($137 million at June 30, 2000) of revolving credit and letter of credit facilities to provide working capital for operating the Killingholme facility. The final maturity date of the facility is the earlier of June 30, 2019, or the date on which all borrowings and commitments under the largest tranche of the term facility have been repaid or cancelled.

GUARANTEES

The Company may become directly liable for the obligations of certain of its project affiliates and other subsidiaries pursuant to guarantees relating to certain of their indebtedness, equity and operating obligations. As of June 30, 2000, the Company's obligations pursuant to its guarantees of the performance, equity and indebtedness obligations of its subsidiaries totaled approximately $379.5 million.

5. FINANCIAL INSTRUMENTS

As of June 30, 2000, the Company had outstanding seven interest rate swap agreements with notional amounts totaling approximately $880 million. If the swaps had been discontinued on June 30, 2000, the Company would have owed the counter-parties approximately $4.4 million. Based on the investment grade rating of the counter-parties, the Company believes that its exposure to credit risk due to nonperformance by the counter-parties to our hedging contracts is insignificant.

- The Company entered into a swap agreement effectively converting the 7.5% fixed rate on $200 million of our Senior Notes due 2007 to a variable rate based on the London Interbank Offered Rate. The swap expires on June 1, 2009.

- A second swap effectively converts a $16 million issue of non-recourse variable rate debt into a fixed rate debt. The swap expires on September 30, 2002 and is secured by the Camas Power Boiler assets.

- A third swap converts $177 million of non-recourse variable rate debt into fixed rate debt. The swap expires on December 17, 2014 and is secured by the Crockett Cogeneration assets.

- A fourth swap converts (pound)188 million of non-recourse variable rate debt into fixed rate debt. The swap expires on June 30, 2019 and is secured by the Killingholme assets.

- The Company entered into three additional forward swap agreements to hedge against interest rate risk associated with future corporate bond offerings. These swaps expire on December 31, 2000.

6. SEGMENT REPORTING

NRG conducts its business within three segments: Independent Power Generation, Alternative Energy (Resource Recovery and Landfill Gas) and Thermal projects. These segments are distinct components of NRG 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 that have not been allocated to the operating segments. Segment information for the three and six months ended June 30, 2000 and 1999 are as follows:

FOR THE THREE MONTHS ENDED JUNE 30, 2000 (In thousands)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 442,513	$ 8,221	$18,833	$ 3,969	$ 473,536
Intersegment revenues	-	300	-	-	300
Equity in earnings of unconsolidated affiliates	52,163	(3,995)	5	-	48,173
Total operating revenues	494,676	4,526	18,838	3,969	522,009
NET INCOME (LOSS)	$ 65,374	$ 4,459	$ 1,228	$ (27,480)	$ 43,581

FOR THE THREE MONTHS ENDED JUNE 30, 1999 (In thousands)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 28,068	$ 8,862	$21,410	$ 1,270	$ 59,610
Intersegment revenues	-	424	-	-	424
Equity in earnings of unconsolidated affiliates	12,297	1,087	(79)	(6,680)	6,625
Total operating revenues	40,365	10,373	21,331	(5,410)	66,659
NET INCOME (LOSS)	$ 6,578	$ 2,651	$ 1,022	$ (7,910)	$ 2,341

FOR THE SIX MONTHS ENDED JUNE 30, 2000 (In thousands)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 742,575	$ 15,238	$40,408	$ 7,685	$ 805,906
Intersegment revenues	-	601	-	-	601
Equity in earnings of unconsolidated affiliates	45,012	(6,493)	10	-	38,529
Total operating revenues	787,587	9,346	40,418	7,685	845,036
NET INCOME (LOSS)	$ 91,054	$ 7,833	$ 3,231	$ (49,791)	$ 52,327

FOR THE SIX MONTHS ENDED JUNE 30, 1999 (In thousands)	INDEPENDENT POWER GENERATION	ALTERNATIVE ENERGY	THERMAL	OTHER	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 41,132	$ 15,142	$36,555	$ 4,304	$ 97,133
Intersegment revenues	-	748	-	-	748
Equity in earnings of unconsolidated affiliates	20,126	1,336	1,083	(7,253)	15,292
Total operating revenues	61,258	17,226	37,638	(2,949)	113,173
NET INCOME (LOSS)	$ 7,527	$ 6,164	$ 3,184	$ (15,474)	$ 1,401

The Company is a leading global energy company primarily engaged in the construction, development, acquisition, ownership and operation of power generation facilities and the sale of energy, capacity and related products. The following geographic information for the three and six months ended June 30, 2000 and 1999 presents the Company's results of operations on a geographic basis:

FOR THE THREE MONTHS ENDED JUNE 30, 2000 (In thousands)	U.S.	EUROPE	ASIA PACIFIC	OTHER AMERICAS	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 431,354	$ 41,800	$ 355	$ 27	$ 473,536
Intersegment Revenues	300	-	-	-	300
Equity in earnings of unconsolidated affiliates	41,594	821	2,823	2,935	48,173
Total operating revenues	473,248	42,621	3,178	2,962	522,009
NET INCOME	$ 38,031	$ 2,205	$ 955	$ 2,390	$ 43,581

FOR THE THREE MONTHS ENDED JUNE 30, 1999 (In thousands)	U.S.	EUROPE	ASIA PACIFIC	OTHER AMERICAS	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 59,079	$ 147	$ 384	$ -	$ 59,610
Intersegment Revenues	424	-	-	-	424
Equity in earnings of unconsolidated affiliates	1,678	5,409	(623)	161	6,625
Total operating revenues	61,181	5,556	(239)	161	66,659
NET INCOME (LOSS)	$ (6,025)	$ 3,422	$ 2,299	$ 2,645	$ 2,341

FOR THE SIX MONTHS ENDED JUNE 30, 2000 (In thousands)	U.S.	EUROPE	ASIA PACIFIC	OTHER AMERICAS	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 726,657	$ 78,505	$ 648	$ 96	$ 805,906
Intersegment Revenues	601	-	-	-	601
Equity in earnings of unconsolidated affiliates	29,592	2,686	1,585	4,666	38,529
Total operating revenues	756,850	81,191	2,233	4,762	845,036
NET INCOME (LOSS)	$ 44,630	$ 5,802	$(1,462)	$ 3,357	$ 52,327

FOR THE SIX MONTHS ENDED JUNE 30, 1999 (In thousands)	U.S.	EUROPE	ASIA PACIFIC	OTHER AMERICAS	TOTAL
OPERATING REVENUES					
Revenues from wholly-owned operations	$ 96,112	$ 204	$ 817	$ -	$ 97,133
Intersegment Revenues	748	-	-	-	748
Equity in earnings of unconsolidated affiliates	8,143	6,024	42	1,083	15,292
Total operating revenues	105,003	6,228	859	1,083	113,173
NET INCOME (LOSS)	$ (10,399)	$ 2,075	$ 5,380	$ 4,345	$ 1,401

7. NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivatives be recognized at fair value in the Balance Sheet, and that changes in fair value be recognized either currently in earnings or deferred as a component of Other Comprehensive Income, depending on the intended use of the derivative, its resulting designation and its effectiveness. The Company plans to adopt this standard in 2001, as required. The potential impact of implementing this statement has not yet been determined.

In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an Amendment to FASB

Statement No. 133." This Statement amends SFAS No. 133 in four areas, normal purchases and sales contracts, definition of interest rate risk, hedging recognized foreign currency denominated assets and liabilities and hedging foreign currency risk and intercompany derivatives. The Company plans to adopt the standard, as required. The potential impact of implementing this standard has not been determined.

8. COMMITMENTS AND CONTINGENCIES

In January 2000, the Company executed a memorandum of understanding with GE Power Systems, a division of General Electric Company, to purchase 11 gas turbine generators and five steam turbine generators, with an option to purchase additional units. The purchases will take place over the next five years with the first delivery scheduled to be made in 2002. The 16 turbines have an equivalent generation output of approximately 3,000 MW and an acquisition cost of approximately $500 million.

In March 2000, the Company entered into an agreement with Great River Energy under which Great River assigned to the Company all of its rights and obligations with respect to two 135 MW turbines being built for it by Siemens Westinghouse. The Company's total cost for the turbines, which are scheduled for delivery in the first or second quarter of 2001, will be approximately $43 million. The Company expects to install these turbines at either existing plant sites in the United States or new greenfield sites.

In July 2000, the Company completed its $11.7 million purchase of Harrisburg Steam Works and Statoil Energy Power/Paxton L.P. located in Harrisburg, PA from Statoil Energy Inc. Harrisburg Steam Works provides steam to more than 300 residential, commercial and industrial customers including the City of Harrisburg, Pennsylvania and the Commonwealth of Pennsylvania. Statoil Energy Power/Paxton L.P. is a cogeneration facility capable of producing 12 MW of electrical power while supplying nearly 30% of the steam requirements for Harrisburg Steam Works. Also included in the purchase was a nationwide diesel engine service business and a chiller plant that serves the Harrisburg Hospital.

In July 2000, the Company signed a purchase agreement with Statoil Energy, Inc. to acquire 190,000 pounds of steam per hour, 18 MW coal fired cogeneration facility that provides steam and electricity to a major manufacturing facility located in Dover, Delaware. Excess electrical energy is sold through the Dover municipal electric utility. In a separate purchase agreement, the Company agreed to purchase Statoil's Distributed Generation and Engineering Services Group, which consists of three generation projects totaling 6.2 MW as well as a diesel-services group. The Company expects to complete the acquisition of these facilities in the third quarter of 2000.

In August 2000, the Company was named the successful bidder in the South Australian Government's electricity privatization auction for Flinders Power, South Australian's final generation company to be privatized. The Company agreed to pay AUS $313 million ($180 million US as of August 2000) for a 100 year lease of the Flinders Power assets. Flinders Power includes two power stations totaling 760 MW, the

Leigh Creek coal mine and a dedicated rail line. The lease agreement also includes managing the long-term fuel supply and power purchase agreement of the 180 MW Osborne Cogeneration Station. The transaction is expected to close in the third quarter of 2000.

Regulatory Issue

On March 30, 2000 the Company received notification from the New York Independent System Operator (NYISO) of their petition to the Federal Energy Regulatory Commission (FERC) to place a $2.52 per megawatt hour market cap on ancillary service revenues. The NYISO also requested authority to impose this cap on a retroactive basis to March 1, 2000.

On May 31, 2000, the FERC approved the NYISO's request to impose price limitations on one ancillary service, Ten Minute Non-Synchronized Reserves (TMNSR) on a prospective basis only, effective March 28, 2000. The FERC rejected the NYISO's request for authority to adjust the market-clearing prices for TMNSR on a retroactive basis. As a result of the FERC order (unless the NYISO or other party successfully appeals the order), the Company will retain the approximately $8.0 million of revenues collected in February 2000 and approximately $8.2 million included in revenues, but not yet collected for March 2000. On June 30, 2000, the NYISO sought reconsideration of the FERC order.

The Company plans to adjust its business operations to mitigate any future impact of the order.

Disputed Revenues

During the six month period ended June 30, 2000, the Company had claims related to certain revenues earned prior to May 31, 2000. The Company is actively pursuing resolution and/or collection of these amounts, which totaled approximately $41.7 million. The contingent revenues relate to the interpretation of certain transition power sales agreements and to sales to the New York Power Pool and New England Power Pool, conflicting meter readings, pricing of firm sales and other power pool reporting issues. These amounts have not been recorded in the financial statements and will not be recognized as income until disputes are resolved and collection is assured. The Company anticipates that these disputes will be resolved during the third and fourth quarter of 2000.

9. EARNINGS PER SHARE

In June 2000, the Company successfully completed the initial public offering of 32,395,500 shares of its common stock (including 4,225,500 shares sold upon the exercise of the underwriters over-allotment option).

Diluted earnings per average common share is calculated by dividing Net Income by the weighted average shares of common stock outstanding including stock options outstanding under the Company's stock option plans considered to be common stock equivalents. The following table shows the effect of those stock options on the weighted average number of shares outstanding used in calculating diluted earnings per average common share.

	FOR THE THREE MONTHS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
(In thousands)	2000	1999	2000	1999
Average Common Shares Outstanding	155,529	147,605	151,567	147,605
Assumed Conversion of Stock Options	662	-	331	-
Potential Average Diluted Common Shares Outstanding	156,191	147,605	151,898	147,605

10. PRO FORMA RESULTS OF OPERATIONS - CAJUN ACQUISITION

During March 2000, the Company completed the acquisition of two fossil fueled generating plants from Cajun Electric Power Cooperative, Inc. for approximately $1,026 million. The following information summarizes actual results for the three months ended June 30, 2000, and the pro forma results of operations as if the acquisition had occurred as of the beginning of the three and six month periods ended June 30, 2000 and 1999. The pro forma information presented is for informational purposes only and is not necessarily indicative of future earnings or financial position or of what the earnings and financial position would have been had the acquisition of the Cajun facilities been consummated at the beginning of the respective periods or as of the date for which pro forma financial information is presented.

ACTUAL PRO FORMA

(In thousands except per share amounts)	THREE MONTHS ENDED JUNE 30, 2000	THREE MONTHS ENDED JUNE 30, 1999
OPERATING REVENUES		
Revenues from wholly-owned operations	$ 473,836	$ 154,825
Equity in earnings of unconsolidated affiliates	48,173	6,625
TOTAL OPERATING REVENUES	522,009	161,450
Total operating costs and expenses	367,881	138,382
OPERATING INCOME	154,128	23,068
Other expense	(84,107)	(32,987)
INCOME (LOSS) BEFORE INCOME TAXES	70,021	(9,919)
Income tax expense (benefit)	26,440	(12,864)
NET INCOME	$ 43,581	$ 2,945
EARNINGS PER AVERAGE COMMON SHARE - DILUTED	$0.28	$0.02

(In thousands except for per share amounts)	PRO FORMA SIX MONTHS ENDED JUNE 30, 2000	PRO FORMA SIX MONTHS ENDED JUNE 30, 1999
OPERATING REVENUES		
Revenues from wholly-owned operations	$ 886,489	$ 271,275
Equity in earnings of unconsolidated affiliates	38,529	15,292
TOTAL OPERATING REVENUES	925,018	286,567
Total operating costs and expenses	696,079	252,762
OPERATING INCOME	228,939	33,805
Other expense	(154,482)	(62,862)
INCOME (LOSS) BEFORE INCOME TAXES	74,457	(29,057)
Income tax expense (benefit)	25,599	(27,425)
NET INCOME (LOSS)	$ 48,858	$ (1,632)
EARNINGS (LOSS) PER AVERAGE COMMON SHARE - DILUTED	$0.32	$ (0.01)

11. INVENTORY

At June 30, 2000, inventory, which is stated at the lower of weighted average cost or market, consisted of:

	(In Thousands)
Fuel oil	$ 58,023
Spare parts	81,713
Coal	39,672
Kerosene	1,182
Other	17,874
Total	$198,464

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

RESULTS OF OPERATIONS

The following table shows each revenue and expense category as a percentage of total operating revenues :

QUARTER ENDED JUNE 30, 2000	1999		SIX MONTHS ENDED JUNE 30, 2000	1999
		OPERATING REVENUES		
91%	90%	Revenues from wholly-owned operations	95%	86%
9%	10%	Equity in earnings of unconsolidated affiliates	5%	14%
100%	100%	TOTAL OPERATING REVENUES	100%	100%
		OPERATING COSTS AND EXPENSES		
58%	63%	Cost of wholly-owned operations	61%	61%
6%	9%	Depreciation and amortization	6%	10%
6%	24%	General, administrative and development	7%	28%
70%	96%	TOTAL OPERATING COSTS AND EXPENSES	74%	99%
30%	4%	OPERATING INCOME	26%	1%
		OTHER INCOME AND (EXPENSE)		
(1%)	(1%)	Minority interest in earnings of consolidated subsidiary	-	(1%)
-	4%	Other income, net	-	3%
(16%)	(24%)	Interest expense	(16%)	(24%)
(17%)	(21%)	TOTAL OTHER EXPENSE	(16%)	(22%)
13%	(17%)	INCOME (LOSS) BEFORE INCOME TAXES	10%	(21%)
5%	(20%)	INCOME TAX EXPENSE (BENEFIT)	4%	(22%)
8%	3%	NET INCOME	6%	1%

Net income for the three and six months ended June 30, 2000, was $43.6 million and $52.3 million, respectively, compared to $2.3 million and $1.4 million, for the same periods in 1999. The increases of $41.3 million and $50.9 million, respectively, were due to the following factors described below.

OPERATING REVENUES

For the three and six months ended June 30, 2000, total operating revenues were $522.0 million and $845.0 million, respectively, an increase of $455.4 million and $731.9 million over the same periods in 1999. For the three and six months ended June 30, 2000 and 1999, revenues from wholly-owned operations contributed approximately 91% and 95% to total operating revenues, compared to 90% and 86% for the same periods in 1999. For the three and six months ended June 30, 2000, Equity in operating earnings of unconsolidated affiliates contributed approximately 9% and 5% to total operating revenues compared to 10% and 14% for the same periods in 1999.

Revenues from wholly-owned operations, for the three and six months ended June 30, 2000 were $473.8 million and $806.5 million, respectively, compared to $60.0 million and $97.9 million for the same periods in 1999. Revenues from wholly-owned operations for the three and six months ended June 30, 2000 increased $413.8 million and $708.6 million, respectively, compared to the same periods in 1999.

The increases of $413.8 million and $708.6 million for the three and six months ended June 30, 2000 as compared to the same periods in 1999 are due primarily to the Company's acquisitions of electric generating assets during the later portion of 1999 and the first quarter of 2000. During the later portion of 1999, the Company acquired certain electric generating facilities from Niagara Mohawk Power Corporation (NIMO), Consolidated Edison Company of New York, Inc. (ConEd) and Connecticut Light and Power Company (CL&P). In addition, the Company acquired electric generating facilities from Cajun Electric Power Cooperative, Inc. (Cajun Electric) and National Power plc at the end of the first quarter of 2000. These newly acquired generating facilities have contributed significantly to the Company's growth in revenues during these periods as compared to the same periods in 1999. In addition, overall revenues increased due to warmer weather conditions in the northeastern portion of the United States as compared to the same period in 1999.

Equity in earnings of affiliates, for the three and six months ended June 30, 2000 was $48.2 million and $38.5 million, respectively, compared to $6.6 million and $15.3 million for the same periods in 1999. Revenues from wholly-owned operations for the three and six months ended June 30, 2000 increased $41.6 million and $23.2 million, respectively, compared to the same periods in 1999.

The increases of $41.6 million and $23.2 million, for the three and six months ended June 30, 2000 as compared to the same period in 1999 are due primarily to increased earnings from the Company's investment in West Coast Power LLC due to warmer weather conditions experienced in the western portion of the United States in 2000. These increases were partially offset by increased operating losses attributable to NEO Corporation which derives a significant portion of its net income from Section 29 tax credits.

OPERATING COSTS AND EXPENSES

Cost of wholly owned operations for the three and six months ended June 30, 2000, was $305.9 million and $520.8 million, respectively. These are increases of $264.8 million and $451.8 million, over the same periods in 1999. Cost of wholly owned operations for the three and six months ended June 30, 2000 represented 58% and 61% of total operating revenues, respectively, and represented 63% and 61% for the same periods in 1999.

The increases of $264.8 million and $451.8 million for the three and six months ended June 30, 2000 as compared to the same periods in 1999 are due to the Company's acquisitions of electric generating assets during the later portion of 1999 and the first quarter of 2000. During the later portion of 1999, the Company acquired certain electric generating facilities from NIMO, ConEd and CL&P. In addition, the Company acquired electric generating facilities from Cajun Electric and National Power plc at the end of the first quarter of 2000. The addition of these generating facilities and their respective costs of operations, including fuel and other operating and maintenance costs, have contributed significantly to the increase in the cost of wholly owned operations.

Depreciation and amortization costs for the three and six months ended June 30, 2000 were $30.9 million and $50.9 million, respectively, representing increases of $24.6 million and $39.8 million, over the same periods in 1999. Depreciation and amortization costs represented 6% of total operating revenues for both the three and six months ended June 30, 2000 and 9% and 10%, for the same periods in 1999.

The increases of $24.6 million and $39.8 million for the three and six months ended June 30, 2000 as compared to the same periods in 1999, are due primarily to the addition of property, plant and equipment related to the Company's recently completed acquisitions of electric generating facilities. For the three and six months ended June 30, 2000 as compared to the same periods in 1999, $10.6 million and $22.9 million of the respective increases relate to the generating facilities acquired in the northeastern portion of the United States, $6.9 million of the increase for both periods relates to the generating facilities acquired in the southern portion of the United States, $4.3 million of the increase for both periods relates to the Killingholme generating facility and $2.3 million and $4.6 million of the respective increases relate to the increase in the Company's ownership in the Crockett Cogeneration project.

General, administrative and development costs for the three and six months ended June 30, 2000 were $31.1 million and $56.3 million, respectively, representing increases of $14.8 million and $24.0 million, over the same periods in 1999. General, administrative and development costs represented 6% and 7% of total operating revenues for the three and six months ended June 30, 2000 and 24% and 28%, respectively, for the same periods in 1999.

The increases of $14.8 million and $24.0 million for the three and six months ended June 30, 2000 as compared to the same periods in 1999 are due to increased business development activities, associated legal, technical, and accounting expenses, employees and equipment resulting from expanded operations and pending acquisitions. The Company's asset base increased from $3.4 billion to $5.5 billion during the first six months of 2000.

OTHER INCOME (EXPENSE)

Total other expense for the three and six months ended June 30, 2000 was $84.1 million and $136.7 million, respectively. These are increases of $70.2 million and $112.0 million compared to the same periods in 1999. Total other expense represented 17% and 16% of total operating revenues for the three and six months ended June 30, 2000, and 21% and 22%, respectively, for the same periods in 1999.

The increase in total other expense of $70.2 million and $112.0 million for the three and six months ended June 30, 2000, respectively as compared to the same period in 1999 consisted primarily of interest expense, minority interest in earnings of consolidated subsidiaries, and other income, net.

Interest expense for the three and six months ended June 30, 2000 was $81.9 million and $134.2 million, respectively, compared to $15.8 million and $26.9 million for the same periods in 1999, increases of $66.1 million and $107.3 million. Interest expense represented 16% of total operating revenues, for both the three and six months ended June 30, 2000 and 24% for the same periods in 1999. The increases of $66.1 million and $107.3 million were due to increased corporate and project level debt issued during the three and six months ended June 30, 2000 as compared to the same periods in 1999. During the later portion of 1999, the Company acquired significant electric generating facilities that were financed, in part, through a combination of corporate level long term debt issuances, short term credit facilities, proceeds from the Company's initial public offering and equity infusions from NSP.

Minority interest in earnings of consolidated subsidiaries for the three and six months ended June 30, 2000 was $2.3 million and $4.1 million, respectively, compared to $0.7 million and $1.2 million for the same periods in 1999, increases of $1.6 million and $2.9 million. Minority interest in earnings of consolidated subsidiaries represented 1% of total operating revenues for the three months ended June 30, 2000 and 1999, respectively. The increase of $1.6 million and $2.9 million for the three and six months ended June 30, 2000 is primarily due to the Company's increased ownership interest in the Crockett Cogeneration project.

Other income, net for the three and six months ended June 30, 2000, was $0.03 million and $1.6 million, respectively, compared to $2.6 million and $3.3 million for the same periods in 1999, decreases of $2.5 million and $1.7 million. Other income, net represented less than 1% and 4% and less than 1% and 3 % of total operating revenues for the three and six months ended June 30, 2000 and 1999, respectively. Other income, net consists primarily of interest income on loans to affiliates and miscellaneous other items including the income statement impact of certain foreign currency translation adjustments. During the six months ended June 30, 2000 interest income decreased approximately $1.2 million as compared to the same period in 1999, primarily due to a reduction in loans to unconsolidated affiliates.

INCOME TAX

Income tax expense for the three and six months ended June 30, 2000 was $26.4 million and $28.0 million respectively. These are increases of $39.7 million and $53.3 million compared to the same periods in 1999. Income tax expense represented 5% and 4% of total operating revenues for the three and six months ended June 30, 2000 and (20%) and (22%), respectively, for the same periods in 1999.

The increases in income tax expense of $39.7 million and $53.3 million for the three and six months ended June 30, 2000 as compared to the same periods in 1999 were due primarily to higher domestic taxable income verses foreign taxable income. In addition, the Company no longer recognizes tax benefits related to the losses generated by the Loy Yang facility. These increases were partially offset by additional Section 29 tax credits generated by the growth of NEO Corporation.

LIQUIDITY AND CAPITAL RESOURCES

During the six months ended June 30, 2000, the Company's cash balance increased $39.4 million to $70.8 million. During this period, the Company's financing activities have provided cash totaling $1.7 billion. The Company's financing activities raised $2.5 billion of gross proceeds from the issuance of long-term debt partially offset by $1.1 billion of principal repayments and $0.2 billion of reductions in the Company's revolving line of credit balance. The Company also raised $453.7 million of net proceeds through its initial public offering of 32,395,500 shares of common stock.

In addition to the Company's financing activities, the Company generated $0.2 billion in cash from operations. The Company utilized $1.9 billion of cash to complete the acquisition of the Killingholme A and Cajun Electric Power Cooperative, Inc. electric generating assets and to fund other capital expenditures.

During the six month period ended June 30, 2000, the Company and its subsidiaries completed the following long term financing activities, for a discussion of short term borrowings, see Note 3 to the Financial Statements:

- In February 2000, NRG Northeast Generating LLC, a subsidiary of the Company, issued $750 million of senior secured bonds to refinance short-term project borrowings and for general funding purposes. The bond offering included three tranches: $320 million with an interest rate of 8.065% due in 2004, $130 million with an interest rate of 8.842% due in 2015 and $300 million with an interest rate of 9.292% due in 2024.

- In March 2000, the Company issued (pound)160 million (approximately $250 million at the time of issuance) of 7.97% reset senior notes due 2020, principally to finance its equity investment in the Killingholme facility. On March 15, 2005, these senior notes may be remarketed by Bank of America, N.A. at a fixed rate of interest through the maturity date or, at a floating rate of interest for up to one year and then at a fixed rate of interest through 2020. Interest is payable semi-annually on these securities beginning September 15, 2000 through March 15, 2005, and then at intervals and interest rates established in the remarketing process.

- In March 2000, NRG South Central Generating LLC, a subsidiary of the Company, issued $800 million of senior secured bonds in a two-part offering. The first tranche was for $500 million with a coupon of 8.962 percent and a maturity of 2016. The second tranche was for $300 million with a coupon of 9.479 percent and a maturity of 2024. The proceeds of these bonds were used to finance the Company's investment in the Cajun generating facilities.

- In March 2000, three of the Company's foreign subsidiaries entered into a (pound)325 million (approximately $493 million at June 30, 2000) secured borrowing facility agreement with Bank of America International Limited, as arranger. Under this facility, the financial institutions made available to our subsidiaries various term loans totaling (pound)235 million (approximately $357 million at June 30, 2000) for the purpose of financing the acquisition of the Killingholme facility and (pound)90 million ($137 million at June 30, 2000) of revolving credit and letter of credit facilities to provide working capital for operating the Killingholme facility. The final maturity date of the facility is the earlier of June 30, 2019, or the date on which all borrowings and commitments under the largest tranche of the term facility have been repaid or cancelled.

- During the second quarter of 2000, the Company completed an initial public offering of 32,395,500 shares of its Common Stock priced at $15 per share. The net proceeds were $453.7 million. $300 million of the proceeds were used to repay the Company's short-term bridge loan that was used to finance a portion of the acquisition of the Cajun facilities. The remaining proceeds were used for general corporate purposes including the reduction of the outstanding balance of the Company's revolving line of credit.

The Company has committed to purchasing the Conectiv assets for approximately $800 million in late 2000 and intends to finance this purchase with a combination of project-level and corporate level debt. Additionally, the Company has contracted to purchase 16 turbine generators from General Electric for approximately $500 million, payable over five years, as well as two turbines from Great River Energy for approximately $43 million and certain thermal and cogeneration facilities from Statoil Energy, Inc. for $11.7 million. The Company is also expected to purchase from Statoil Energy, Inc., First State Power Management, Inc. and its Distributed Generation and Engineering Services Group's three generation projects and diesel-services group. The Company has also agreed to enter into a 100 year lease for AUS $313 million ($180 million US as of August 2000) the Flinders Power assets which includes two power stations totaling 760 MW.

The Company expects to finance its future capital requirements with a combination of project-level debt, internally generated funds, corporate level debt and additional equity. The Company's ability to arrange future financing is dependent on a number of factors. To the extent the Company is unable to raise additional capital on attractive terms either at the corporate level or on a non-recourse project level, it would have a material adverse affect on the Company's ability to grow.

NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement requires that all derivatives be recognized at fair value in the Balance Sheet, and that changes in fair value be recognized either currently in earnings or deferred as a component of Other Comprehensive Income, depending on the intended use of the derivative, its resulting designation and its effectiveness. The Company plans to adopt this standard in 2001, as required. The potential impact of implementing this statement has not yet been determined

In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an Amendment to FASB Statement No. 133." This Statement amends SFAS No. 133 in four areas, normal purchases and sales contracts, definition of interest rate risk, hedging recognized foreign currency denominated assets and liabilities and hedging foreign currency risk and intercompany derivatives. The Company plans to adopt the standard, as required. The potential impact of implementing this standard has not been determined.

ENVIRONMENTAL AND OTHER CONTINGENCIES

The Commonwealth of Massachusetts is seeking additional emissions reductions beyond current requirements. The Massachusetts Department of Environmental Protection has issued proposed regulations that would require significant emissions reductions from certain coal-fired power plants in the state, including the Company's Somerset facility. The Massachusetts Department of Environmental Protection has proposed that such facilities comply with stringent limits on emissions of nitrogen oxides by December 1, 2003; on emissions of sulfur dioxides commencing on December 1, 2003, with further reductions required by December 1, 2005; and on emissions of carbon dioxide by December 1, 2005. In addition to output based limits (that is, a standard which limits emissions to a certain rate per net megawatt hour), the proposed regulations also would limit by December 1, 2003 the total emissions of nitrogen oxides and sulfur dioxide at the Somerset facility to no more than 75% of the average annual emissions from the Somerset facility for 1997-1999. Finally, the proposed regulations require the Massachusetts Department of Environmental Protection to evaluate, by December 1, 2002, the technical and economic feasibility of controlling or eliminating mercury emissions by the year 2010, and to propose mercury emission standards within 18 months of completion of the feasibility evaluation. Compliance with these proposed regulations, if such regulations become effective, could have a material impact on the operation of the Company's Somerset facility. The Company believes that the annual average carbon dioxide emission rate identified in the draft regulations cannot be met by the Somerset facility.

REGULATORY ISSUE

The independent system operators who oversee most of the wholesale power markets in which the Company operates 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. These types of price limitations and other mechanisms may adversely impact the profitability of our generation facilities that sell energy into the wholesale power markets. Given the extreme volatility and lack of meaningful long-term price history in many of these markets, the Company cannot quantify the impact on profitability with any certainty. The Company will attempt to adjust its business operations to mitigate the future impact of such limitations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company uses derivative financial instruments to mitigate the impact of changes in foreign currency exchange rates on its international project cash flows, electricity and fuel prices on margins and interest rates on the cost of borrowing.

The fair value of the Company's interest rate hedging contracts is sensitive to changes in interest rates. As of June 30, 2000 a 10 percent increase in interest rates from then prevailing market rates would have increased the market value of the Company's interest rate hedging contracts by approximately $23 million. Conversely, a 10 percent decrease in interest rates from the prevailing market rates would have decreased the market value by approximately $23 million. See Note 5 to the Financial Statements under Item 1 for further discussion of this matter.

- The Company entered into a swap agreement effectively converting the 7.5% fixed rate on $200 million of our Senior Notes due 2007 to a variable rate based on the London Interbank Offered Rate. The swap expires on June 1, 2009.
- A second swap effectively converts a $16 million issue of non-recourse variable rate debt into a fixed rate debt. The swap expires on September 30, 2002 and is secured by the Camas Power Boiler assets.
- A third swap converts $177 million of non-recourse variable rate debt into fixed rate debt. The swap expires on December 17, 2014 and is secured by the Crockett Cogeneration assets.
- A fourth swap converts (pound)188 million of non-recourse variable rate debt into fixed rate debt. The swap expires on June 30, 2019 and is secured by the Killingholme assets.
- The Company entered into three additional forward swap agreements to hedge against interest rate risk associated with future corporate bond offerings. The swaps expire on December 31, 2000.

The Company has an investment in the Kladno project in the Czech Republic. Statement of Financial Accounting Standard (SFAS) No. 52, Foreign Currency Translation, requires foreign currency gains and losses to flow through the income statement if settlement of an obligation is in a currency other than the local currency of the entity. A portion of the Kladno project debt is in a non-local currency (U.S. dollars and German deutsche marks). As of June 30, 2000, if the value of the Czech koruna decreases by 10 percent in relation to the U.S. dollar and the German deutsche mark, the Company would record a $4.9 million loss (after tax) on the currency transaction adjustment. If the value of the Czech koruna increased by 10 percent, the Company would record a $4.9 million gain (after tax) on the currency transaction adjustment. These currency fluctuations are inherent to the debt structure of the project and not indicative of the long-term earnings potential of the investment. Kladno is the only project the Company has at this time with this type of debt structure.

FORWARD-LOOKING STATEMENTS

In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause the actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

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

- Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;
- Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission and similar entities with regulatory oversight;
- Availability or cost of capital such as changes in: interest rates; market perceptions of the power generation industry, the Company or any of its subsidiaries; or security ratings;

- Factors affecting power generation operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;
- Employee workforce factors including loss or retirement of key executives, collective bargaining agreements with union employees, or work stoppages;
- Increased competition in the power generation industry;
- Cost and other effects of legal and administrative proceedings, settlements, investigations and claims;
- Technological developments that result in competitive disadvantages and create the potential for impairment of existing assets;
- Factors associated with various investments including conditions of final legal closing, foreign government actions, foreign economic and currency risks, political instability in foreign countries, partnership actions, competition, operating risks, dependence on certain suppliers and customers, domestic and foreign environmental and energy regulations;
- Limitations on our ability to control the development or operation of projects in which the Company has less than 100% interest;
- Other business or investment considerations that may be disclosed from time to time in the Company's Securities and Exchange Commission filings or in other publicly disseminated written documents, including the Company's Registration Statement No. 333-93055, as amended.

We have 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 pursuant to the Act should not be construed as exhaustive.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On or about July 12, 1999, Fortistar Capital Inc., a Delaware corporation, filed a complaint in District Court (Fourth Judicial District, Hennepin County) in Minnesota against the Company asserting claims for injunctive relief and for damages as a result of the Company's alleged breach of a confidentiality letter agreement with Fortistar relating to the Oswego facility.

The Company disputed Fortistar's allegations and has asserted numerous counterclaims. The Company has counterclaimed against Fortistar for breach of contract, fraud and negligent misrepresentations and omissions, unfair competition and breach of the covenant of good faith and fair dealing. The Company seeks, among other things, dismissal of Fortistar's complaint with prejudice and rescission of the letter agreement.

A temporary injunction hearing was held on September 27, 1999. The acquisition of the Oswego facility was closed on October 22, 1999, following notification to the court of Oswego Power LLC's and NIMO's intention to close on that date. On January 14, 2000, the court denied Fortistar's request for a temporary injunction. In April 2000, the Company filed a summary judgement motion to dispose of the litigation. A hearing on this motion has not yet been scheduled. The Company intends to continue to vigorously defend the suit and believes Fortistar's complaint to be with out merit. A trial date has been set for March 2, 2001.

On May 25, 2000 the New York Department of Environmental Conservation issued a Notice of Violation to the Company and the prior owner of the Huntley and Dunkirk facilities relating to physical changes made at those facilities prior to our assumption of ownership. The Notice of Violation alleges that these changes represent major modifications undertaken without obtaining the required permits. Although the Company has a right to indemnification by the previous owner for fines, penalties, assessments, and related losses resulting from the previous owner's failure to comply with environmental laws and regulations, if these facilities did not comply with the applicable permit requirements, the Company could be required, among other things, to install specified pollution control technology to further reduce air emissions from the Dunkirk and Huntley facilities and the Company could become subject to fines and penalties associated with the current and prior operation of the facilities.

On May 31, 2000, FERC approved a request of the New York Independent System Operator, to impose price limitations on one ancillary service, Ten Minute Non-synchronize Reserves, on a prospective basis only, effective March 28, 2000; the date the NYISO began capping bids for that service. FERC rejected the NYISO's request for authority to adjust the market clearing prices for that service on a retroactive basis. As a result of the FERC order (unless the NYISO or another party successfully appeals the order), the Company will retain the approximately $8.0 million of revenues collected in February 2000 and approximately $8.2 million included in revenues, but not collected, for March 2000. The NYISO sought reconsideration of the FERC order on June 30, 2000. The Company will attempt to adjust its business operations to mitigate the future impact of the order.

There are no other material legal proceedings pending, other than ordinary routine litigation incidental to the Company's business, to which the Company is a party. There are no material legal proceedings to which an officer or director is a party or has a material interest adverse to the Company or its subsidiaries. There are no other material administrative or judicial proceedings arising under environmental quality or civil rights statutes pending or known to be contemplated by governmental agencies to which the Company is or would be a party.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

The Company's registration statement for the sale of its common stock (SEC File No. 333-35096) was declared effective by the SEC on May 30, 2000. On May 31, 2000, the Company began the initial public offering of 28,170,000 shares of its common stock for an initial price of $15.00 per share. Salomon Smith Barney acted as the managing underwriter for the offering. The offering was completed with all shares of common stock having been sold on June 5, 2000. Subsequently, the underwriters exercised an option to purchase from the Company an additional 4,225,500 shares of common stock at the initial offering price of $15.00 per share. This transaction was completed on June 26, 2000, whereupon, the Company received an additional $59.6 million in net proceeds for a total net proceeds of approximately $453.7 million. Underwriter commissions and

miscellaneous other expenses were estimated to be approximately $29.2 million and $1.6 million, respectively. As described in the Company's prospectus dated May 30, 2000, the net proceeds of the offering were used to repay the Company's $300 million bridge loan that was due in August 2000, remaining proceeds were used for general corporate purposes including the reduction of the outstanding balance of the Company's revolving line of credit.

ITEM 5. OTHER

As previously reported in the Company's 1999 Form 10-K, on March 24, 1999 Northern States Power Company (NSP) and New Century Energies, Inc., agreed to merge. Following the merger, NSP's utility assets will be held in a subsidiary of the surviving corporation in the merger which will be renamed "Xcel Energy, Inc." and the shares of the Company's Class A Common Stock that were owned by NSP will be transferred to a wholly-owned subsidiary of Xcel Energy, Inc. The merger has been approved by all the required states, the Federal Energy Regulatory Commission, the US Justice Department and the Nuclear Regulatory Commission. The merger is expected to be approved during the third quarter by the Securities and Exchange Commission and the Federal Communications Commission.

ITEM 6. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) EXHIBITS

27 Financial Data Schedule for the period ended June 30, 2000.

(b) REPORTS ON FORM 8-K:

On June 21, 2000, the Company filed a Form 8-K reporting under Item 5 - Other Events.

The Company announced its election of six new members to its Board of Directors - bringing the total number of members to ten.

On June 28, 2000, the Company filed a Form 8-K reporting under Item 5 - Other Events.

The Company announced that the underwriters of its recently completed initial public offering purchased an additional 4,225,500 shares of common stock at $15 per share pursuant to an over allotment option granted in connection with the offering.

On July 18, 2000, the Company filed a Form 8-K reporting under Item 5 - Other Events.

The Company reported its financial results for the quarter and six months ended June 30, 2000.

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/ Leonard A. Bluhm

Leonard A. Bluhm
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/   William T. Pieper

William T. Pieper
Controller
(Principal Accounting Officer)

Date: August 14, 2000

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